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

FORM 10-K

(Mark One)

☒	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023
or

☐	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the transition period from__________ to____________

Commission file number 001-34501

JUNIPER NETWORKS, INC.

(Exact name of registrant as specified in its charter)

Delaware		**77-0422528**
(State or other jurisdiction of incorporation or organization)		*(I.R.S. Employer Identification No.)*
1133 Innovation Way		
Sunnyvale, California		**94089**
(Address of principal executive offices)		*(Zip code)*

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

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of voting common stock held by non-affiliates of the registrant was approximately $9,826,000,000 as of June 30, 2023, the last business day of the registrant’s most recently completed second fiscal quarter (based on the closing sales price for the common stock on the New York Stock Exchange on such date).

As of February 5, 2024, there were 321,907,366 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

As noted herein, the information called for by Part III is incorporated by reference to specified portions of the registrant's definitive proxy statement to be filed in conjunction with the registrant's 2024 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2023.

Juniper Networks, Inc.
Form 10-K

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Forward-Looking Statements

This Annual Report on Form 10-K, which we refer to as the Report, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and the future results of Juniper Networks, Inc., which we refer to as "Juniper Networks," "Juniper," "we," "us," or the "Company," that are based on our current expectations, estimates, forecasts, and projections about our business, our results of operations, the industry in which we operate, our economic and market outlook, and the beliefs and assumptions of our management. These forward-looking statements include, but are not limited to, statements concerning our proposed acquisition by Hewlett Packard Enterprise Company ("HPE") pursuant to an Agreement and Plan of Merger, dated as of January 9, 2024 (the "Merger Agreement"), by and among Juniper, HPE, and Jasmine Acquisition Sub, Inc., a wholly owned subsidiary of HPE ("Merger Sub"), pursuant to which Merger Sub will merge with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of HPE, including our expectations regarding the timing and completion of the proposed acquisition as well as general business uncertainty relating to the proposed acquisition and the anticipated benefits of the proposed acquisition. All statements other than statements of historical fact are statements that could be deemed to be forward-looking statements. Words such as "expects," "anticipates," "targets," "goals," "projects," "will," "would," "could," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including the impact of current worldwide economic uncertainty, inflation, monetary policy shifts, recession risks, and other disruptions due to geopolitical conditions and global health emergencies, continuing supply chain challenges, and our ability to successfully manage the associated demand, supply, and operational impacts, such as excess inventory, as well as our expectations regarding backlog, customer and product mix, changes in overall technology spending by our customers, the timing of orders and their fulfillment, business and economic conditions in the networking industry, our overall future prospects, and the outcome of any legal proceedings that may be instituted against us related to the Merger Agreement, including related disclosures, or the transactions contemplated thereby. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in this Report under the section entitled "Risk Factors" in Item 1A of Part I and elsewhere, and in other reports we file with the U.S. Securities and Exchange Commission, or the SEC. In addition, many of the foregoing risks and uncertainties are, and could be, exacerbated by any worsening of the global business, financial, political, and economic environments. While forward-looking statements are based on reasonable expectations of our management at the time that they are made, you should not rely on them. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, except as required by applicable law.

PART I

ITEM 1. *Business*

Overview

Juniper Networks delivers reliable and secure networking technology to our customers, including network operators, telecommunication and cloud providers, enterprise IT teams, lines of businesses and network users such as individual devices, machines, applications, microservices and data stores. Businesses across the world use our solutions to access the internet and digital services, and our networks support their mission critical tasks. Since our inception, we believe that our solutions have led the way in high-performance networking when scaling the internet was a top priority. As organizations shift to remote work models, and adopt hybrid and multi-cloud architectures, our customers are facing greater challenges operating increasingly complex networks and handling more traffic with fewer staff members and lower IT budgets. Our cloud-driven, Artificial Intelligence ("AI") native technology simplifies network operations and meaningfully improves end-user experience by proactively resolving problems, resulting in fewer support tickets and less time to deploy, manage, and maintain the network than other competitive solutions. We believe this is our key differentiator.

Our solutions address secure connectivity needs for:

- Cloud and telecommunication service providers who build and operate the most mission critical networks in the world.
- Enterprises in a broad array of industries including financial services, education, healthcare, retail, government agencies who are increasingly building mission critical networks to support their digital strategies.

Our AI-native, enterprise networking operations ("AIOps") software-as-a-service ("SaaS") platform leverages data and automation to enable reliable, predictable, measurable user experience and superior performance for operators by simplifying deployment and day-to-day operations across the entire network.

We categorize our customers into three verticals: Enterprise, Cloud and Service Provider. Our solutions are supporting the most demanding use cases across each vertical.

We strive to design and build best-in-class products and solutions to address our customer priorities, including:

- **Automated Wide Area Networking**: Routing solutions for Wide Area Networking
- **AI-Driven Enterprise**: Cloud management, networking and security solution for campus and branch environments such as universities, hospitals, and bank branches
- **Cloud-Ready Data Center**: Fabric management, switching, network security and software-defined networking ("SDN") solutions for next generation public and private data centers

In addition to our products, we offer a variety of services, including maintenance and support, professional services, SaaS, and education and training programs to provide solutions that address our customers' needs.

We sell our solutions in more than 150 countries in three geographic regions: Americas; Europe, Middle East, and Africa, which we refer to as EMEA; and Asia Pacific, which we refer to as APAC.

Our corporate headquarters are located in Sunnyvale, California. Our website address is www.juniper.net.

Strategy

Secure networks are becoming mission critical to all customers as businesses rapidly digitize, adopt hybrid/multi-cloud architectures, and move to remote work models. As networks become central to the digital value chain, customers are increasingly looking for solutions that offer secure end-to-end connectivity and a network experience that meets their business outcomes. We have adopted the "Experience-First Networking" strategic approach to simplify operations and deliver a superior network experience to our customers. We focus on delivering networking solutions that are easy to deploy, resolve issues quickly and proactively assure network performance that meets business outcomes and are secure by design.

experience-first networking.jpg

This strategy is achieved through:

- **Product innovation:** Developing high performance silicon, systems, and software for secure networks at scale
- **Unified AIOps for end-to-end assured experiences:** Leveraging data, cloud-native architecture, and advanced technologies (automation, insights, and AI-driven actions) to simplify deployment and operations, deliver reliable, secure and high-quality connections, and enable a superior network experience

- **Openness and choice:** Open and programmable cloud platform for third party integration, management and security designed for heterogenous environments
- **Zero Trust security:** Easy to automate Zero Trust at scale via unified management experience and single policy framework

Automated Wide Area Networking Solutions

For over 25 years, Juniper Networks has been a leading provider of high-performance IP transport solutions for Wide Area Networks ("WAN"). Most of the major carrier and operator networks in the world run on our high-performance network infrastructure. We offer best-in-class products and solutions for core, edge, and metro routing, as well as automation.

Today, growth in connected devices, 5G service introduction, accelerating growth in mobile and online traffic, adoption of cloud architectures, and shifting traffic to metro are creating significant changes to networking. Moreover, the desire for operational simplicity and reduction in total cost of operations ("TCO") is accelerating interest in WAN automation, particularly from service provider customers. We are also aligned with customer focus on sustainability, driven by the need to reduce power consumption and costs, and to achieve long-term commitments to carbon neutrality.

Our strategic investments in Automated WAN are focused on protecting our business in edge routing while capturing the following growth opportunities:

- 400Gbps/800G/1.6Tbps adoption in Cloud and Service Provider verticals
- Growth in next-gen metro and edge architectures
- Automation and AIOps driven by focus on experience and TCO reduction

Our competitive strengths in WAN

- Performance, scale, and ultimate flexibility of our next generation silicon (application-specific integrated circuits, or ASIC technology)
- Cost-effective and high-performance IP transport platforms along with feature innovation
- Power optimized, modern cloud metro portfolio for sustainable business growth
- Common Junos Operating System, or Junos OS, across routing, switching, and network security to simplify experience
- Secured, assured, AI-assisted automation

Our principal products for WAN

- *ACX Series*: Our ACX Series Universal Access Routers cost-effectively address current operator challenges to rapidly deploy new high-bandwidth services. We believe that the ACX Series is well positioned to address the growing metro Ethernet and mobile backhaul needs of our customers, as we expect 5G mobile network build-outs to continue to roll out over the next few years. The platforms deliver the necessary scale and performance needed to support multi-generation wireless technologies.

- *MX Series*: Our MX Series is a family of high-performance, SDN-ready, Ethernet routers that function as a Universal Edge platform with high system capacity, density, and performance. The MX Series platforms utilize our custom silicon and provide carrier-class performance, scale, and reliability to support large-scale Ethernet deployments. We also offer the vMX, a virtual version of the MX router, which is a fully featured MX Series 3D Universal Edge Router optimized to run as software on x86 servers.

- *PTX Series*: Our PTX Series Packet Transport Routers deliver high throughput at a low cost per bit, optimized for the service provider core as well as the scale-out architectures of cloud providers. The PTX Series is built on our custom silicon and utilizes a forwarding architecture that is focused on optimizing IP/MPLS, and Ethernet. This architecture enables high density and scalability, high availability, and network simplification.

- *Juniper Paragon:* Juniper Paragon is a modular portfolio of cloud-native applications that deliver intent-based, closed-loop automation throughout the life of a network service, from Day 0 to Day 2+. Paragon speeds up scenario planning, bulletproofs network design, and accelerates device onboarding while keeping operations ahead of issues and enabling services to be delivered right the first time and every time. Juniper Paragon protects customers and businesses by measuring real service quality on the data plane for a consistent, high-quality experience. It also dramatically reduces manual tasks and processes, empowering operations teams to work more quickly, efficiently, and accurately.

AI-Driven Enterprise

Enterprises are consuming more value-as-a-service, where value is delivered in the form of cloud-based software and services driven by AI. We have introduced cloud management and security solutions, enabling enterprises to securely consume cloud infrastructure and services. We believe the transition to AIOps and SaaS presents an opportunity for us to come to market with innovative network and security solutions for our Enterprise customers, which facilitate their transition to cloud architecture as well as superior operational and user experience.

Our strategic investments in AI-Driven Enterprise are focused on secure client-to-cloud and architectural differentiation to enrich the end-user experience while reducing operations cost and capturing the following growth opportunities:

- Mist AI uses a combination of AI, machine learning, and data science techniques to optimize user experiences and simplify operations across the wireless access, wired access, and SD-WAN domains.
- Machine learning technology simplifies wireless and wired operations and delivers a more agile cloud services platform.
- Session Smart Router ("SSR") portfolio acquired from 128 Technology extends the value of Mist's secure AI-engine and cloud management capabilities from client-to-cloud.

Our competitive strengths in AI-Driven Enterprise

- **Cloud-native architecture that radically simplifies deployment and day-to-day operations:** Our architectural differences simplify large-scale deployments from months or weeks to mere hours. They also enable us to resolve issues rapidly and proactively, for example, by dynamically detecting anomalies in real time and automatically capturing network packets for troubleshooting without human intervention. Our open and programmable platform makes it simple to integrate with third-party technologies.

- **Mist AI-enabled technology delivering real outcomes:** We leverage data, automation, and Mist AI-technology to significantly reduce trouble tickets, deliver a superior user experience and lower TCO for our customers. Our technology enables customers to use simple natural language queries to troubleshoot the network. Our recent integration with large language models (ChatGPT) further enhances this capability.

- **SD-WAN technology optimized for bandwidth and cost sensitive environments:** Our third generation Software Defined-Wide Area Network ("SD-WAN") delivers unique technology that materially reduces WAN overhead, minimizes network latency, and replaces outdated and cumbersome network policies with flexible and real-time actions that are tied to real business and user needs.

Our principal products for AI-Driven Enterprise

- *Juniper Access Points*: Our access points provide Wi-Fi access and performance, which is automatically optimized through reinforcement learning algorithms. Our access points also have a dynamic virtual Bluetooth low energy element antenna array for accurate and scalable location services.

- *EX Series*: Our EX Series Ethernet switches address the access, aggregation, and core layer switching requirements of micro branch, branch office, and campus environments, providing a foundation for the fast, secure, and reliable delivery of applications able to support strategic business processes.

- *Session Smart Routers*: Our SSR enables agile, secure, and resilient WAN connectivity with breakthrough economics and simplicity. SSR routers transcend inherent inefficiencies and cost constraints of conventional networking products and legacy SD-WAN solutions, delivering a flexible, application-aware network fabric that meets stringent enterprise performance, security, and availability requirements.

- *Wired, Wireless, and WAN Assurance driven by Mist AI*: We provide visibility all the way down to the individual client, application and session to optimize individual user experiences from client to cloud. With customizable service levels that span the LAN, WLAN, and WAN, our solutions enable our customers to set and measure key metrics and proactively assure optimal user experiences on an ongoing basis. In addition, automated workflows are combined with event correlation, predictive analytics, and proactive self-driving operations to simplify IT operations and minimize end-to-end network troubleshooting costs.

- *Marvis Virtual Network Assistant driven by Mist AI:* Our Marvis Virtual Network Assistant identifies the root cause of issues across IT, domains and automatically resolves many issues proactively. It recommends actions for those connected systems outside the Mist domain, while offering a real-time network health dashboard that reports issues from configuration to troubleshooting. Marvis has unique Natural Language Processing capabilities with a conversational interface so IT staff can get accurate answers to normal English language queries.

In 2023, we announced a new cloud-hosted campus fabric workflow that facilitates the successful deployment of enterprise networks to expedite time-to-service and minimize troubleshooting costs. In addition, the new Juniper Networks EX4400-24X distribution switch delivers the power of Mist AI and the cloud to enterprise campus distribution deployments and low-density data center top-of-rack environments. These additions to Juniper's award-winning wired switching portfolio bring even more scale, performance, and security to the AI-driven enterprise.
We also announced the latest innovation to our award-winning AI-driven enterprise portfolio, the Juniper Mist® Access Assurance service. This new service leverages Mist AI and a modern microservices cloud to provide a full suite of network access control (NAC) and policy management functions via the same flexible and simple framework already included in Juniper's wired access, wireless access, indoor location, SD-WAN, and secure client-to-cloud portfolio. The result is outstanding automation, insight, and assurance for superior access control and policy enforcement, coupled with exceptional operational savings.

Further, we announced several new enhancements that make it even easier to deliver predictable, reliable, and measurable user experiences from client to cloud. By integrating ChatGPT with Marvis, the industry's only virtual network assistant driven by Mist AI, Juniper customers and partners can now easily access public-facing knowledge base information using ground-breaking Large Language Models (LLM). In addition, new Marvis integrations with Zoom enable superior video conferencing experiences while significantly reducing troubleshooting costs. With these enhancements, plus a new Wi-Fi 6E access point, Juniper is expanding its leadership in AIOps and building upon a rich history of industry-firsts to drive real business value while minimizing IT costs.

junipermistai.jpg

Cloud-Ready Data Center

The current state of cloud and data center switching is being shaped by two trends: growth of hybrid cloud and emergence of AI workloads.

Our strategic investments in Cloud-Ready Data Center are designed to capitalize on these trends through:

- **Pioneering Switching Innovation:** Our cutting-edge hardware and software in switching leverage top-tier merchant and proprietary silicon, specifically tailored for AI and scalable data center deployments.

- **Automated Data Center Management:** Empowered by Apstra's intent-based automation, we streamline the entire spectrum of data center operations—from setup (Day 0, Day 1 Ops) to daily management (Day 2 Ops), encompassing both AI and non-AI workloads—with just a few clicks.

- **AI-Enhanced Analytics:** Enabling valuable network insights and operational capabilities through Juniper's leading Networking AI application, Marvis for Data Center, driven by powerful AI.

- **Integrated Security Solutions:** Enable the security of workloads in both public and private clouds through seamlessly integrated security offerings both homegrown and via partners. Further integration of security offerings with Apstra data center management facilitates the implementation of uniform policies, providing a single dashboard for comprehensive management.

Our competitive strengths in Cloud-Ready Data Center

Growth of hybrid cloud

We stand at the forefront of widespread cloud adoption among businesses, transforming their operations and services. In today's landscape, companies operate within a hybrid framework, integrating applications and data across public cloud, private cloud, and on-premises data centers. While the allure of the flexibility and ease in managing public cloud is evident, concerns related to cost, security, latency, and privacy drive organizations to maintain private cloud or on-premises deployments.

Managing such diverse environments demands varied skill sets, particularly with on-premises deployments necessitating substantial technical expertise for hardware deployment and management. Juniper's solutions address this challenge by simplifying the consumption of on-premises infrastructure, making it as seamless as utilizing the cloud. Our offerings provide our customers with reliability and operational ease, and cater to the intricate demands of large-scale data centers.

Emergence of AI workloads

As AI continues to advance, the evolving landscape necessitates a redesign of data centers to meet the computational demands posed by AI workloads. Juniper is committed to streamlining network operations, delivering a superior network experience for these workloads. Our objective is to facilitate seamless management across both AI and non-AI network infrastructure, addressing the distinctive challenges posed by the integration of AI workloads into data center environments.

Our principal products for Cloud-Ready Data Center

- *QFX Series*: Our QFX Series of core, spine, and top-of-rack data center switches offer an industry-leading approach to switching that is designed to deliver dramatic improvements in data center performance, operating costs, and business agility for enterprises, high-performance computing networks, and cloud providers.

- *Juniper Apstra*: Juniper Apstra enables our customers to automate the entire network lifecycle in a single system, easing the adoption of network automation. Juniper Apstra ties the architect’s design to everyday operations with a single source of truth, continuous validation, and powerful analytics and root cause identification. It raises efficiency and results by providing visibility and insights, incident management, change management, compliance and audit, and maintenance and updates.

In 2023, we announced new Juniper Apstra capabilities that enhance operator experiences to facilitate the deployment and operations of private data center infrastructures. With the introduction of new Experience-First data center features, including simplified data collection and visualization via graph databases, tighter flow data integration from multivendor switches, and automated provisioning via Terraform, Juniper customers can continue to leverage Apstra as the premier solution for intent-based networking and automated data center assurance with even more management capabilities that make private data centers as flexible and agile to operate as cloud-based infrastructures.

Platform Software

In addition to our major product families and services, our software portfolio has been a key technology element in our goal to be a leader in high-performance networking.

Our Junos Platform enables our customers to expand network software into the application space, deploy software clients to control delivery, and accelerate the pace of innovation with an ecosystem of developers. At the heart of the Junos Platform is

Junos Evolved. We believe Junos Evolved is fundamentally differentiated from other network operating systems not only in its design, but also in its development capabilities. The advantages of Junos Evolved include the following:

- A modular operating system with common base of code and a single, consistent implementation for each control plane feature;
- A highly disciplined and firmly scheduled development process;
- A common modular software architecture that scales across all Junos-based platforms;
- A central database, which is used by not only Junos native applications, but also external applications using application programming interfaces, or APIs; and
- A fully distributed general-purpose software infrastructure that leverages all the compute resources on the network element.

Junos Evolved is designed to improve the availability, performance, and security of business applications running across the network. Junos Evolved helps to automate network operations by providing a single consistent implementation of features across the network in a single release train that seeks to minimize the complexity, cost, and risk associated with implementing network features and upgrades.

Orchestration, Automation, Assurance, and AIOPs Software

As many of our customers continue moving to programmable and automated network operations, managing, orchestrating, and securing that complex journey can be a challenge. Network automation is the process of automating the configuration, management, testing, deployment, and operations of physical and virtual devices within a network. We believe the keys to achieving success with network and security automation include the following:

- Architecting networking systems with strong APIs, analytics, and autonomous control; and
- Automating operations to become more reliable in the context of IT systems, teams, processes, and network operation and security operation workflows.

Security Solutions

Juniper Connected Security offers high-performance security solutions that provide line-rate performance, because of our unique capability of integrating security services into our networking portfolio, all the way to the silicon level. Juniper's Connected Security portfolio focuses on three key areas: the edge, the data center, and tying both together through unified policy management, analytics, and orchestration.

Our principal security solutions

- *SRX Series Services Gateways for the Data Center and Network Backbone*: Our mid-range, high-end and virtual SRX Series platforms provide high-performance, scalability, and service integration, which are ideally suited for medium to large enterprise, data centers and large campus environments, where scalability, high performance, and concurrent services, are essential. Our high-end SRX5800 platform is suited for service provider, large enterprise, and public sector networks. The upgrade to our high-end SRX firewall offering with our Services Process Card 3, or SPC3, with our Advanced Security Acceleration line card enhances the SRX5800 to deliver power for demanding use cases, including high-end data centers, IoT, and 5G. Additionally, we recently announced the industry's first distributed security services architecture, which decouples the forwarding and security services layers, enabling customers to utilize their existing Juniper MX Series routers as an intelligent forwarding engine and load balancer. This unique design gives customers independent scaling flexibility without chassis limitations, multi-path resiliency, and cost efficiency.

- *Branch SRX, Security Policy, and Management*: The Branch SRX family provides an integrated firewall and next-generation firewall, or NGFW, capabilities. Security Director is a network security management product that offers efficient, highly scalable, and comprehensive network security policy management. These solutions are designed to enable organizations to securely, reliably, and economically deliver powerful new services and applications to all locations and users with superior service quality.

- *Virtual Firewall*: Our vSRX Firewall delivers all of the features of our physical firewalls, including NGFW functionality, advanced security, and automated lifecycle management capabilities. The vSRX provides scalable, secure protection across private, public, and hybrid clouds. We also offer the cSRX, which has been designed and optimized for container and cloud environments.

- *Advanced Malware Protection*: Our Advanced Threat Prevention ("ATP") runs as a cloud-enabled service on an SRX Series Firewall or as a virtual appliance deployed locally. These products are designed to use both static and dynamic analysis with AI and machine learning to find unknown threat signatures (zero-day attacks).

In 2023, we announced the expansion of our Connected Security portfolio with new products and capabilities that empower organizations to seamlessly extend security services and Zero Trust policies across distributed data center environments. The new Juniper's Connected Security Distributed Services Architecture uniquely integrates Juniper's unified security management paradigm with best-in-class routing and AI-Predictive Threat Prevention to bring much-needed operational simplicity and scale to data center security. In addition, four new high-performance firewall platforms deliver unmatched performance in a compact footprint that minimizes cost, space, and power consumption.

Services

In addition to our products, we offer maintenance and support, professional, SaaS, and educational services, making it easier for service providers, enterprises, cloud providers, and partners to optimize the operation of their networks. We utilize a multi-tiered support model to deliver services that leverage the capabilities of our own direct resources, channel partners, and other third-party organizations with a focus on personalized, proactive, and predictive experience. This experience is further enhanced with the capabilities from our Juniper Support Insights ("JSI"), a platform to cloud connect all Juniper devices and enable AI applications to provide our enhanced support services.

As of December 31, 2023, we employed 2,092 people in our worldwide customer service and support organization. We believe that a broad range of services is essential to the successful customer deployment and ongoing support of our products, and we employ remote technical support engineers, on-site resident engineers, spare parts planning and logistics staff, professional services consultants, and educators with proven network experience to provide those services.

We also extensively utilize our channel partners in the delivery of support, professional, and educational services to ensure these services can be locally delivered in an optimized way around the world.

Customer Verticals

We sell our solutions through direct sales; distributors; value-added resellers, or VARs; and original equipment manufacturers, or OEMs, to end-users in the following verticals: Enterprise, Cloud, and Service Provider.

We believe our solutions benefit our customers by:

- Reducing capital and operational costs by running multiple services over the same network using our secure, high-density, highly automated, and highly reliable platforms;

- Creating new or additional revenue opportunities by enabling new services to be offered to new market segments, which includes existing customers and new customers, based on our product capabilities;

- Increasing customer satisfaction, while lowering costs, by optimizing the experience of network operators and their users via automation, AI-enabled troubleshooting and support, and cloud management;

- Providing increased asset longevity and higher return on investment as our customers' networks can scale to higher throughput based on the capabilities of our platforms;

- Offering network security across every environment—from the data center to campus and branch environments to assist in the protection and recovery of services and applications; and

- Offering operational improvements that enable cost reductions, including lower administrative, training, customer care, and labor costs.

The following is an overview of the trends affecting the markets in which we operate by each of our customer verticals. We believe that the best way to deliver what customers need today is to take our Experience-First approach to deliver better operator and end-user experiences.

Enterprise

Our high-performance network infrastructure offerings are designed to meet the performance, reliability, and security requirements of the world's most demanding enterprises. We offer enterprise solutions and services for data centers as well as branch and campus applications. Our Enterprise vertical includes enterprises not included in the Cloud vertical. They are industries with high performance, high agility requirements, including retail companies, healthcare institutions, financial services, national, federal, state, and local governments; as well as research and educational institutions. We believe that our Enterprise customers are able to deploy our solutions as a powerful component in delivering the advanced network capabilities needed for their leading-edge applications.

Businesses are adopting cloud-based applications and services to avoid infrastructure cost and complexity, increase IT agility, and accelerate digital transformation. We believe that as our Enterprise customers continue to transition their workloads to the cloud, they continue to seek greater flexibility in how they consume networking and security services, such as pay-per-use models. Additionally, Enterprises are deploying AI-driven architectures, which require end-to-end solutions for managing, orchestrating, and securing distributed cloud resources as a single pool of resources. Also, we are increasingly seeing a convergence of networking and security, such as Secure Access Service Edge ("SASE"), resulting in security becoming an embedded capability in every solution that we offer to our customers.

High-performance enterprises require IP networks that are global, distributed, and always available. We are innovating in key technology areas to meet the needs of our Enterprise customers whether they plan to move to a public cloud architecture or hybrid cloud architecture (which is a mix of public and private cloud, as well as a growing number of SaaS applications).

Cloud

Our Cloud vertical includes companies that are heavily reliant on the cloud for their business model’s success. Customers in the Cloud vertical can include cloud service providers, such as the largest public cloud providers, which we refer to as hyperscalers, and Tier-2 cloud providers, which we refer to as cloud majors, as well as enterprises that provide SaaS, infrastructure-as-a-service, or platform-as-a-service.

Cloud providers continue to grow as more organizations take advantage of public infrastructure to run their businesses. As their businesses grow, we expect they will continue to invest in their networks, which dictate the quality and experience of the products and the services they deliver to their end customers. Further, as cloud providers adopt new technologies, including the 400-gigabit Ethernet, or 400GbE, and in anticipation of the future adoption of 800-gigabit Ethernet, or 800GbE, and beyond, we believe this should present further opportunities for us across our portfolio as our cloud customers value high-performance, highly compact, power-efficient infrastructures, which we support and continue to develop.

In addition, SaaS continues to be an important factor for cloud providers as their customers, such as enterprises, prefer to procure and consume product and service offerings via SaaS models. As a result, we believe that SaaS providers will invest in high-performance infrastructure because the quality of experience has proven just as important competitively as software features and functions. Lastly, as a result of regulations and the need for lower latency and high-performance networking, cloud providers have been transitioning to regional network build-outs or distributed cloud environments to address the increasing demand for services, data privacy, data protection, and consumer rights.

As Cloud customers are pushing the envelope in networking, our focus on collaboration combined with networking innovation around automation has made us a strategic partner with these customers, helping them develop high-performance and lower total cost of ownership networking solutions to support their business.

Service Provider

Our Service Provider vertical includes wireline and wireless carriers and cable operators, and we support most of the major carrier and operator networks in the world with our high-performance network infrastructure offerings. In recent years, we have seen increased convergence of these different types of customers through acquisitions, mergers, and partnerships.

Service Provider customers recognize the need for high-performance networks and leveraging the cloud to reduce costs from their network operations. This is dictating a change in business models and their underlying infrastructure, which we believe requires investment in the build-out of high-performance networks and the transformation of existing legacy infrastructure to distributed cloud environments in order to satisfy the growth in mobile traffic and video as a result of the increase in mobile device usage including smartphones, tablets, and connected devices of various kinds.

We expect that Network Function Virtualization and SDN will be critical elements to enable our Service Provider customers the flexibility to support enhanced mobile video and dynamic new service deployments. We are engaging with these customers to transition their operations to next-generation cloud operations as the need for a highly efficient infrastructure to handle large amounts of data along with low latency, or minimal delay, plays into the need to have a high performance, scalable infrastructure in combination with the automation and flexibility required to drive down operational costs and rapid provision applications. We consistently deliver leading technologies that transform the economics and experience of networking while significantly improving customer economics by lowering the capital expenditures required to build networks and the operating expenses required to manage and maintain them.

In addition to reducing operating costs, service providers are seeking to create new or additional revenue opportunities to support their evolving business models. These customers are deploying 5G, which we expect will continue to roll out over the next few years, and IoT, which we believe will give rise to new services like connected cars, smart cities, robotic manufacturing, and agricultural transformation. 5G and IoT require a highly distributed cloud data center architecture from which services are delivered to the end users and will involve a great degree of analytics and embedded security. We expect this trend will present further opportunities for Juniper with our focus on delivering a strong portfolio of network virtualization and software-based orchestration solutions, which position us to deliver on the automation and agility requirements of service providers.

No single customer accounted for 10% or more of our net revenues for the years ended December 31, 2023, 2022, and 2021.

Research and Development

We have assembled a team of skilled engineers with extensive experience in the fields of high-end computing, network system design, ASIC design, security, routing protocols, software applications and platforms, and embedded operating systems. As of December 31, 2023, we employed 4,310 people in our worldwide research and development, or R&D, organization.

We believe that strong product development capabilities are essential to our strategy of enhancing our core technology, developing additional applications, integrating that technology, and maintaining the competitiveness and innovation of our product and service offerings. In our products, we are leveraging our software, ASIC and systems technology, developing additional network interfaces targeted to our customers' applications, and continuing to develop technology to support the build-out of secure high-performance networks and cloud environments. We continue to expand the functionality of our products to improve performance, reliability, scalability, and customer experience.

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

Sales and Marketing

As of December 31, 2023, we employed 3,374 people in our worldwide sales and marketing organization. These sales and marketing employees operate in different locations around the world in support of our customers.

Our sales organization, with its structure of sales professionals, business development teams, systems engineers, marketing teams, channel teams, and an operational infrastructure team, is based on both vertical markets and geographic regions.

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

We sell to a number of cloud and service provider customers directly. Otherwise, we sell to all of our key customer verticals primarily through distributors and resellers.

Direct Sales Structure

The terms and conditions of direct sales arrangements are governed either by customer purchase orders along with acknowledgment of our standard order terms, or by direct master purchase agreements. The direct master purchase agreements with these customers set forth only general terms of sale and generally do not require customers to purchase specified quantities of our products. We directly receive and process customer purchase orders.

Channel Sales Structure

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

- A global network of strategic distributor relationships, as well as region-specific or country-specific distributors who in turn sell to local VARs who sell to end-user customers. Our distribution channel partners resell routing, switching, wireless, and security products, software and services, which are purchased by all of our key customer verticals. These distributors tend to focus on particular regions or countries. For example, we have substantial distribution relationships with Ingram Micro in the Americas and Hitachi in Japan. Our agreements with these distributors are generally non-exclusive, limited by region, and provide product and service discounts and other ordinary terms of sale. These agreements do not require our distributors to purchase specified quantities of our products or services. Further, most of our distributors sell our competitors' products and services, and some sell their own competing products and services.

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

- Strategic worldwide reseller relationships with established Juniper alliances, comprised of Nippon Telegraph and Telephone Corporation; Ericsson Telecom A.B.; International Business Machines, or IBM; NEC Corporation; Fujitsu Limited; and Atos SE. These companies each offer services and products that complement our own product and service offerings and act as a reseller, and in some instances as an integration partner for our products. Our arrangements with these partners allow them to resell our products and services on a non-exclusive and generally global basis, provide for product and service discounts, and specify other general terms of sale. These agreements do not require these partners to purchase specified quantities of our products or services.

Manufacturing and Operations

As of December 31, 2023, we employed 406 people in supply chain operations who manage our relationships with our contract manufacturers, original design manufacturers, component suppliers, warehousing and logistics service providers.

Our manufacturing is primarily conducted through contract manufacturers and original design manufacturers with manufacturing locations in China, Malaysia, Mexico, Taiwan, and Vietnam.. Our contract manufacturers and original design manufacturers are responsible for all phases of manufacturing from prototypes to full production, including activities such as material procurement, surface mount assembly, final assembly, test, control, shipment to our customers, and repairs. Together with our contract manufacturers and original design manufacturers, we design, specify, and monitor the tests that are required to ensure that our products meet internal and external quality standards. We believe that these arrangements provide us with the following benefits:

- We can quickly ramp up and deliver products to customers with turnkey manufacturing;

- We operate with a minimum amount of dedicated space and employees for manufacturing operations; and

- We can reduce our costs by reducing what would normally be fixed overhead expenses.

Our contract manufacturers and original design manufacturers build our products based on our rolling product demand forecasts. Our contract manufacturing partners procure the majority of the components used in our products. Once the components necessary to assemble the products in our forecast are procured, our manufacturing partners assemble and test the products according to agreed-upon specifications. Products are then shipped to our distributors, resellers, or end-customers. To address supply-chain challenges, including increases in component costs during and following the COVID-19 pandemic and global component shortages, we have taken specific additional procurement actions, including strategic purchases of raw materials and components for the production of finished goods. As a result, we have incurred, and may continue to incur, additional holding costs and obsolescence charges as we continue to face uncertainties in future product demand for certain products. Title to the finished goods is generally transferred from the contract manufacturers to us when the products leave the contract manufacturer's or original design manufacturer's location. Customers take title to the products upon delivery at a specified destination. If the product or components remain unused or the products remain unsold for a specified period, we may incur carrying charges or charges for excess or obsolete materials.

Our contracts with our contract manufacturers and original design manufacturers set forth a framework within which the contract manufacturer and original design manufacturer, as applicable, may accept purchase orders from us. These contracts do not represent long-term commitments.

Some of our custom components, such as ASICs and communication integrated circuits, are manufactured primarily by sole or limited sources, each of which is responsible for all aspects of production using our proprietary designs. To ensure the security and integrity of Juniper products during manufacture, assembly and distribution, we have implemented a supply chain risk management framework as part of our overall Supply Chain Security and Risk Management Programs. This framework encompasses all aspects of the supply chain as well as enhanced elements specific to security issues applicable to Juniper products and our customers.

By working collaboratively with our suppliers and as members of coalitions such as the Responsible Business Alliance ("RBA"), Responsible Minerals Initiative, and the CDP Supply Chain program, we endeavor to promote socially and environmentally responsible business practices beyond our company and throughout our worldwide supply chain. To this end, we have adopted a business partner code of conduct and promote compliance with such code of conduct to our suppliers. Our business partner code of conduct expresses support for and is aligned with the Ten Principles of the United Nations Global Compact and the RBA Code of Conduct. The RBA, a coalition of electronics, retail, auto and toy companies, provides guidelines and resources to drive performance and compliance with critical corporate social responsibility policies. Its goals are to promote ethical business practices, to ensure that working conditions in the electronic industry supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible. By using standard audit and assessment protocols and tools, we measure and monitor manufacturing partners' top direct material suppliers', and select indirect suppliers' compliance with the RBA Code of Conduct and applicable environmental, health and safety, labor and ethics legal requirements. Our complementary efforts include an annual supplier sustainability attestation to have current agreements with suppliers to observe key requirements; communicating requirements that suppliers report to CDP climate change and water; due diligence on labor rights concerns through direct observance of supply chain practices and third-party risk tools; and conflict minerals surveying and remediation actions for suppliers.

Backlog

Our sales are made primarily pursuant to purchase orders under master sales agreements either with our distributors, resellers, or end-customers. At any given time, we have a backlog of orders for products that have not shipped. Because certain orders are cancellable or delivery schedules may be changed, we believe that our backlog at any given date may not be a reliable indicator of future operating results.

As of December 31, 2023 and December 31, 2022, our total product backlog was approximately $569 million and $2,019 million, respectively. Our product backlog consists of purchase orders for products expected to be shipped to our distributors, resellers, or end-customers within the subsequent twelve months, which primarily reflected the ongoing impact of supply chain constraints in 2022, that have diminished in 2023. The following amounts are not included in our backlog: (1) deferred revenue, (2) unbilled contract revenue, (3) all service obligations, including SaaS, and (4) certain future revenue adjustments for items such as sales return reserves and early payment discounts.

For further discussion on the risks and uncertainties related to backlog, see the section entitled “Risk Factors” in Item 1A of Part I of this Report.

Seasonality

We, as do many companies in our industry, experience seasonal fluctuations in customer spending patterns. Historically, we have experienced stronger customer demand in the fourth quarter and weaker demand in the first quarter of the fiscal year. This historical pattern should not be considered a reliable indicator of our future net revenues or financial performance. The ongoing global component shortage and extended lead times and their impacts on our ability to ship products to our customers in a timely manner may disrupt our typical seasonal trends.

Competition

We compete in the network infrastructure markets. These markets are characterized by rapid change, converging technologies, and a migration to solutions that combine high performance networking with cloud technologies. In the network infrastructure business, Cisco Systems, Inc., or Cisco, has historically been the dominant player. Our principal competitors also include Arista Networks, Inc.; Ciena Corporation; Extreme Networks; Hewlett Packard Enterprise Co., or HPE; Huawei Technologies Co., Ltd., or Huawei; Fortinet, Inc.; Nokia Corporation, or Nokia; and NVIDIA Corporation.

Many of our current and potential competitors, such as Cisco, Nokia, HPE, and Huawei, among others, have broader portfolios which enable them to bundle their networking products with other networking and information technology products in a manner that may discourage customers from purchasing our products. Many of our current and potential competitors have greater name recognition, marketing budgets, and more extensive customer bases that they may leverage to compete more effectively. Increased competition could result in price reductions, fewer customer orders, reduced gross margins, and loss of market share, negatively affecting our operating results.

In addition, there are a number of other competitors in the security network infrastructure space, including Cisco, Huawei, Nokia, Palo Alto Networks, Inc., Check Point Software Technologies, Ltd., Fortinet, Inc., Zscaler, Inc., Netskope, Inc., and Forcepoint LLC, among others, who tend to be focused specifically on security solutions and, therefore, may be considered specialized compared to our broader product line.

We expect that over time, large companies with significant resources, technical expertise, market experience, customer relationships, and broad product lines, such as Cisco, Nokia, and Huawei, will introduce new products designed to compete more effectively in the market. There are also several other companies that aim to build products with greater capabilities to compete with our products. Further, there has been significant consolidation in the networking industry, with smaller companies being acquired by larger, established suppliers of network infrastructure products. We believe this trend is likely to continue, which may increase the competitive pressure faced by us due to their increased size and breadth of their product portfolios.

In addition to established competitors, a number of public and private companies have announced plans for new products to address the same needs that our products address. We believe that our ability to compete depends upon our ability to demonstrate that our products are superior and cost effective in meeting the needs of our current and potential customers.

As a result, we expect to face increased competition in the future from larger companies with significantly more resources than we have and also from emerging companies that are developing new technologies. Although we believe that our technology and the purpose-built features of our products make them unique and will enable us to compete effectively with these companies, there can be no assurance that new products, enhancements, or business strategies will achieve widespread market acceptance.

Material Government Regulations

Our business activities are worldwide and subject us to various federal, state, local, and foreign laws in the countries in which we operate, and our products and services are subject to laws and regulations affecting the sale of our products. To date, costs and accruals incurred to comply with these governmental regulations have not been material to our capital expenditures, results of operations, and competitive position. Although there is no assurance that existing or future governmental laws and regulations applicable to our operations, products, or services will not have a material adverse effect on our capital expenditures, results of operations, and competitive position, we do not currently anticipate material expenditures for government regulations. Nonetheless, as discussed below, we believe that environmental, social, and global trade regulations could potentially have a material impact on our business.

Environment and Social

We are committed to maintaining compliance with all environmental laws applicable to our operations, products, and services and to reducing our environmental impact across our business and supply chain. Our operations and many of our products are subject to various federal, state, local, and foreign regulations that have been adopted with respect to the environment, such as the EU's Waste Electrical and Electronic Equipment Directive (WEEE); Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS); Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH); and the U.S.'s Toxic Substances Control Act. Recently enacted regulations, such as the EU’s Corporate Sustainability Reporting Directive and California’s Climate Corporate Data Accountability Act and Climate-Related Financial Risk Act, also apply to Juniper.

Juniper’s greatest impact on the environment is through our products and services. We focus on circular economy principles, including designing products with sustainability in mind to make them more efficient, reliable, and long-lasting. We also select manufacturers, suppliers, and business partners who share our values and commitment to environmental sustainability. Our products are built for flexibility, interoperability, and scalability, which we believe contribute to long-term customer value. The modular design of our products allows for efficient servicing such as dismantling and repairing instead of wholesale discarding. The Juniper Certified Pre-Owned Program allows our customers to contribute to sustainability by purchasing refurbished hardware. Our product design and services encourage customers to reuse and recycle products and parts to extend the life of materials. In sum, our efforts help reduce e-waste in landfills and build a circular economy.

We also voluntarily participate in the annual CDP climate change and water security disclosures and encourage our suppliers to do the same. Additionally, we are a signatory supporter of the United Nations Global Compact, and have adopted and promote the adoption by our suppliers of the RBA Code of Conduct, as discussed above in the section entitled *Manufacturing and Operations*. We continue to invest in the infrastructure and systems required to execute on, monitor, and drive environmental improvements in our global operations and within our supply chain.

We are likewise committed to all human rights and labor rights laws and regulations applicable to our operations, products, and services. We have zero tolerance for human rights or labor abuses and have management systems in place that help us to detect and investigate such concerns. Notable human rights and labor rights regulations we are subject to include the U.S.’s Uyghur Forced Labor Protection Act and Section 1502 of the Dodd-Frank Act; the UK Modern Slavery Act; and the Australian Modern Slavery Act.

Global Trade

As a global company, the import and export of our products and services are subject to laws and regulations including international treaties, U.S. export controls and sanctions laws, customs regulations, and local trade rules around the world. The scope, nature, and severity of such controls varies widely across different countries and may change frequently over time. Such laws, rules, and regulations may delay the introduction of some of our products or impact our competitiveness through restricting our ability to do business in certain places or with certain entities and individuals, or by requiring us to comply with domestic preference programs, laws concerning transfer and disclosure of sensitive or controlled technology or source code, unique technical standards, localization mandates, and duplicative in-country testing and inspection requirements. In particular, the U.S. and other governments have imposed restrictions on the import and export of, among other things, certain telecommunications products and components, particularly those that contain or use encryption technology. Most of our products are telecommunications products and contain or use encryption technology and, consequently, are subject to restrictions. The consequences of any failure to comply with domestic and foreign trade regulations could limit our ability to conduct business globally. We continue to support open trade policies that recognize the importance of integrated cross-border supply chains that are expected to continue to contribute to the growth of the global economy and measures that standardize compliance for manufacturers to ensure that products comply with safety and security requirements.

For additional information concerning regulatory compliance and a discussion of the risks associated with governmental regulations that may materially impact us, see the section entitled “Risk Factors” in Item 1A of Part I of this Report.

Intellectual Property

Our success and ability to compete are substantially dependent upon our internally developed technology and expertise, as well as our ability to obtain and protect necessary intellectual property rights. While we rely on patent, copyright, trade secret, and trademark law, as well as confidentiality agreements, to protect our technology, we also believe that factors such as the technological and creative skills of our personnel, new product developments, frequent product enhancements, and reliable product maintenance are essential to establishing and maintaining a technology leadership position. There can be no assurance that others will not develop technologies that are similar or superior to our technology.

Patents

As of December 31, 2023, we had over 6,015 patents worldwide and numerous patent applications are pending. Patents generally have a term of twenty years from filing. As our patent portfolio has been built over time, the remaining terms on the individual patents vary. We cannot be certain that patents will be issued on the patent applications that we have filed, that we will be able to obtain the necessary intellectual property rights, or that other parties will not contest our intellectual property rights.

Licenses

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

Trademarks

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

Human Capital Management

We believe our success in delivering high-performance networks in the digital transformation era relies on our culture, values, and the creativity and commitment of our people. As of December 31, 2023, we had 11,144 employees, of whom approximately 44%, 43%, and 13% resided in the Americas, APAC, and EMEA, respectively. We invest in our people. We strive to maintain healthy, safe, and secure working conditions - a workplace where our employees are treated with respect and dignity. Our vision is to create an inclusive, diverse, and authentic community that inspires collaboration, integrity, engagement, and innovation. We are striving to create a world-class employee experience, one that offers opportunity for personal and professional growth, and enables work-life flexibility that aligns with the core values embodied in the Juniper Way.

In 2023, Juniper was recognized as a Great Place to Work in the United States, India, France, Germany, the Netherlands, and the United Kingdom. Juniper was also recognized as one the Fortune's Most Admired Companies and Ethisphere's World's Most Ethical Companies.

Our Values: The Juniper Way

Our mission is to make every connection count. We seek to be a responsible global citizen and influence meaningful differences in the world around us. We believe that connections will bring us closer together while empowering us all to solve some of the world's greatest challenges of health and well-being, sustainability, and equity.

To deliver our mission, we rely on a committed and consistent practice that we call the Juniper Way. More than a set of shared values, the Juniper Way reflects the company's commitment to inspire Juniper employees to do their best work. This foundation is embodied in three values – Be Bold, Build Trust, and Deliver Excellence - along with a set of refined behaviors for each.

Inclusion and Diversity

As a company, we are committed to inclusion and diversity of employees with many backgrounds, experiences, and identities. We believe that inclusion and diversity are competitive assets that drive positive change to our company and communities. At our core, we believe excellence depends on seeking out diverse ideas and fostering a culture where all employees belong. We aim to lead with vision and empathy, promoting understanding and awareness across our workforce, and we are committed to improving inclusivity by being engaged and accountable at the highest level of leadership.

inclusionanddiversity_image.jpg

In 2023, we continued to make progress in our inclusion and diversity efforts. We continued our global sponsorship and leadership development programs, which aim to empower the next generation of leaders, and we continued our Affinity Groups, employee-led groups that emphasize the connection among employees from similar backgrounds and their allies, and which provide professional development, sense of belonging, and career connections. We also launched a global allyship program with meaningful discussions about under-represented groups' experiences and what part we can all play to make Juniper more inclusive.

Employee Engagement and Development

We use a framework called Talent Matters to encourage an open and interactive culture between employees and their managers, where individual needs are recognized and met, and company goals are supported. Our professional development approach includes reviewing and assessing our management teams as well as facilitating personal employee development and growth. For employees, growth goals are tied to our corporate objectives and key results to ensure that employees are progressing and are supported by management teams. In 2023, we continued our People Manager Network to provide global consistency in how managers lead teams and support employees. With this program, managers are empowered and provided with the training and resources to scale employee career growth and provide their teams with the necessary tools to facilitate that growth. Managers are encouraged to schedule Conversation Days with their direct reports to identify opportunities for the company to better support employees and set goals for professional and personal growth.

To ensure our employees' personal and professional growth, we continue to provide training courses focused on building personal capabilities as well as skill development. In 2023, we launched Junivator Career Connect ("JCC"), a new people-centered, internal talent marketplace. Defining Juniper's approach to skills-based workplace transformation, JCC supports our employees' futures by helping them create customized learning journeys, explore career pathways, connect with mentors, apply for internal openings, and experiment with internal gig work. Also, in response to employee feedback, we maintain LinkedIn Learning for all employees, offering online courses on business, technology, and creative skills. Additionally, each year, Juniper employees receive role-specific trainings, which include topics such as human rights, environmental performance, compliance with the Juniper Worldwide Code of Business Conduct, engineering, information security, and other compliance and industry-specific subjects.

We consistently work to improve the employee experience by addressing feedback collected through the annual Juniper Voice Survey and topic-specific surveys, including employee benefits and total rewards packages.

Employee Retention, Benefits, and Wellness

We continue to prioritize our commitment to retaining and attracting a diverse workforce with the skills needed to deliver Experience-First Networking. We aim to provide benefits and programs that are holistic, flexible, and inclusive. We are committed to pay equity and benefits innovation. From offering childcare and working mother support, to expanding medical coverage for infertility and gender-affirming procedures, to foster and adoptive parent assistance, we have provided benefit offerings that are intended to be as inclusive and diverse as our employees' needs.

Our community engagement program empowers employees to participate authentically, so they can make an impact where it matters most to them. We offer five paid working days per year for employees to give back to their communities and engage with causes of their choice. In 2023, we continued our Global Week of Giving, encouraging employees to volunteer with a project curated by Juniper or with an organization in their own communities.

The health, safety, and well-being of our employees are vital to Juniper's success. In recognition of the value our employees bring to our success and to aid our employees to maintain a balanced state of overall wellness and success, we provide quarterly Wellness Days, a day when all Juniper employees take the same day off from work to relax and recharge. Our employees also have unlimited access to the TaskHuman platform, a virtual wellness coaching application, which covers hundreds of wellness topics from yoga and nutrition to financial guidance.

Information about our Executive Officers and Key Employees

The following sets forth certain information regarding our executive officers and key employees as of the filing of this Report:

Name	Age	Position
Rami Rahim	53	Chief Executive Officer and Director
Manoj Leelanivas	54	Executive Vice President, Chief Operating Officer
Robert Mobassaly	45	Senior Vice President, General Counsel and Secretary
Kenneth B. Miller	52	Executive Vice President, Chief Financial Officer
Thomas A. Austin	56	Group Vice President, Chief Accounting Officer
Christopher Kaddaras	53	Executive Vice President, Chief Revenue Officer

RAMI RAHIM joined Juniper in January 1997 and became Chief Executive Officer of Juniper and a member of the Board of Directors in November 2014. From March 2014 until he became Chief Executive Officer, Mr. Rahim served as Executive Vice President and General Manager of Juniper Development and Innovation. His responsibilities included driving strategy, development and business growth for routing, switching, security, silicon technology, and the Junos operating system. Previously, Mr. Rahim served Juniper in a number of roles, including Executive Vice President, Platform Systems Division, Senior Vice President and General Manager, Edge and Aggregation Business Unit, or EABU, and Vice President, Product Management for EABU. Prior to that, Mr. Rahim spent the majority of his time at Juniper in the development organization where he helped with the architecture, design and implementation of many Juniper core, edge, and carrier Ethernet products. Mr. Rahim joined the board of directors of Autodesk, Inc. in August 2022. Mr. Rahim holds a bachelor of science degree in Electrical Engineering from the University of Toronto and a master of science degree in Electrical Engineering from Stanford University.

MANOJ LEELANIVAS joined Juniper in March 2018 and has served as Executive Vice President, Chief Operating Officer since June 2021. From March 2018 to May 2021, he served as Executive Vice President, Chief Product Officer. In this role, Mr. Leelanivas leads all aspects of product strategy and direction for Juniper and helps to align products with our go-to-market strategies and execution, including marketing operations. From June 2013 to September 2017, Mr. Leelanivas was President and Chief Executive Officer of Cyphort, an innovator in scale-out security analytics technology, which was acquired by Juniper in September 2017. From March 1999 to May 2013, he held several key product management positions at Juniper, including Executive Vice President of Advanced Technologies Sales for data center. Mr. Leelanivas holds a bachelor of technology in Computer Engineering from the National Institute of Technology Karnataka, a master of science degree in Computer Science from the University of Kentucky, and is a graduate of the Stanford University Executive Business Program.

ROBERT MOBASSALY joined Juniper in February 2012 and has served as Senior Vice President, General Counsel since July 2021. From July 2016 to July 2021, he served as Vice President, Deputy General Counsel, where he was responsible for managing a team focused on legal functions, including those associated with Juniper's corporate securities, mergers and acquisitions, corporate governance, stockholder administration, and insurance matters. From May 2015 to July 2016, Mr. Mobassaly served as Associate General Counsel, Senior Director and previously served as Assistant General Counsel, Director.

Prior to joining Juniper, Mr. Mobassaly was in private practice. He holds a bachelor's degree from the University of California, Berkeley, and a J.D. from the University of Pennsylvania Law School.

KENNETH B. MILLER joined Juniper in June 1999 and has served as our Executive Vice President, Chief Financial Officer since February 2016. Mr. Miller served as our interim Chief Accounting Officer while the Company continued to search for a full-time Chief Accounting Officer from February 2019 to September 2019. From April 2014 to February 2016, Mr. Miller served as our Senior Vice President, Finance, where he was responsible for the finance organization across the Company, as well as our treasury, tax and global business services functions. Previously, Mr. Miller served as our Vice President, Go-To-Market Finance, Vice President, Platform Systems Division, Vice President, SLT Business Group Controller and in other positions in our Finance and Accounting organizations. Mr. Miller holds a bachelor of science degree in Accounting from Santa Clara University.

THOMAS A. AUSTIN joined Juniper in September 2019 and has served as our Group Vice President and Chief Accounting Officer since July 2022. From September 2019 to June 2022, he served as Vice President, Corporate Controller and Chief Accounting Officer. From September 2016 until July 2019, Mr. Austin served as the Vice President of Corporate Finance at Dell Technologies, Inc., a multinational information technology company. From September 2008 until its acquisition by Dell Technologies in September 2016, Mr. Austin served as the Vice President of Corporate Finance at EMC Corporation, a multinational information technology company. From January 2001 through July 2008, Mr. Austin served as the Chief Financial Officer and Treasurer at Arbor Networks, Inc., a network security company. Prior to joining Arbor Networks, Mr. Austin served as a controller for several companies. He began his career in public accounting at PricewaterhouseCoopers, a registered public accounting firm. Mr. Austin holds a bachelor of science degree in Public Accountancy from Providence College and an MBA from Babson College. Mr. Austin is also an adjunct professor of Finance at Providence College School of Business.

CHRISTOPHER KADDARAS joined Juniper as our Executive Vice President, Chief Revenue Officer in October 2022. From December 2021 to June 2022, he served as Chief Revenue Officer at Transmit Security, a cybersecurity and identity and access management company. Previously, Mr. Kaddaras was employed by Nutanix, a cloud computing company, including serving as Executive Vice President, Chief Revenue Officer, responsible for worldwide sales, from December 2019 to December 2021, Senior Vice President, General Manager of the Americas from January 2019 to December 2019 and Senior Vice President, General Manager of EMEA Sales from September 2016 to January 2019. Prior to that, he spent 16 years at EMC Corporation, a multinational information technology company, where he held various positions, including Vice President of Commercial Sales EMEA and Vice President of Sales Engineering across EMEA. He holds a bachelor of science in Management from Plymouth State University.

Available Information

We file our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K with the SEC electronically. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including Juniper Networks, that file electronically with the SEC. The address of that website is https://www.sec.gov.

You may obtain a free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports on our website at http://www.juniper.net or by sending an e-mail message to Juniper Networks Investor Relations at investorrelations@juniper.net. Such reports and other information are available on our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Our Corporate Governance Standards, the charters of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, as well as our Worldwide Code of Business Conduct are also available on our website. Information on our website is not, and will not be deemed, a part of this Report or incorporated into any other filings the Company makes with the SEC.

Investors and others should note that we announce material financial and operational information to our investors using our Investor Relations website (http://investor.juniper.net), press releases, SEC filings and public conference calls and webcasts. We also use the X (formerly Twitter) account @JuniperNetworks and the Company's blogs as a means of disclosing information about the Company and for complying with our disclosure obligations under Regulation FD. The social media channels that we use as a means of disclosing information described above may be updated from time to time as listed on our Investor Relations website.

ITEM 1A. *Risk Factors*

RISK FACTOR SUMMARY

Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to, the following:

Risks Related to the Merger

- The announcement of our entry into the Merger Agreement and pendency of the Merger may result in disruptions to our business, and the Merger could divert management's attention, disrupt our relationships with third parties and employees, and result in negative publicity, customer concerns, or legal proceedings, any of which could negatively impact our operating results and ongoing business.
- Completion of the Merger is subject to the conditions contained in the Merger Agreement, including receipt of regulatory approvals, which may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that cannot be met, and if these conditions are not satisfied or waived, the Merger will not be completed.
- Litigation may arise in connection with the Merger, which could be costly, prevent or delay consummation of the Merger, divert management’s attention, and otherwise materially harm our business.

Risks Related to Our Business Strategy and Industry

- Our quarterly results are unpredictable and subject to substantial fluctuations; as a result, we may fail to meet the expectations of securities analysts and investors.
- We expect our gross margins and operating margins to vary over time.
- Our backlog may not be an accurate indicator of our level and timing of future revenues.
- We derive a material portion of our revenues from a limited number of our customers.
- If we are unable to compete effectively, our business and financial results could be harmed.
- Fluctuating economic conditions make it difficult to predict revenues and gross margin for a particular period and a shortfall in revenues or increase in costs of production may harm our operating results.
- Our success depends upon our ability to effectively plan and manage our resources and scale and restructure our business.
- Our acquisitions or divestitures of businesses could disrupt our business and harm our financial condition and stock price, and equity issued as consideration for acquisitions may dilute the ownership of our stockholders.
- Long sales and implementation cycles for our products and customer urgency related to ship dates to fill large orders may cause our revenues and operating results to vary significantly from quarter-to-quarter.
- Our ability to recognize revenue in a particular period is contingent on the timing of product orders and deliveries and/or our sales of certain software, subscriptions, and professional support and maintenance services.

Risks Related to Our Technology and Business Operations

- If the demand for network and IP systems does not continue to grow, our business, financial condition, and results of operations could be adversely affected.
- Issues in the development and use of artificial intelligence may result in reputational harm or liability.
- If we do not anticipate technological shifts, market needs and opportunities, we may not be able to compete effectively and our ability to generate revenues will suffer.
- Our strategy to expand our software business could adversely affect our competitive position.
- If our products do not interoperate with our customers’ networks, installations will be delayed or cancelled and could harm our business.
- Our products incorporate and rely upon licensed third-party technology.
- We may face difficulties enforcing our proprietary rights, which could adversely affect our ability to compete.
- We depend on contract manufacturers and original design manufacturers as well as single-source and limited source suppliers, including for key components such as semiconductors.
- We face significant risks to our business and operations due to political and economic tensions between China and Taiwan.
- System security risks, data protection breaches, and cyberattacks could compromise our and our customers’ proprietary information, disrupt our internal operations, and harm public perception of our products.
- Disruption in our distribution channels could seriously harm our future revenue and financial condition and increase our costs and expenses.
- We rely on the performance of our business systems and third-party systems and processes.

- Our ability to develop, market, and sell products could be harmed if we are unable to retain or hire key personnel.
- Our business could be negatively impacted by oversight of ESG matters and/or our reporting of ESG matters.

Legal, Regulatory, and Compliance Risks

- We are a party to lawsuits, investigations, and other disputes.
- Non-standard contract terms with telecommunications, cable, and cloud service provider companies, and other large customers, including large enterprise customers, could have an adverse effect on our business or impact the amount of revenues to be recognized.
- Regulations of our industry or of our customers could harm our operating results and future prospects.
- Governmental regulations, economic sanctions and other legal restrictions that affect international trade or affect movement and disposition of our products and component parts could negatively affect our revenues and operating results.
- Our actual or perceived failure to adequately protect personal data could adversely affect our business, financial condition, and results of operations.

Financial Risks

- Our financial condition and results of operations could suffer if there is an impairment of goodwill or purchased intangible assets.
- Changes in effective tax rates, the adoption of new U.S. or international tax legislation, or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.
- We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations.
- There are risks associated with our outstanding and future indebtedness.
- Our investments are subject to risks, which may cause losses and affect the liquidity of these investments.

General Risk Factors

- Failing to adequately evolve our financial and managerial control and reporting systems and processes, or any weaknesses in our internal controls may adversely affect investor perception, and our stock price.
- Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum.

Factors That May Affect Future Results

We operate in rapidly changing economic and technological environments that present numerous risks, many of which are driven by factors that we cannot control or predict. Some of these risks are highlighted in the following discussion, and in Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk. Investors should carefully consider all relevant risks before investing in our securities. The occurrence of any of these risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, operating results, and stock price.

RISKS RELATED TO THE MERGER

The announcement of our entry into the Merger Agreement and pendency of the Merger may result in disruptions to our business, and the Merger could divert management's attention, disrupt our relationships with third parties and employees, and result in negative publicity, customer concerns, or legal proceedings, any of which could negatively impact our operating results and ongoing business. On January 9, 2024, we entered into the Merger Agreement with HPE and Merger Sub, providing for the acquisition of Juniper by HPE. Completion of the Merger, which is currently expected in late calendar year 2024 or early calendar year 2025, is subject to the satisfaction or waiver of certain closing conditions, including: (1) the adoption of the Merger Agreement by the affirmative vote of the holders of a majority of the outstanding shares of our common stock, (2) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and certain other approvals, clearances or expirations of waiting periods under other antitrust laws and foreign investment laws, (3) the absence of any order, injunction, or other order or law prohibiting the Merger or making the closing of the Merger illegal, (4) the accuracy of each party's representations and warranties, subject to certain standards set forth in the Merger Agreement, (5) the performance and compliance in all material respects of each party's agreements and covenants under the Merger Agreement, and (6) in the case of the obligations of HPE and Merger Sub to effect the Merger, no Material Adverse Effect (as defined in the Merger Agreement) with respect to Juniper, having occurred and that is continuing as of the closing. There is no assurance that all of the conditions will be satisfied or waived, or that the Merger will be completed on the proposed terms, within the expected timeframe, or at all. Furthermore, there are additional inherent risks in the Merger, including, but not limited to, the risks detailed below.

During the period prior to the closing of the Merger, our business is exposed to certain inherent risks due to the effect of the announcement or pendency of the Merger on our business relationships, financial condition, operating results, and business, including:

- potential uncertainty in the marketplace, which could result in current and prospective customers, resellers, and distributors to purchase products and services from our competitors or reduce, delay or cancel purchasing from us;
- the possibility of disruption to our business and operations, including diversion of management attention and resources;
- the inability to attract and retain key personnel (including as a result of solicitation by our competitors or others), and the possibility that our current employees could be distracted, and their productivity decline as a result, due to uncertainty regarding the Merger;
- the inability to pursue alternative business opportunities or make changes to our business and other restrictions on our ability to conduct our business, pending the completion of the Merger;
- our inability to solicit other acquisition proposals during the pendency of the Merger;
- the amount of the costs, fees, expenses, and charges related to the Merger Agreement and the Merger; and
- other developments beyond our control, including, but not limited to, changes in domestic or global economic or political conditions that may affect the timing or success of the Merger.

The Merger may be delayed, and may ultimately not be completed, due to a number of factors, including:

- the failure to obtain the approval of the adoption of the Merger Agreement by our stockholders;
- the failure to obtain regulatory approvals from certain governmental entities (or the imposition of any conditions, limitations or restrictions on such approvals);
- potential future stockholder litigation and other legal and regulatory proceedings, which could delay or prevent the Merger; and
- the failure to satisfy the other conditions to the completion of the Merger, including the possibility that a continuing Material Adverse Effect on our business would permit HPE not to close the Merger.

If the Merger does not close, our business and stockholders would be exposed to additional risks, including:

- to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed, the price of our common stock could decrease if the Merger is not completed;
- investor confidence could decline, stockholder litigation could be brought against us, relationships with existing and prospective customers, resellers, distributors, manufacturers, service providers, investors, lenders, and other business partners may be adversely impacted, we may be unable to hire or retain key personnel, and profitability may be adversely impacted due to costs incurred in connection with the pending Merger;
- the requirement that we pay a customary termination fee of $407.5 million if the Merger Agreement is terminated in certain circumstances, including by us in order to accept a superior proposal or by HPE because the Board of Directors of Juniper withdraws its recommendation in favor of the Merger.

Even if successfully completed, there are certain additional risks to our stockholders from the Merger, including:

- the amount of cash to be paid under the Merger Agreement is fixed and will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition, or operating results or in the event of any change in the market price of, analyst estimates of, or projections relating to, our common stock;

- the fact that receipt of the all-cash per share merger consideration under the Merger Agreement is taxable to stockholders that are treated as U.S. holders for U.S. federal income tax purposes; and

- the fact that, if the Merger is completed, our stockholders will forego the opportunity to realize the potential long-term value of the successful execution of our current strategy as an independent company, and will be affected by the ability of HPE to integrate and implement its plans, forecasts and other expectations with respect to our business and realize additional opportunities for growth and innovation.

Any of the foregoing, individually or in combination, could materially and adversely affect our business, our financial condition, and our results of operations and prospects.

Completion of the Merger is subject to the conditions contained in the Merger Agreement, including receipt of regulatory approvals, which may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that cannot be met, and if these conditions are not satisfied or waived, the Merger will not be completed. Before the Merger may be completed, various consents, clearances, approvals, authorizations and declarations of non-objection, or expiration of waiting periods (or extensions thereof), must be obtained from certain regulatory and governmental authorities in the U.S., in the European Union, and in numerous other jurisdictions. In addition, the Merger may be reviewed under antitrust statutes or foreign direct investment regimes of other governmental authorities.

In deciding whether to grant the required regulatory approval, consent or clearance, the relevant governmental entities will consider the effects of the Merger on competition within their relevant jurisdiction. Regulatory and governmental entities may impose conditions on their respective approvals, in which case lengthy negotiations may ensue among such regulatory or governmental entities, HPE and us. Such conditions, any such negotiations and the process of obtaining regulatory approvals could have the effect of delaying or preventing consummation of the Merger.

Subject to the terms of the Merger Agreement, we have agreed to use our reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper, or advisable under applicable laws to consummate and make effective the transactions contemplated by the Merger Agreement, including the Merger, as soon as reasonably practicable; provided, however, HPE is not required, and we are not permitted, to take any action that would result in a Burdensome Condition (as defined in the Merger Agreement). Satisfaction of many of the closing conditions is not within our control. For example, we cannot be certain that required regulatory clearances and approvals will be obtained in a timely manner or at all, or that the granting of these regulatory clearances and approvals will not involve the imposition of regulatory remedies on the completion of the Merger.

If any of the closing conditions are not satisfied or waived prior to January 9, 2025, which deadline may be automatically extended to October 9, 2025, under certain circumstances, it is possible that the Merger Agreement will be terminated.

Litigation may arise in connection with the Merger, which could be costly, prevent or delay consummation of the Merger, divert management's attention, and otherwise materially harm our business. It is possible that litigation against us or our directors may be filed in the future as securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into acquisition, merger, or other business combination agreements like the Merger Agreement. The outcome of any such litigation is uncertain, and any litigation related to the Merger could delay or prevent the consummation of the proposed Merger.

Regardless of the outcome of any future litigation related to the Merger, such litigation may be time-consuming and expensive and may distract our management from running the day-to-day operations of our business. The litigation costs and diversion of management's attention and resources to address the claims and counterclaims in any litigation related to the Merger may materially negatively impact our business, results of operations, prospects, cash flows, and financial condition. If the Merger is not consummated for any reason, litigation could be filed in connection with the failure to consummate the Merger. Any litigation related to the Merger may result in negative publicity or an unfavorable impression of us, which could negatively affect the price of our common stock, impair our ability to recruit or retain employees, damage our relationships with our customers, resellers, distributors, and other business partners, or otherwise materially harm our operations and financial performance.

Further, one of the conditions to the completion of the Merger is that no restraining order, preliminary or permanent injunction, or other order issued by any court of competent jurisdiction will be in effect which prevents the consummation of the Merger. As such, if any such order or injunction preventing the consummation of the Merger is obtained, that order or injunction may prevent the proposed Merger from becoming effective or from becoming effective within the expected timeframe.

RISKS RELATED TO OUR BUSINESS STRATEGY AND INDUSTRY

Our quarterly results are unpredictable and subject to substantial fluctuations; as a result, we may fail to meet the expectations of securities analysts and investors. Our revenues and operating results may vary significantly from quarter-to-quarter due to a number of factors, many of which are outside of our control. If our quarterly financial results or our predictions of future financial results fail to meet the expectations of securities analysts and investors, the trading price of our securities could be negatively affected. Our operating results for prior periods may not be effective predictors of our future performance.

Factors associated with our industry, the operation of our business, and the markets for our products and services that may cause our quarterly results to fluctuate, include, but are not limited to:

- unpredictable ordering patterns and limited visibility into our customers' spending plans and associated revenue;
- changes in our customer mix, the mix of products and services sold, and the geographies in which our products and services are sold;
- changes in the demand for our products and services, including seasonal fluctuations in customer spending;
- changing market and economic conditions, including rising interest rates, recessionary cycles, and inflationary pressures, that could make our solutions more expensive or could increase our costs for materials, supplies, and services;
- ability to fulfill orders received in a timely manner due to disruptions and shortages in our global supply chain;
- changes in ordering patterns from increased advance ordering by customers of our products due to industry-wide supply chain concerns and our increased lead times, followed by decreased ordering by our customers as they consume advance orders as supply normalizes;
- price and product competition;
- ineffective legal protection of our intellectual property rights in certain countries;
- how well we execute on our strategy and business model;
- financial stability of our customers, including the solvency of private sector customers, and the impact of adverse developments affecting the financial services industry;
- executive orders, tariffs, governmental sanctions, changes in laws or regulations and accounting rules, or interpretations thereof;
- the impact of a U.S federal government shutdown or sovereign debt default on the U.S. economy, capital markets, our customers, our suppliers, and our business, including any adverse effects due to limited federal government services, such as import and export clearance, or visa processing;
- regional economic and political conditions, which may be aggravated by unanticipated global events; and
- disruptions in our business operations or target markets caused by, among other things, terrorism or other intentional acts, armed conflicts (such as the ongoing conflict between Russia and Ukraine as well as governmental sanctions imposed in response, the Israel-Hamas war, and conflicts related to the attacks on cargo ships in the Red Sea), cyberwarfare, an escalation of political tensions, outbreaks of disease, including global health emergencies and pandemics, earthquakes, floods, fires, or other natural disasters, including catastrophic events, and other unanticipated extraordinary externalities, including extreme weather conditions due to climate change that increase both the frequency and severity of natural disasters and may cause derivative disruptions such as impacts to our physical infrastructure or those of our customers, manufacturers, and suppliers.

We believe that quarter-to-quarter comparisons of operating results are not necessarily a good indication of what our future performance will be. In some prior periods, our operating results have been below our guidance, our long-term financial model, or the expectations of securities analysts or investors. This may happen again, and the price of our common stock may decline. In addition, our failure to pay quarterly dividends to our stockholders or the failure to meet our commitments to return capital to our stockholders could have a material adverse effect on our stock price.

We expect our gross margins and operating margins to vary over time. Our product and service gross margins are expected to vary, and may be adversely affected in the future by numerous factors, including, but not limited to, customer, vertical, product and geographic mix shifts, an increase or decrease in our software sales or the services we provide, increased price competition in one or more of the markets in which we compete, modifications to our pricing strategy to gain or retain footprint in markets or with customers, currency fluctuations that impact our costs or the cost of our products and services to our customers, inflation, increases in material, labor, logistics, warranty costs, or inventory carrying costs, excess product component or obsolescence charges, issues with manufacturing or component availability, issues relating to the distribution of our products and provision of our services, quality or efficiencies, increased costs due to changes in component pricing or charges incurred due to inaccurately forecasting product demand, warranty related issues, the impact of tariffs, or our introduction of new products and enhancements, or entry into new markets with different pricing and cost structures. We have seen, and may continue to see, our gross margins negatively impacted by increases in component costs, logistics costs, elevated inventory balances, and inflationary pressures. Failure to sustain or improve our gross margins reduces our profitability and may have a material adverse effect on our business and stock price.

Our backlog may not be an accurate indicator of our level and timing of future revenues. Our backlog may not be a reliable indicator of future operating results. For example, as a result of product order volume growth in prior periods and industry-wide supply challenges due to both constrained manufacturing capacity as well as shortages of component parts, our backlog grew significantly in 2021 and 2022 and remained elevated throughout 2023. As customer buying patterns normalize, order growth declines, and supply chain conditions improve, we expect our backlog to reduce to approximate historical levels. Further, customer behaviors have been changing as a result of worldwide macroeconomic factors, which has reduced demand and may continue to reduce demand for certain of our products and services. If we are not able to respond to and manage the impact of these and other events effectively, or if the macroeconomic conditions of the general economy or the industries in which we operate worsen from present levels, our business, operating results, financial condition, and cash flows could be adversely affected.

We derive a material portion of our revenues from a limited number of our customers. A material portion of our net revenues, across each customer vertical, depends on sales to a limited number of customers. The concentration of our customer base increases risks related to the financial condition of our customers, and the deterioration in financial condition of a single customer or the failure of a single customer to perform its obligations could have a material adverse effect on our results of operations and cash flow. If any such customers change their business requirements or focus, vendor selection, project prioritization, or purchasing behavior, or are parties to consolidation transactions, they may delay, suspend, reduce, or cancel their purchases of our products or services and our business, financial condition, and results of operations may be adversely affected. In addition, major customers may also seek more favorable pricing, payment, intellectual property-related, or other commercial terms that are less favorable to us, which may have a negative impact on our business, cash flow, revenue, and gross margins.

If we are unable to compete effectively, our business and financial results could be harmed. The markets that we serve are rapidly evolving and highly competitive and include several well-established companies. We also compete with other companies that are developing technologies that compete with our products. In addition, actual or speculated consolidation among competitors, or the acquisition by, or of, our partners and/or resellers by competitors can increase the competitive pressures faced by us as customers may delay spending decisions or not purchase our products at all. Our partners and resellers generally sell competing products on a non-exclusive basis and consolidation could delay spending or require us to increase discounts to compete, which could also adversely affect our business. Several of our competitors have substantially greater resources and can offer a wider range or greater depth of products and services for the overall network equipment market than we do. Other competitors have become more integrated, including through consolidation and vertical integration, and offer a broader range of products and services, which could make their solutions more attractive to our customers. Many of our competitors also sell networking products as bundled solutions with other IT products. If we are unable to compete effectively, we could experience a loss in market share and a reduction in revenues and/or be required to reduce prices, which could reduce our gross margins and materially and adversely affect our business, financial condition, and results of operations.

Fluctuating economic conditions make it difficult to predict revenues and gross margin for a particular period and a shortfall in revenues or increase in costs of production may harm our operating results. Our revenues and gross margin depend significantly on general economic conditions and the demand for products in the markets in which we compete. Economic weakness or uncertainty, customer financial difficulties, and constrained spending on network expansion and enterprise infrastructure have resulted in, and may in the future result in, decreased revenues and earnings. Such factors could make it difficult to accurately forecast revenues and operating results and could negatively affect our ability to provide accurate forecasts to our contract manufacturers, manage our contract manufacturer relationships and other expenses, and to make decisions about future investments. In addition, economic instability or uncertainty, inflationary pressures, continued turmoil in the geopolitical environment in many parts of the world and other events beyond our control, such as the remaining effects of global health emergencies, the ongoing conflict between Russia and Ukraine, and the Israel-Hamas war, have, and may continue to, put pressure on economic conditions, including global and regional financial markets, which has led and could lead, to reduced demand for our products, delays or reductions in network expansions or infrastructure projects, and/or higher costs of production. Future or continued economic weakness, failure of our customers and markets to recover from such weakness, customer financial difficulties, increases in costs of production, and reductions in spending on network maintenance and expansion could result in price concessions in certain markets or have a material adverse effect on demand for our products and consequently on our business, financial condition, and results of operations.

Our success depends upon our ability to effectively plan and manage our resources and scale and restructure our business. Our ability to successfully offer our products and services and execute on our growth strategy in a rapidly evolving market requires an effective planning, forecasting, and management process to enable us to effectively scale and adjust our business and business models in a cost-effective manner. From time to time, we have increased investment in our business by increasing headcount, acquiring companies, and increasing our investment in research and development, sales and marketing, and other parts of our business. Conversely, from time to time, we have initiated restructuring plans to realign our workforce as a result of organizational and leadership changes, which resulted in restructuring charges. Our ability to achieve the anticipated cost savings and other benefits from these initiatives is subject to many estimates and assumptions, which are subject to uncertainties. If our estimates and assumptions are incorrect, if we are unsuccessful at implementing changes, if we cannot evolve and scale our business and operations effectively, or if other unforeseen events occur, our business, financial condition, and results of operations could be adversely affected.

Our acquisitions or divestitures of businesses could disrupt our business and harm our financial condition and stock price, and equity issued as consideration for acquisitions may dilute the ownership of our stockholders. We have made, and may continue to make, acquisitions to enhance our business and invest significant resources to integrate the businesses we acquire. The success of each acquisition depends in part on our ability to realize business opportunities and manage risks, including, but not limited to: problems combining the purchased business operations, technologies or products, unanticipated costs, higher operating expenses, liabilities, litigation, diversion of management's time and attention, adverse effects on existing business relationships with suppliers and customers, risks associated with entering markets in which we have no or limited prior experience, and where competitors in such markets have stronger market positions, initial dependence on unfamiliar supply chains, failure of our due diligence processes to identify significant problems, liabilities, or other challenges of an acquired company or technology, including risks that arise due to incomplete assimilation of acquired companies' information systems and use by acquired companies of technology managed outside the scope of our information technology organization resulting in incomplete coverage by our cybersecurity threat risk management tools, and the potential loss of key employees, customers, distributors, vendors, and other business partners of the companies we acquire.

Acquisitions of high-technology companies are inherently risky and subject to uncertainties, including many factors outside of our control. As a result, our previous or future acquisitions may not be successful. We may not be able to successfully integrate any businesses, products, technologies, or personnel that we acquire or the transaction may not advance our business strategy as expected. Further, we may not realize anticipated revenues or other benefits associated with our acquisitions. In addition, we have divested, and may in the future divest, businesses, product lines, or assets. These transactions may also require significant separation activities that could result in the diversion of management’s time and attention, loss of employees, substantial separation costs, and accounting charges for asset impairments. Any acquisitions or divestitures may materially adversely affect our business, operating results, or financial condition.

In connection with certain acquisitions, we may agree to issue common stock, or assume equity awards, which would dilute the ownership of our current stockholders; use a substantial portion of our cash resources; assume liabilities (both known and unknown); incur tax expenses; record goodwill and amortizable intangible assets as well as restructuring and other related expenses. We may incur additional acquisition-related debt, which could increase our leverage and potentially negatively affect our credit ratings resulting in more restrictive borrowing terms or increased borrowing costs, thereby limiting our ability to borrow. Any of the foregoing factors could harm our ability to achieve anticipated levels of profitability or other financial benefits from our acquired or divested businesses, product lines or assets or to realize other anticipated benefits of divestitures or acquisitions.

Long sales and implementation cycles for our products and customer urgency related to ship dates to fill large orders may cause our revenues and operating results to vary significantly from quarter-to-quarter. We experience lengthy sales cycles because our customers' decisions to purchase certain of our products, particularly new products, involve a significant commitment of their resources and a lengthy evaluation and product qualification process. Customers design and implement large network deployments following lengthy procurement processes, which may impact expected future orders. Following a purchase, customers may also deploy our products slowly and deliberately. Customers with large networks often expand their networks in large increments on a periodic basis and place large orders on an irregular basis. These sales and implementation cycles, as well as our expectation that customers will place large orders with urgent ship dates, may cause our revenues and operating results to vary significantly from quarter-to-quarter.

Our ability to recognize revenue in a particular period is contingent on the timing of product orders and deliveries and/or our sales of certain software, subscriptions, and professional support and maintenance services. In some of our businesses, our quarterly sales have periodically reflected a pattern in which a disproportionate percentage of each quarter's total sales occurs towards the end of the quarter. Further, we build certain products only when orders are received. Since the volume of orders received late in any given fiscal quarter remains unpredictable, if orders for custom products are received late in any quarter, we may not be able to recognize revenue for these orders in the same period or meet our expected quarterly revenues. Similarly, if we were to take actions or events occur which encourage customers to place orders or accept deliveries earlier than anticipated, our ability to meet our expected revenues in future quarters could be adversely affected. We also determine our operating expenses based on our anticipated revenues and technology roadmap and a high percentage of our expenses are fixed in the short and medium term. Any failure or delay in generating or recognizing revenue could cause significant variations in our operating results and operating margin from quarter-to-quarter.

In addition, services revenue, including SaaS revenue, accounts for a significant portion of our revenue, comprising 35%, 33%, and 35% of total revenue in 2023, 2022, and 2021, respectively. We expect our sales of new or renewal professional services, support, maintenance, and SaaS contracts to fluctuate due to end-customers' level of satisfaction with our products and services, the prices of our products and services or those offered by our competitors, and reductions in our end-customers' spending levels. We recognize professional services when delivered, and we recognize support, maintenance, and SaaS revenue periodically over the term of the relevant service period.

Further, we recognize certain software revenues periodically over the term of the relevant use or subscription periods and as a result, the related software and support and maintenance revenue we report each fiscal quarter is derived from the recognition of deferred revenue from contracts entered into during previous fiscal quarters. Any fluctuation in such new or renewed contracts in any one fiscal quarter may not be fully or immediately reflected in revenue and could negatively affect our revenue in future fiscal quarters.

RISKS RELATED TO OUR TECHNOLOGY AND BUSINESS OPERATIONS

If the demand for network and IP systems does not continue to grow, our business, financial condition, and results of operations could be adversely affected. A substantial portion of our business and revenues depends on the growth of secure IP infrastructure as well as customers that depend on the continued growth of IP services to deploy our products in their networks and IP infrastructures. As a result of changes in the economy, capital spending, or the building of network capacity in excess of demand (all of which have, in the past, particularly affected telecommunications service providers), spending on IP infrastructure can vary, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, a number of our existing customers are evaluating the build-out of their next generation networks. During the decision-making period when our customers are determining the design of those networks and the selection of the software and equipment they will use in those networks, such customers may greatly reduce or suspend their spending on secure IP infrastructure. Any reduction or suspension of spending on IP infrastructure is difficult to predict, and may be due to events beyond our control. This, in turn, can make it more difficult to accurately predict revenues from customers, can cause fluctuations in the level of spending by customers and, even where our products are ultimately selected, can have a material adverse effect on our business, financial condition, and results of operations.

Issues in the development and use of artificial intelligence may result in reputational harm or liability. We incorporate AI capabilities into certain of our offerings, and this technology is a significant element of our business. As with many developing technologies, AI presents risks and challenges, and may result in unintended consequences that could affect its further development, adoption, and use, and therefore our business. Deficiencies or other failures of AI systems could subject us to competitive harm, regulatory action, penalties, legal liability, or brand or reputational harm. AI is an emerging technology for which the legal and regulatory landscape is not fully developed, including potential liability for breaching intellectual property or privacy regulations. While laws and regulations applicable to AI are emerging and evolving, including the EU's provisional AI Act, what these legal frameworks will look like remains uncertain and they may be inconsistent from jurisdiction to jurisdiction. We may not always be able to anticipate how to respond to these legal frameworks, and our obligation to comply with them could entail significant costs, negatively affect our business, or entirely limit our ability to incorporate certain AI capabilities into our offerings.

Additionally, leveraging AI capabilities to potentially improve internal functions and operations presents further risks, costs, and challenges. We aim to use AI ethically and attempt to identify and mitigate ethical or legal issues presented by its use. However, we may be unsuccessful in identifying or resolving ethical or legal issues presented by the use of AI. The use of AI to support business operations may carry inherent risks related to data privacy and security, such as intended or unintended transmission of personal data or proprietary or sensitive information, as well as challenges related to implementing and maintaining AI tools. Increased use of AI by third parties may also increase these risks. Further, reliance on AI could introduce operational vulnerabilities and impact our relationships with customers, partners, and suppliers.

If we do not anticipate technological shifts, market needs and opportunities, we may not be able to compete effectively and our ability to generate revenues will suffer. If we are unable to anticipate future technological shifts, market needs, requirements or opportunities, or fail to develop and introduce new products, product enhancements, or business strategies to meet those requirements or opportunities in a timely manner or at all, it could cause us to lose customers, substantially decrease or delay market acceptance and sales of our products and services, and significantly harm our business, financial condition, and results of operations. In addition, if we invest in developing products for a market that does not develop, it could significantly harm our business, financial condition, and results of operations. Even if we are able to anticipate, develop, and commercially introduce new products, enhancements or business strategies, any such products, enhancements, or business strategies may not achieve market acceptance.

Our strategy to expand our software business could adversely affect our competitive position. The success of our strategy to expand our software business is subject to a number of risks and uncertainties, including, but not limited to:

- the additional development efforts and costs required to create new software products and to make our products compatible with multiple technologies;
- the possibility that our software products may not achieve widespread customer adoption;
- the possibility that our strategy could erode our revenue and gross margins;
- the impact on our financial results of longer periods of revenue recognition for certain types of software products and changes in tax treatment associated with software sales;
- the additional costs associated with both domestic and international regulatory compliance, data protection, privacy and security laws, industry data security standards, and changes we need to make to our distribution chain in connection with increased software sales;
- issues related to cloud-specific and AI-specific regulatory requirements in certain countries including the U.S.,U.K., EU, and APAC countries.
- the ability of our disaggregated hardware and software products to operate independently and/or to integrate with current and future third-party products; and
- issues with third-party technologies used with our software products, which may be attributed to us.

If any of our software products or business strategies do not gain market acceptance or meet our expectations for growth, our ability to meet future financial targets may be adversely affected and our competitive position and our business and financial results could be harmed.

If our products do not interoperate with our customers' networks, installations will be delayed or cancelled and could harm our business. Our products are designed to interface with our customers' existing networks, each of which have different specifications and utilize multiple protocol standards and products from other vendors. Many of our customers' networks contain multiple generations of products that have been added over time as these networks have grown and evolved. Our products must interoperate with many or all of the products within these networks as well as future products to meet our customers' requirements. If we find errors in the existing software or defects in the hardware used in our customers' networks, we may need to modify our software or hardware to fix or overcome these errors so that our products will interoperate and scale with the existing software and hardware, which could be costly and could negatively affect our business, financial condition, and results of operations. In addition, if our products do not interoperate with those of our customers' networks, demand for our products could be adversely affected or orders for our products could be canceled. This could hurt our operating results, damage our reputation, and seriously harm our business and prospects.

Our products incorporate and rely upon licensed third-party technology. We integrate licensed third-party technology into certain of our products. From time to time, we may be required to renegotiate our current third-party licenses or license additional technology from third parties to develop new products or product enhancements or to facilitate new business models. Third-party licenses may not be available or continue to be available to us on commercially reasonable terms and some of our agreements with our licensors may be terminated for convenience by them. In addition, we cannot be certain that our licensors are not infringing on the intellectual property rights of third parties or that our licensors have sufficient rights to the licensed intellectual property in all jurisdictions in which we may sell our products. Third-party technology we incorporate into our products that is deemed to infringe on the intellectual property of others may result, and in some cases has resulted, in limitations on our ability to source technology from those third parties, restrictions on our ability to sell products that incorporate the infringing technology, increased exposure to liability that we will be held responsible for incorporating the infringing technology in our products, and increased costs involved in removing that technology from our products or developing substitute technology. Our inability to comply with, maintain or re-license any third-party licenses required in our products or our inability to obtain third-party licenses necessary to develop new products and product enhancements, could require us to develop substitute technology or obtain substitute technology of lower quality or performance standards or at a greater cost, any of which could delay or prevent product shipment and harm our business and results of operations.

We may face difficulties enforcing our proprietary rights, which could adversely affect our ability to compete. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and contractual restrictions on disclosure of confidential and proprietary information, to protect our proprietary rights. We may not be able to protect our proprietary rights, products, or, in fact, provide competitive advantages to us or to our technology if our patent applications do not result in issued patents with the scope of the claims we seek or our patents or other proprietary rights are challenged, invalidated, infringed, or circumvented. Further, we cannot be certain that we were the first to make the inventions claimed in our pending patent applications or that we were the first to file for patent protection, which could prevent our patent applications from being issued as patents or invalidate our patents following issuance, which in turn may prevent us from incorporating our inventions into our products. If we cannot protect our intellectual property rights, we could incur costly product redesign efforts, discontinue certain product offerings, and experience other competitive harm.

Unauthorized parties may also attempt to copy aspects of our products or obtain and use our proprietary information. We generally enter into confidentiality or license agreements with our employees, consultants, vendors, and customers, and generally limit access to and distribution of our proprietary information. However, we cannot ensure that we have entered into confidentiality or license agreements with all parties who may have or have had access to our confidential information or that these agreements will not be breached. We cannot guarantee that any of the measures we have taken will prevent misappropriation of our technology. We are also vulnerable to third parties who illegally distribute or sell counterfeit, stolen, or unfit versions of our products, which has happened in the past and could happen in the future, and could have a negative impact on our reputation and business.

In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as do the laws of the U.S. If we are unable to protect our proprietary rights, we may be at a competitive disadvantage to others who need not incur the substantial expense, time, and effort required to create innovative products that have enabled our success.

We depend on contract manufacturers and original design manufacturers as well as single-source and limited source suppliers, including for key components such as semiconductors. Our operations depend on our ability to anticipate our needs for components, products and services, as well as the ability of our manufacturers, original design manufacturers, and suppliers to deliver sufficient quantities of quality components, products and services at reasonable prices and in time for us to meet critical schedules for the delivery of our own products and services. Given the wide variety of solutions that we offer, the large and diverse distribution of our manufacturers and suppliers, and the long lead times required to manufacture, assemble and deliver certain products, problems in production, planning and inventory management could seriously harm our business, and the shortage of key components has previously resulted in a significant disruption to our production schedule and resulted in increased prices and extended lead times. Any delay in our ability to produce and deliver our products could cause our customers to purchase alternative products from our competitors. In addition, our ongoing efforts to optimize the efficiency of our supply chain could cause supply disruptions and be more expensive, time-consuming, and resource-intensive than expected. Other manufacturing and supply problems that we could face are described below.

- *Manufacturing Issues*. We may experience supply shortfalls or delays in shipping products to our customers if our manufacturers experience delays, disruptions, or quality control problems in their manufacturing operations, or if we have to change or add manufacturers or contract manufacturing locations. We have contracts with our manufacturers that include terms to protect us in the event of an early termination, yet we may not have adequate time to transition all of our manufacturing needs to an alternative manufacturer under comparable commercial terms. We have experienced in the past and may experience in the future an increase in the expected time required to manufacture our products or ship products. Moreover, a significant portion of our manufacturing is performed in foreign countries and is therefore subject to risks associated with doing business outside of the U.S., including import restrictions, export restrictions, government sanctions, disruptions to our supply chain, cyberattacks, cyberwarfare, pandemics, regional health emergencies, regional climate-related events, or regional conflicts.

- *Single-Source Suppliers*. We rely on single or limited sources for many of our components due to technology, availability, price, quality, scale or customization needs. Any supplier could discontinue manufacturing components that we use in our products, which may cause us to either suspend delivery of certain products to our customers, discontinue certain products, or incur additional costs to redesign our products that incorporate discontinued components. In addition, there has been consolidation among certain suppliers of our components. Consolidation among suppliers can result in the reduction of the number of independent suppliers of components available to us, which could negatively impact our ability to access certain component parts or the prices we have to pay for such parts and may impact our gross margins.

- *Supply Chain Disruption.* Any disruptions to our supply chain, significant increase in component costs or logistics, or shortages of critical components, could decrease our sales, earnings, and liquidity or otherwise adversely affect our business and result in increased costs. Such a disruption could occur as a result of any number of events, including, but not limited to: an extended closure of or any slowdown at our suppliers' plants or shipping delays, market shortages due to the surge in demand from other purchasers for critical components, increases in prices, including fuel prices and increases in prices due to inflation, the imposition of regulations, quotas or embargoes or tariffs on components, labor stoppages, transportation delays, including due to labor strikes, or failures affecting the supply chain and shipment of materials and finished goods, third-party interference in the integrity of the products sourced through the supply chain, cyberattacks, the unavailability of raw materials, severe weather conditions, adverse effects of climate change, natural disasters, geopolitical developments, war or terrorism and disruptions in utilities and other services. In addition, the development, licensing, or acquisition of new products in the future may increase the complexity of supply chain management. Failure to effectively manage the supply of components and products would adversely affect our business.

- *Component Supply Forecast*. We provide demand forecasts for our products to our manufacturers, who order components and plan capacity based on these forecasts. If we overestimate our requirements, our manufacturers may assess charges, or we may have liabilities for excess inventory or raw materials, each of which could negatively affect our gross margins. If we underestimate our requirements, our contract manufacturers may have inadequate time, materials, and/or components required to produce our products. This could increase costs or delay or interrupt the manufacturing of our products, resulting in delays in shipments and deferral or loss of revenues and could negatively impact customer satisfaction. Any future spike in growth in our business, in the use of certain components we share in common with other companies, in IT spending, or in the economy in general, is likely to create greater short-term pressure on us and our suppliers to accurately forecast overall component demand and to establish optimal component inventories. If shortages or delays persist, we may not be able to secure enough components at reasonable prices or of acceptable quality to build and deliver products in a timely manner, and our revenues, gross margins, and customer relationships could suffer.

- *Alternative Sources of Supply*. The development of alternate sources for components is time-consuming, difficult, and costly. In the event of a component shortage, supply interruption or significant price increase from these suppliers (such as with the current worldwide shortage of semiconductor products), we may not be able to locate alternative sources in a timely manner. If we are unable to buy components in quantities sufficient to meet our requirements on a timely basis, we will not be able to deliver products and services to our customers, which would seriously affect present and future sales, and would, in turn, adversely affect our business, financial condition, and results of operations.

- *Impact due to Global Health Emergencies.* Delays in production and in product deliveries due to global health emergencies or pandemics have adversely affected our business and may adversely affect our business, financial condition, and results of operations in the future. These challenges have resulted in extended lead-times to our customers and have had a negative impact on our ability to recognize associated revenue and has previously resulted in and may in the future result in an increase in accelerated ordering for certain of our products.

We face significant risks to our business and operations due to political and economic tensions between China and Taiwan. We have significant business operations in Taiwan, and some of our manufacturing partners and suppliers have facilities in Taiwan. As a result, our operations and our supply chain could be materially and negatively impacted by adverse changes in China-Taiwan relations, which have become increasingly frayed in recent years. Accordingly, further deterioration in military, political and economic relations between China and Taiwan, as well as the ongoing geopolitical and economic uncertainty between the U.S. and China, the unknown impact of current and future U.S. and Chinese trade regulations and other geopolitical risks with respect to China and Taiwan, may cause disruptions in the markets and industries we serve, including decreased demand from customers for products using our solutions, our supply chain, or other disruptions which may, directly or indirectly, materially harm our business, financial condition, results of operations, and the market price of our stock.

System security risks, data protection breaches, and cyberattacks could compromise our and our customers' proprietary information, disrupt our internal operations, and harm public perception of our products. In the ordinary course of business, we store sensitive data, including intellectual property, personal data, our proprietary business information and that of our employees, contractors, customers, suppliers, vendors, and other business partners on our networks. In addition, we store sensitive data through cloud-based services that may be hosted by third parties and in data center infrastructure maintained by third parties. Secure maintenance of this information is critical to our operations and business strategy. We have been, and expect to be, subject to cyberattacks, and may be subject to ransomware and distributed denial-of-service attacks, spearfishing attacks and other attempted intrusions on our networks and systems by a wide range of actors, including, but not limited to, nation states, criminal enterprises, terrorist organizations, and other organizations or individuals, as well as errors, wrongful conduct or malfeasance by employees and third-party service providers (collectively, "malicious parties"). We expect our third-party vendors to be subject to similar cyberattacks, ransomware and distributed denial-of-service attacks, spearfishing attacks and other attempted intrusions. The increasing occurrence of high-profile data breaches and ransomware attacks provides evidence of an environment increasingly hostile to information security.

Despite our security measures, and those of our third-party vendors, our information systems, infrastructure, and data have experienced security incidents and breaches and may be subject to or vulnerable to breaches or attacks, including ransomware and distributed denial-of-service attacks. If any breach or attack compromises our networks or those of our vendors, creates system disruptions or slowdowns, or exploits security vulnerabilities or critical security defects of our products and services, the information stored on our networks or the networks of our customers, suppliers or business partners could be accessed and modified, publicly disclosed, lost, destroyed or stolen, and we may be subject to claims for contractual, tort, or equitable liability and suffer reputational and financial harm. In addition, malicious parties may compromise our software, including the open-source software used in our products, or our manufacturing supply chain to embed malicious hardware, components, and software that are designed to defeat or circumvent encryption and other cybersecurity measures to interfere with the operation of our networks, expose us or our products to cyberattacks, or gain unauthorized access to our or our customers' systems and information. If such actions are successful, they could diminish customer trust in our products, harm our business reputation, and adversely affect our business and financial condition.

Because techniques used by malicious parties to access or sabotage networks are sophisticated, change frequently, and generally are not recognized until after they are used, we may be unable to anticipate or immediately detect these techniques or the vulnerabilities they have caused or other potential vulnerabilities or security defects. Our logging of security incidents may also not be sufficient to identify or fully investigate a cybersecurity incident. Further, when vulnerabilities are discovered, we evaluate the risk, prioritize our responses, apply patches or take other remediation actions and notify customers, business partners, and suppliers, as appropriate. Exploitation of vulnerabilities and critical security defects, prioritization errors in remedying vulnerabilities or security defects, failure of third-party providers to remedy vulnerabilities or security defects, or customers not deploying security releases or deciding not to upgrade products, services or solutions, could, in each case, result in claims of liability against us, damage our reputation or otherwise harm our business.

All of this requires significant resources and attention from management and our employees, and the economic costs to us to eliminate or alleviate these issues could be significant and may be difficult to anticipate or measure. The market perception of the effectiveness of our products and our overall reputation could also be harmed as a result of any actual or perceived breach of security that occurs in our network or in the network of a customer of our products, regardless of whether the breach is attributable to our products, the systems of other vendors and/or to actions of malicious parties. This could impede our sales, manufacturing, distribution, or other critical functions, which could have an adverse impact on our financial results.

Additionally, we could be subject to measures that regulate the security of the types of products we sell. Such regulations may result in increased costs and delays in product releases and changes in features to achieve compliance, which may impact customer demand for our products, and result in regulatory investigations, potential fines, and litigation in connection with a compliance concern, security breach or related issue, and potential liability to third parties arising from such breaches. Further, in response to actual or anticipated cybersecurity regulations or contractual security requirements negotiated with our customers, we may need to make changes to existing policies, processes, and supplier relationships that could impact product offerings, release schedules and service response times, which could adversely affect the demand for and sales of our products and services. We maintain product liability insurance, but there is no guarantee that such insurance will be available or adequate to protect against all such claims. If our business liability insurance coverage is inadequate, or future coverage is unavailable on acceptable terms or at all, our financial condition and results of operations could be harmed.

Disruption in our distribution channels could seriously harm our future revenue and financial condition and increase our costs and expenses. The majority of our revenues are derived through value-added resellers and distributors, most of which also sell our competitors' products, and some of which sell their own competing products. The loss of or reduction in sales to our resellers or distributors could materially reduce our revenues. Our competitors may in some cases be effective in leveraging their market share positions or in providing incentives to resellers and distributors to favor their products or to prevent or reduce sales of our products. If we are unable to develop and maintain relationships with our partners, develop new relationships with value-added resellers and distributors in new markets, expand the number of distributors and resellers in existing markets, manage, train or motivate existing value-added resellers and distributors effectively, or if these partners are not successful in their sales efforts, sales of our products may decrease, and our business, financial condition, and results of operations would suffer. We recognize a portion of our revenues at the time we sell products to our distributors. If these sales are made based on inaccurate or untimely information, the amount or timing of our revenues could be adversely impacted. Further, our distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high, or delay orders in anticipation of new products. They also may adjust their orders in response to the supply of our products and the products of our competitors that are available to them, and in response to seasonal fluctuations in end-user demand.

To develop and expand our distribution channel, we continue to offer attractive channel programs to potential partners and have previously entered into OEM agreements with partners to rebrand and resell our products as part of their product portfolios. These relationships require processes and procedures that may be costly or challenging to implement, maintain, and manage. Our failure to successfully manage and develop our distribution channel could adversely affect our ability to generate revenues from the sale of our products. We also depend on our global channel partners to comply with applicable legal and regulatory requirements. Any failure by our partners to comply with these requirements, could have a material adverse effect on our business, operating results, and financial condition.

We rely on the performance of our business systems and third-party systems and processes. Some of our business processes depend upon our IT systems, the IT systems and processes of third parties, and the interfaces between the two, as well as hosted

SaaS applications from third parties. For example, we receive a broad range of information technology services, such as applications, including support, development and maintenance; infrastructure management and support, including for server storage and network devices; and end user support. Some of these services are provided to us through cloud providers, third party providers, and off-site facilities that may be vulnerable to damage or interruption, including performance problems from earthquakes, hurricanes, floods, fires, power loss, telecommunications failures, equipment failures, adverse events caused by operator error, cybersecurity attacks, pandemics, and similar events. In addition, because we lease, rather than own, off-site data center facilities, we cannot be assured that we will be able to expand our data center infrastructure to meet user demand in a timely manner, or on favorable financial terms. If we have issues receiving and processing data, this may delay our ability to provide products and services to our customers and business partners and damage our business. We also rely upon the performance of the systems and processes of our contract manufacturers to build and ship our products. If those systems and processes experience interruption or delay, the manufacture and shipment of our products in a timely manner may be impaired. Since IT is critical to our operations, in addition to the risks outlined above, problems with any of the third parties we rely on for our IT systems and services, could result in liabilities to our customers and business partners, lower revenue and unexecuted efficiencies, and impact our results of operations and our stock price. We could also face significant additional costs or business disruption if our arrangements with these third parties are terminated or impaired and we cannot find alternative services or support on commercially reasonable terms or on a timely basis or if we are unable to hire new employees in order to provide these services in-house.

Our ability to develop, market, and sell products could be harmed if we are unable to retain or hire key personnel. Our success and ability to maintain a technology leadership position depends upon our ability to recruit and retain key management, engineering, technical, sales, marketing, and support personnel. The supply of highly qualified individuals with technological and creative skills, in particular engineers, in specialized areas with the expertise to develop new products and enhancements for our current products, and provide reliable product maintenance, as well as the number of salespeople with industry expertise, is limited. Competition for people with the specialized technical skills we require is significant and may cause us to incur increased compensation expenses to attract and retain employees with the skills to support our business needs. None of our officers or key employees is bound by an employment agreement for any specific term. If we fail to attract new personnel or retain and motivate our current personnel, the development and introduction of new products could be delayed, our ability to market, sell, or support our products could be impaired, and our business, results of operations, and future growth prospects could suffer.

A number of our team members are foreign nationals who rely on visas and entry permits in order to legally work in the U.S. and other countries. In recent years, the U.S. has increased the level of scrutiny in granting H-1B, L-1, and other business visas. Compliance with new and unexpected U.S. immigration and labor laws could also require us to incur additional unexpected labor costs and expenses or could restrain our ability to retain and attract skilled professionals. Any of these restrictions could have a material adverse effect on our business, results of operations, and financial conditions.

Our business could be negatively impacted by oversight of ESG matters and/or our reporting of ESG matters. There is an increasing focus from U.S. and foreign government agencies, investors, customers, consumers, employees, and other stakeholders concerning environmental, social, and governance ("ESG") matters, including sustainable products. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on ESG initiatives, and collecting, measuring, and reporting ESG information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC's proposed climate-related reporting requirements, the recently adopted California climate reporting rules and, to the extent applicable, the Corporate Sustainability Reporting Directive. We may communicate certain initiatives and goals, regarding environmental matters, diversity, responsible sourcing and social investments and other related matters, in our Corporate Social Responsibility Report, on our website, in our SEC filings, and elsewhere. These initiatives and goals could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and ensuring the accuracy, adequacy, or completeness of the disclosure of our ESG initiatives can be costly, difficult, and time-consuming. Further, statements about our ESG initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change. We could also face scrutiny from certain stakeholders for the scope or nature of such initiatives or goals, or for any revisions to these goals. If our ESG-related data, processes and reporting are incomplete or inaccurate, if we fail to achieve progress with respect to our ESG goals on a timely basis, or at all, or if we were to be subject to litigation from stakeholders as a result of our ESG initiatives, our business, financial performance and growth could be adversely affected.

LEGAL, REGULATORY, AND COMPLIANCE RISKS

We are a party to lawsuits, investigations, and other disputes. We have been named a party to litigation involving a broad range of matters, including commercial transactions, employment matters, patent infringement, copyrights, trademarks, and other rights to technologies and related standards that are relevant to our products, as well as governmental claims, and securities laws, and we may be named in additional litigation and/or governmental claims. For example, U.S. government agencies previously conducted investigations into possible violations by us of the U.S. Foreign Corrupt Practices Act, or the FCPA, which ultimately resulted in the Company entering into a settlement with the SEC that involved, among other things, the Company making a payment of $11.8 million in August 2019. Future claims or initiated litigation may include claims against us or our manufacturers, suppliers, partners, or customers. Future claims asserted and/or litigation may be initiated by third parties, including whistleblowers, and may relate to infringement of proprietary rights, issues arising under the False Claims Act, compliance with securities laws, or other matters. The expense of initiating and defending, and in some cases settling, such litigation and investigations may be costly, and may cause us to suffer reputational harm, divert management's attention from day-to-day operations of our business, and may require us to implement certain remedial measures that could disrupt our business, operations, results of operations, financial condition, or cash flows. In addition, if we fail to comply with the terms of any settlement agreement, we could face more substantial penalties. An unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition, or cash flows.

Further, increased patent litigation brought by non-practicing entities may result, and in some cases has resulted, in our customers requesting or requiring us to absorb a portion of the costs of such litigation or providing broader indemnification for litigation, each of which could increase our expenses and negatively affect our business, financial condition, and results of operations. Regardless of the merit of these claims, they may require us to develop alternative technologies, enter into license agreements, or cease engaging in certain activities or offering certain products or services. Furthermore, even arguably unmeritorious claims may be settled at significant costs to us because of the potential for high awards of damages or injunctive relief.

If any infringement or other intellectual property claim made against us or anyone we are required to indemnify is successful and we are required to pay significant monetary awards or damages to settle litigation, enter into royalty or licensing arrangements, or we fail to develop non-infringing technology and we incorporate infringing technology in our products, our business, financial condition, and results of operations could be materially and adversely affected.

Non-standard contract terms with telecommunications, cable, and cloud service provider companies, and other large customers, including large enterprise customers, could have an adverse effect on our business or impact the amount of revenues to be recognized. Telecommunications, cable, and cloud service provider companies, and other large companies, including large enterprise customers, generally have greater purchasing power than smaller entities and often request and receive more favorable terms from suppliers. As one such supplier, we may be required to agree to such terms and conditions, which may include terms that affect the amount or timing of or our ability to recognize revenue, increase our costs, and have an adverse effect on our business, financial condition, and results of operations. Consolidation among such large customers can further increase their buying power and ability to require onerous terms from us.

Regulations of our industry or of our customers could harm our operating results and future prospects. We are subject to laws, regulations, and policies affecting the sale of our products in a number of areas. For example, some governments have regulations prohibiting customers (both government and commercial) from purchasing products that do not meet country-specific safety, conformance, or security certification criteria or in-country test requirements. Other regulations that may negatively impact our business include local content or local manufacturing requirements most commonly applicable for government, state-owned enterprise, or regulated industry procurements. The rapid development and deployment of tools that leverage AI is also causing governments to consider regulation of AI, even for AI that does not pertain to personal data. These types of regulations are in effect or under consideration in several jurisdictions where we do business. For example, in December 2023, the EU agreed upon a legal framework on AI: the AI Act. It is expected that the text of the AI Act will be negotiated and adopted in 2024. If adopted, the AI Act will ban certain AI systems, regulate general purpose AI, impose heavy obligations on high-risk AI systems, subject to high fines, and support innovation through regulatory "sandboxes." This framework, as currently proposed, may impact our products and services deployed in the EU.

The SEC requires us, as a public company that uses certain raw materials considered to be "conflict minerals" in our products, to report publicly on the extent to which "conflict minerals" are in our supply chain. As a provider of hardware end-products, we are several steps removed from the mining, smelting, or refining of any conflict minerals. Accordingly, our ability to determine with certainty the origin and chain of custody of these raw materials is limited. Our relationships with customers, suppliers, and investors could suffer if we are unable to describe our products as "conflict-free." We may also face increased costs in complying with conflict minerals disclosure requirements.

Environmental laws and regulations relevant to electronic equipment manufacturing or operations, including laws and regulations governing the hazardous material content of our products and the collection of and recycling of electrical and electronic equipment, may adversely impact our business and financial condition. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and expected future requirements relating to the chemical and material composition of our products, their safe use, the energy consumption associated with those products, climate change laws, and regulations and product take-back legislation, which could require us to cease selling non-compliant products and to reengineer our products to use compliant components, which could result in additional costs to us, disrupt our operations, and result in an adverse impact on our operating results. In addition, if we were to violate or become liable under environmental laws or if our products become non-compliant with environmental laws, our customers may refuse to purchase our products and we could incur substantial costs or face other sanctions, which may include restrictions on our products entering certain jurisdictions. The amount and timing of costs to comply with environmental laws are difficult to predict.

In addition, as a contractor and subcontractor to the U.S. government, our IT systems are subject to federal regulations that require compliance with security and privacy controls. Failure to comply with these requirements could result in a loss of federal government business, subject us to claims or other remedies for non-compliance, or negatively impact our business, financial condition, and results of operations.

Further, some government customers have implemented and could continue to implement procurement policies that impact our profitability. Procurement policies favoring more non-commercial purchases, different pricing, or evaluation criteria or government contract negotiation offers based upon the customer’s view of what our pricing should be, could affect the margins on such contracts or make it more difficult to compete on certain types of programs. Moreover, the failure to comply with government contracting provisions could result in penalties or the ineligibility to compete for future contracts. Government customers are continually evaluating their contract pricing and financing practices, and we have no assurance regarding what changes will be proposed, if any, and their impact on our financial position, cash flows, or results of operations.

Moreover, our commercial customers may be subject to regulations and our business and financial condition could be adversely affected by changes in such regulations. Further, we could be affected by new laws or regulations on access to or commerce on IP networks in jurisdictions where we market our solutions. Regulations governing the range of services and business models that can be offered by service providers or cloud provider companies could adversely affect those customers' needs for products. Also, many jurisdictions have or are evaluating regulations relating to cybersecurity, supply chain integrity, privacy and data protection, any of which can affect the market and requirements for networking and security equipment. Additionally, certain countries where our customers operate may require that our products sold in that country be made locally or made in particular geographies, or satisfy local regulations for critical infrastructure projects, either of which could impact our ability to compete in those markets and may also negatively impact our margins due to the costs incurred to comply with these requirements.

The implementation of additional regulations could reduce demand for our products, increase the cost of building and selling our products, result in product inventory write-offs, impact our ability to ship products into affected areas and recognize revenue in a timely manner, require us to spend significant time and expense to comply with, and subject us to fines and civil or criminal sanctions or claims if we were to violate or become liable under such regulations. Any of these impacts could have a material adverse effect on our business, financial condition, and results of operations.

Governmental regulations, economic sanctions and other legal restrictions that affect international trade or affect movement and disposition of our products and component parts could negatively affect our revenues and operating results. The U.S. and other governments have imposed restrictions on the import and export of, among other things, certain telecommunications products and components, particularly those that contain or use encryption technology. Most of our products are telecommunications products that contain or use encryption technology and, consequently, are subject to restrictions. The scope, nature, and severity of such controls vary widely across different countries and may change frequently over time. In many cases, these government restrictions require a license prior to importing or exporting a good. Such licensing requirements can introduce delays into our operations as we or our channel partners must apply for the license and wait for government officials to process it or perform pre-shipment inspections; it is possible that lengthy delays will lead to the cancellation of orders by customers. Moreover, if we, our suppliers, or our channel partners fail to obtain necessary licenses prior to importing or exporting covered goods, we can be subject to government sanctions, including monetary penalties, conditions, and restrictions. Such license requirements, and any fines or other sanctions imposed for their violation could negatively affect our revenues and operating results.

In addition, the U.S. and other governments have especially broad sanctions and embargoes prohibiting provision of goods or services to certain countries, territories, sanctioned governments, businesses, and individuals. We have implemented systems to detect and prevent sales into restricted countries or to prohibited entities or individuals, but there can be no assurance that our third party, downstream resellers, and distributors will abide by these restrictions or have processes in place to ensure compliance.

Certain governments also impose special local content, certification, testing, source code review, escrow, and governmental recovery of private encryption keys, or other cybersecurity feature requirements to protect network equipment and software procured by or for the government. Similar requirements also may be imposed in procurements by state owned entities or even private companies forming part of "critical network infrastructure" or supporting sensitive industries.

In recent years, U.S. government officials have had concerns with the security of products and services from certain telecommunications and video providers based in China, Russia, and other regions. As a result, the U.S. government has imposed bans on the use of certain Chinese-origin and Russian-origin components or systems either in items sold to the U.S. government or in the internal networks of government contractors and subcontractors (even if those networks are not used for government-related projects). U.S. regulations also permit the U.S. government to investigate and possibly mandate the unwinding of commercial transactions between U.S. companies and foreign suppliers. This introduces uncertainty into our supply chain, our imports of end products and our overall operational planning.

In May 2021, the U.S. President issued an executive order on cybersecurity that signals the U.S. government's interest in developing standards and guidelines pertaining to Information and Communication Technology supply chains, government network capabilities and requirements, and cyber threat and vulnerability remediation. These standards and guidelines could impact how we develop hardware and software, what features our products have, and our role in helping the U.S. government respond to cyber threats and vulnerabilities.

In response to Russia's invasion of Ukraine in February 2022, the U.S. and certain allies imposed sanctions against the Russian government and other entities, which led to our suspension of operations in Russia, Belarus, and in the Donetsk, Luhansk, and Crimea regions of Ukraine. Accordingly, we are not able to sell or deliver our products or provide ongoing support services to our customers in Russia, Belarus, and in the Donetsk, Luhansk, and Crimea regions of Ukraine. The response by Russia and other countries to these sanctions could lead to an escalation of political tensions, economic instability in the area, and cyberwarfare. These actions, as well as the effect of such actions on macroeconomic conditions, could have an adverse impact on our business and operations.

Our actual or perceived failure to adequately protect personal data could adversely affect our business, financial condition, and results of operations. A wide variety of provincial, state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy and data protection-related laws and regulations are evolving, extensive, and complex. Compliance with these laws and regulations can be costly and can delay or impede the development and offering of new products and services. In addition, the interpretation and application of privacy and data protection-related laws in some cases is uncertain, and our legal and regulatory obligations are subject to frequent changes, including the potential for various regulator or other governmental bodies to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations, or to increase penalties. Moreover, there are a number of other legislative proposals worldwide, including in the U.S. at both the federal and state level, that could impose additional and potentially conflicting obligations in areas affecting our business. Examples of recent and anticipated developments that have impacted or could impact our business include the following:

- The EU General Data Protection Regulation ("GDPR") imposes stringent data protection requirements and provides significant penalties for noncompliance. As GDPR enforcement evolves, we may find it necessary to make further changes to our handling of personal data of residents of the European Economic Area ("EEA"). The regulatory environment applicable to the handling of EEA residents' personal data, and our actions in addressing such environment, may cause us to assume additional liabilities or incur additional costs and could result in our business, operating results, and financial condition being harmed. In addition, we and our customers may face a risk of enforcement actions by data protection authorities in the EEA relating to personal data transfers to us and by us from the EEA. Any such enforcement actions could result in substantial costs and diversion of resources, distract management and technical personnel, and negatively affect our business, operating results, and financial condition.

- Data protection legislation is also becoming increasingly common in the U.S. at both the federal and state level. State laws that are being enacted may require us to modify our data processing practices and policies, adapt our goods and services, and incur substantial costs and expenses to comply. Some state laws impose civil penalties on violators and authorize private rights of action, both of which might lead to an increase in the frequency and cost associated with data breach litigation.

- The Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data.

- We may be or become subject to data localization laws mandating that data collected in a foreign country be processed and stored within that country.

- Both U.S. federal and state, and non-U.S. governments are considering laws and regulations governing AI and machine learning tools that leverage commercial and consumer data, such as the EU's provisional AI Act. These laws may impact some of our products and services, internal business processes and applications, and procurement of vendor solutions. This may increase our liability risks and cause us to incur additional costs and expenses in order to comply.

- Among other emerging global privacy laws, India has adopted its Digital Personal Data Protection Act of 2023 ("DPDP Act"). Given our significant employee and operational presence in India, passage of the DPDP Act may cause us to implement new processes and policies necessary to comply with the new regulation and incur related additional costs.

Our actual or perceived failure to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal data, or to protect personal data from unauthorized access, use, or other processing, could result in enforcement actions and regulatory investigations against us, claims for damages by customers and other affected individuals, fines, damage to our reputation, and loss of goodwill, any of which could have a material adverse effect on our operations, financial performance, and business. Further, evolving and changing definitions of personal data and personal information, within the EU, the U.S., the U.K., and elsewhere, including the classification of IP addresses, machine identification information, location data, and other information, may limit or inhibit our ability to operate or expand our business, including limiting business relationships and partnerships that may involve the sharing or uses of data, and may require significant costs, resources, and efforts in order to comply.

FINANCIAL RISKS

Our financial condition and results of operations could suffer if there is an impairment of goodwill or purchased intangible assets. As of December 31, 2023, our goodwill was $3,734.4 million, and our purchased intangible assets were $91.8 million. We are required to test intangible assets with indefinite lives, including goodwill, annually or, in certain instances, more frequently, and may be required to record impairment charges, which would reduce any earnings or increase any loss for the period in which the impairment was determined to have occurred. Our goodwill impairment analysis is sensitive to changes in key assumptions used in our analysis. If the assumptions used in our analysis are not realized, it is possible that an impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any impairment of goodwill or other intangible assets. However, any such impairment would have an adverse effect on our results of operations.

Changes in effective tax rates, the adoption of new U.S. or international tax legislation, or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results. Our future effective tax rates and the amount of our taxable income could be subject to volatility or adversely affected by the following: earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated earnings in countries where we have higher statutory rates; changes in the valuation of our deferred tax assets and liabilities; changes in the research and development (“R&D”) tax laws applicable to us; transfer pricing adjustments related to certain acquisitions, including the license of acquired intangibles under our intercompany R&D cost sharing arrangement; costs related to intercompany restructuring; tax effects of share-based compensation; challenges to our methodologies for valuing developed technology or intercompany arrangements; limitations on the deductibility of net interest expense; or changes in tax laws, regulations, accounting principles, or interpretations thereof. Our future effective tax rate may be impacted by judicial decisions, changes in interpretation of regulations, as well as additional legislation and guidance.

Proposals to reform U.S. and foreign tax laws could significantly impact how U.S. multinational corporations are taxed on foreign earnings and could increase the U.S. corporate tax rate. Several of the proposals currently being considered, if enacted into law, could have an adverse impact on our effective tax rate, income tax expense, and cash flows. Further, the Organisation for Economic Co-operation and Development (the “OECD”), an international association of 38 countries, including the U.S., has issued guidelines that change long-standing tax principles. The OECD guidelines may introduce tax uncertainty as countries amend their tax laws to adopt certain parts of the guidelines. Some countries have enacted, and others have proposed, taxes based on gross receipts applicable to digital services, regardless of profitability. Substantially all member countries of the OECD/G20 Inclusive Framework agreed to certain tax principles, including a global minimum tax of 15%. In December 2022, the EU reached unanimous agreement, in principle, to implement the global minimum tax. EU members initiated legislation to adopt global minimum tax provisions in 2023, which are intended to be effective for tax years beginning after 2023. Additional changes to global tax laws are likely to occur, and such changes may adversely affect our tax liability.

In addition, we are generally subject to the continuous examination of our income tax returns by the Internal Revenue Service, and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes, but the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are transactions where the ultimate tax determination is uncertain. The ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods for which such determination is made.

We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations. We derive a substantial portion of our revenues from our international operations, and we plan to continue expanding our business in international markets. We conduct significant sales and customer support operations directly and indirectly through our distributors and value-added resellers in countries throughout the world and depend on the operations of our contract manufacturers and suppliers that are located outside of the U.S. In addition, a portion of our R&D and our general and administrative operations are conducted outside the U.S. As a result of our international operations, we are affected by economic, business, regulatory, social, and political conditions in foreign countries, including the following:

- changes in general IT spending;
- global macroeconomic conditions, including recessionary cycles;
- the imposition of government controls, inclusive of critical infrastructure protection;
- changes in trade controls, economic sanctions, or other international trade regulations, which have in general recently trended toward increasing breadth and complexity of controls, and which may affect our ability to import or export our products to or from various countries;
- laws that restrict sales of products that are developed, manufactured, or incorporate components or assemblies sourced from certain countries or suppliers to specific customers and industry segments, or for particular uses;
- varying and potentially conflicting laws and regulations, changes in laws and interpretation of laws, misappropriation of intellectual property and reduced intellectual property protection;
- political uncertainty, including demonstrations, that could have an impact on product delivery;
- impact of geopolitical tensions, challenges, and uncertainties as a result of armed conflicts (such as the Israel-Hamas war, and conflicts related to the attacks on cargo ships in the Red Sea) and resulting sanctions imposed by the U.S. and other countries against governmental or other entities, that may lead to disruption, instability, and volatility in global and regional financial markets, as well as higher inflation, increases in prices of commodities, and disruptions to supply chains;
- increased tensions among the U.S., the North Atlantic Treaty Organization, and Russia that could increase the threat of armed conflict, cyberwarfare and economic instability and could disrupt or delay operations or resources in Ukraine or Russia, disrupt or delay communication with such resources or the flow of funds to support operations, or otherwise render our resources unavailable;
- fluctuations in local economies, including inflationary conditions that could make our solutions more expensive or could increase our costs of doing business in certain countries;
- fluctuations in currency exchange rates (see Quantitative and Qualitative Disclosures about Market Risk for more information);
- tax policies, treaties, or laws that could have an unfavorable business impact;
- the negotiation and implementation of free trade agreements between the U.S. and other nations;
- data privacy rules and other regulations that affect cross border data flow;
- the impact of adverse public health emergencies, such as the COVID-19 pandemic or other pandemics, in the countries in which we operate or where our customers are located; and
- theft or unauthorized use or publication of our intellectual property and other confidential business information.

Any or all of these factors has or could have an adverse impact on our business, financial condition, and results of operations.

Moreover, local laws and customs in many countries differ significantly from or conflict with those in the U.S. or in other countries in which we operate. In many foreign countries, it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations. Certain countries (such as Russia, China, and EU member nations with regard to Iran trade) prohibit individuals and companies resident in or operating within their borders to comply with foreign sanctions imposed on such countries themselves or on third countries. Our employees, contractors, channel partners, and agents may fail to comply with U.S. and foreign laws and policies in violation of our policies and procedures, which are designed to help ensure compliance with U.S. and foreign laws and policies. Violations of laws or key control policies by our employees, contractors, channel partners, or agents could result in termination of our relationship, financial reporting problems, fines, and/or penalties for us, or prohibition on the importation or exportation of our products and could have a material adverse effect on our business, financial condition, and results of operations.

There are risks associated with our outstanding and future indebtedness. As of December 31, 2023, we had $1,700.0 million in aggregate principal amount of outstanding senior notes, which we refer to collectively as the “Notes”. In June 2023, we entered into a new credit agreement (the “Credit Agreement”) with certain institutional lenders that provides for a five-year $500.0 million unsecured revolving credit facility, with an option to increase the credit facility by up to an additional $200.0 million, subject to the lenders' approval.

We may not be able to generate sufficient cash flow to enable us to satisfy our expenses, make anticipated capital expenditures or service our indebtedness, including the Notes. Our ability to pay our expenses, satisfy our debt obligations, refinance our debt obligations and fund planned capital expenditures is dependent upon our future performance, restrictions imposed on the Company by the Merger Agreement during the interim period between the signing of the Merger Agreement and the closing of the Merger, and our ability to manage these risks in addition to other factors discussed in this section.

The indenture that governs the Notes contains various covenants that limit our ability and the ability of our subsidiaries to, among other things: grant liens, incur sale and leaseback transactions, and consolidate or merge with or into, or sell substantially all of our assets to another person. Further, the Credit Agreement contains one financial covenant along with customary affirmative and negative covenants that include the following:

- maintenance of a leverage ratio no greater than 3.0x (provided that if a material acquisition has been consummated, we are permitted to maintain a leverage ratio no greater than 3.5x for up to four quarters); and
- covenants that limit or restrict the ability of the Company and its subsidiaries to, among other things, grant liens, merge or consolidate, dispose of all or substantially all of its assets, change their accounting or reporting policies, change their business and incur subsidiary indebtedness, in each case subject to customary exceptions for a credit facility of this size and type.

As a result of these covenants, we are limited in the manner in which we can conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Accordingly, these restrictions may limit our ability to successfully operate our business. In addition, under applicable U.S. tax laws and regulations, there are limitations on the deductibility of net business interest expenses. As a result, if our taxable income were to decline, we may not be able to fully deduct our net interest expense, which could have a material impact on our business.

Further, we receive debt ratings from the major credit rating agencies in the U.S. Factors that influence our credit ratings include HPE's rating and outlook and our financial strength, as well as our transparency with rating agencies and timeliness of financial reporting. We may not be able to maintain our credit ratings and failure to do so could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets.

Our investments are subject to risks, which may cause losses and affect the liquidity of these investments. We have substantial investments in asset-backed and mortgage-backed securities, certificates of deposit, commercial paper, corporate debt securities, foreign government debt securities, money market funds, mutual funds, time deposits, U.S. government agency securities, and U.S. government securities. We also have investments in privately-held companies, including equity and debt securities. Certain of our investments are subject to general credit, liquidity, market, sovereign debt, and interest rate risks. Our future investment income may fall short of expectations due to changes in interest rates, or if the decline in fair value related to creditworthiness of our publicly traded debt investments is judged to be material, or due to certain inherent risks involved in investments in early-stage privately-held companies. For example, we have recognized and may in the future recognize additional losses on an investment, if we determine that an investment without readily determinable fair value is not likely to be recovered. In addition, should financial market conditions worsen in the future, investments in some financial instruments may be subject to risks arising from market liquidity and credit concerns, which could have a material adverse effect on our liquidity, financial condition, and results of operations.

GENERAL RISK FACTORS

Failing to adequately evolve our financial and managerial control and reporting systems and processes, or any weaknesses in our internal controls may adversely affect investor perception, and our stock price. We will need to continue to improve our financial and managerial control and our reporting systems and procedures to manage and grow our business effectively in the future. We are required to assess the effectiveness of our internal control over financial reporting annually and to disclose in our filing if such controls were unable to provide assurance that a material error would be prevented or detected in a timely manner. If in the future, our internal controls over financial reporting are determined to not be effective, resulting in a material weakness, investor perceptions regarding the reliability of our financial statements may be adversely affected, which could cause a decline in the market price of our stock and otherwise negatively affect our liquidity and financial condition.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum. The exclusive forum provisions in our bylaws may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our current or former directors, officers, or other employees, which may discourage such lawsuits against us and our current or former directors, officers, and other employees. These provisions do not apply to suits brought to enforce a duty or liability created by the Securities Act of 1933, as amended, or the Exchange Act or any other claim for which the federal courts have exclusive or concurrent jurisdiction. Alternatively, if a court were to find the exclusive forum provisions contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material and adverse impact on our business.

ITEM 1B. ***Unresolved Staff Comments***

Not applicable.

ITEM 1C. Cybersecurity

Cybersecurity Risk Management and Strategy:

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things, internal operational risks; system security risks; data protection; risks to proprietary business information; intellectual property theft; fraud; extortion; harm to employees, partners, or customers; violation of privacy or security laws and other litigation and legal risk; and reputational risks. We have implemented several cybersecurity processes, technologies, and controls to aid in our efforts to identify, assess, and manage such material risks.

To aide in identifying and assessing material risks from cybersecurity threats, our enterprise risk management program considers cybersecurity risks alongside other significant company risks as part of our overall risk assessment process. As part of this process, the Company gathers input from subject matter specialists, as necessary, to gather insights to help in identifying and assessing material cybersecurity threat risks, as well as potential severity and mitigation measures. We also have a cybersecurity specific risk assessment process, which helps identify potential cybersecurity risks. We employ a range of tools and services, including regular network and endpoint monitoring, vulnerability assessments, penetration testing, and tabletop exercises to inform our professionals' risk identification and assessment.

We manage these known risks by using internal security controls designed to align with standards set by the National Institute of Standards and Technology ("NIST"), the International Organization for Standardization ("ISO"), and the Center for Internet Security ("CIS"), and by engaging third party experts to perform penetration tests to attempt to infiltrate our information systems, as such term is defined in Item 106(a) of Regulation S-K. These penetration tests are focused on specific objectives to assist us in managing our cybersecurity threat risks. Our maturity in these controls varies by control type and by business.

We also conduct the following activities at various intervals during the year, which vary in maturity across our business:

- monitor emerging data protection laws and implement changes from time-to-time to our processes designed to comply;
- undertake regular reviews of our customer facing policies and statements related to cybersecurity;
- through policy, practice, and contract (as applicable) require employees, who provide services on our behalf, to treat customer information and data with care;
- leverage the NIST incident handling framework to help us prepare, detect, analyze, contain, eradicate, respond, and recover when there is an actual or potential cybersecurity incident;
- run exercises to simulate a response to a cybersecurity incident and use the findings to improve our processes and technologies;
- run exercises to simulate a response to a cybersecurity incident to provide training to our cyber incident response team;
- run annual tabletop exercises to train our executives and increase their cybersecurity awareness;
- conduct a variety of information security and privacy trainings, including new employee training, job-specific security training, specialized training for IT and security personnel, and phishing simulations.
- hold an annual Cybersecurity Awareness Month programming, which is available for all employees during which we provide seminars, presentations, and employee engagement activities designed to reinforce our employee information security training and enhance the culture and knowledge of cybersecurity risks among our employees;
- carry information security risk insurance to help defray potential losses that might arise from a cybersecurity incident.

Our cybersecurity incident response plan was developed to respond to the threat of security breaches, the threat of cyberattacks, and to protect and preserve the confidentiality, integrity, and continued availability of information owned by, or in the care of, the Company. Our incident response plan coordinates the activities that we take to prepare for, detect, respond to, and recover from cybersecurity incidents, which include processes to triage, assess severity for, escalate material cybersecurity incidents to our global crisis management plan, contain, investigate, and remediate the incident, as well as to comply with potentially applicable legal obligations and mitigate brand and reputational damage.

Our processes also address cybersecurity threat risks associated with our use of third party service providers, including those in our supply chain or who have access to our customer and employee data or our systems. Third-party risks are included within our enterprise risk management assessment program, as well as our cybersecurity-specific risk identification program, both of which are discussed above. In addition, cybersecurity considerations affect the selection and oversight of our third-party service providers. We perform diligence on third parties that have access to our systems, data or facilities that house such systems or data, and continually monitor cybersecurity threat risks identified through such diligence. Additionally, we generally require those third parties that could introduce significant cybersecurity risk to us to agree by contract to manage their cybersecurity risks in specified ways, and to agree to be subject to cybersecurity audits.

We regularly engage with assessors, consultants, auditors, and other third parties, including by regularly having third parties, including independent Qualified Security Assessors review our cybersecurity program to help identify areas for continued focus, improvement and/or compliance.

In our risk factors, we describe whether and how risks from identified cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. See our risk factor disclosures at Item 1A of this Annual Report on Form 10-K.

Cybersecurity Governance:

Cybersecurity is an important part of our risk management processes and an area of focus for our Board and management. The Board has oversight responsibility for the Company’s Enterprise Risk Management framework. The Board as a whole and through the various Board committees oversees the Company’s management of material enterprise level risk, focusing on four areas of risk: strategic, compliance, operational, and financial. To fulfill its oversight responsibility, the Board also regularly reviews, consults, and discusses with management on strategic direction, challenges, and risks faced by the Company.

As part of our entire Board's operational risk management responsibilities, it has oversight of risks from cybersecurity threats. The Audit Committee has been designated with the responsibility to regularly review the Company’s processes and procedures around managing cybersecurity threat risks and cybersecurity incidents. As discussed below, members of management report to the Audit Committee which reports to the entire Board about cybersecurity threat risks, among other cybersecurity related matters, at least annually.

In support of the Board's oversight of the Company's cybersecurity risk management program, the Audit Committee receives (i) quarterly updates or reports delivered directly from our Chief Information Officer (“CIO”) and Chief Information Security Officer (“CISO”) and (ii) three reports delivered as part of the Company's enterprise risk management update to the Audit Committee. These reports may be supplemented, as needed, by the CIO, CISO, and other executives at the Company. These reports include a variety of cybersecurity topics, such as threat risk management updates, the results of exercises and response readiness assessments, our incident response plan, and steps management has taken to respond to such threat risks. In such sessions, the Audit Committee receives materials including a cybersecurity scorecard and other materials indicating current and emerging material cybersecurity threat risks, and describing the Company’s ability to mitigate those risks, and discusses such matters with our CIO and CISO.

Members of the Board and Audit Committee are also encouraged to regularly engage in ad hoc conversations with management on cybersecurity-related news events and discuss any updates to our cybersecurity risk management and strategy programs. Material cybersecurity threat risks are also considered during separate Board meeting discussions of important matters like enterprise risk management, operational budgeting, mergers and acquisitions, and other relevant matters.

Our CISO oversees our cybersecurity risk management program in partnership with our CIO and other business leaders, including our General Counsel. These members of management are informed about and monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above.

Our CIO has developed expertise in cybersecurity and compliance, enterprise architecture and road mapping, data and analytics, digital transformation and customer service through her 39 years of experience in the information technology space. She earned her computer science degree from Temple University and currently teaches in the Masters in Information Systems program at

University of San Francisco. Our CISO has worked in cybersecurity for 25 years, including thirteen years as a CISO or deputy CISO. He is currently a Certified Information Systems Security Professional and holds an Information Systems Security

Architecture Professional sub-certification (CISSP-ISSAP). He also holds a masters of science degree in computer science, with an information security specialization from James Madison University.

ITEM 2. ***Properties***

Our corporate headquarters is located at an owned site in Sunnyvale, California. As of December 31, 2023, we leased space (including offices and other facilities) in locations throughout the United States and in various places outside the United States. We believe that our current offices and other facilities are in good condition and appropriately support our current business needs.

ITEM 3. ***Legal Proceedings***

The information set forth under the heading "Legal Proceedings" in Note 14, *Commitments and Contingencies*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, is incorporated herein by reference.

ITEM 4. ***Mine Safety Disclosures***

Not applicable.

PART II

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

Market Information

Our common stock is traded on the New York Stock Exchange, or NYSE, under the symbol JNPR.

Stockholders

As of February 5, 2024, there were 517 stockholders of record of our common stock, and we believe a substantially greater number of beneficial owners hold shares through brokers, banks, or other nominees.

Dividends

The declaration and amount of any future cash dividends are at the discretion of the Board of Directors and will depend on our financial performance, economic outlook, and any other relevant considerations.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the three months ended December 31, 2023, there were no share repurchases under our Board-approved 2018 Stock Repurchase Program, which authorizes us to purchase an aggregate of up to $3.0 billion of our common stock. As of December 31, 2023, there was approximately $0.2 billion of authorized funds remaining under the 2018 Stock Repurchase Program. See Note 9, *Equity*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report.

Company Stock Performance

The information contained in this Company Stock Performance section shall not be deemed to be incorporated by reference into other U.S. Securities and Exchange Commission, or SEC, filings; nor deemed to be soliciting material or filed with the Commission or subject to Regulation 14A or 14C or subject to Section 18 of the Exchange Act. The comparisons in the performance graph below are based upon historical data and are not indicative of, or intended to forecast, future performance of our common stock.

The performance graph below shows the cumulative total stockholder return over a five-year period assuming the investment of $100 on December 31, 2018, in each of Juniper Networks' common stock, the Standard & Poor's 500 Stock Index ("S&P 500"), and the NASDAQ Telecommunications Index. Total stockholder return assumes reinvestment of all dividends.

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	As of December 31,				
	2018	**2019**	**2020**	**2021**	**2022**
JNPR	$ 100.00	$ 94.37	$ 89.29	$ 145.88	$ 134.09
S&P 500	$ 100.00	$ 131.47	$ 155.65	$ 200.29	$ 163.98
NASDAQ Telecommunications Index	$ 100.00	$ 113.65	$ 141.14	$ 149.82	$ 113.74

ITEM 6. ***[Reserved]***

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

The following discussion should be read with the Business section in Item 1 of Part I and the Consolidated Financial Statements and the related notes in Item 8 of Part II of this Report. We intend the discussion of our financial condition and results of operations to provide information that will assist the reader in understanding our Consolidated Financial Statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting estimates affect our Consolidated Financial Statements. To aid in understanding our operating results for the periods covered by this Report, we have provided an executive overview, which includes a financial results and key performance metrics overview and a discussion of material events and uncertainties known to management. These sections should be read in conjunction with the more detailed discussion and analysis of our consolidated financial condition and results of operations in this Item 7, our "Risk Factors" section included in Item 1A of Part I, and our Consolidated Financial Statements and notes thereto included in Item 8 of Part II of this Report.

Executive Overview

Proposed Merger with Hewlett Packard Enterprise

On January 9, 2024, we entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, Hewlett Packard Enterprise Company, a Delaware corporation ("HPE"), and Jasmine Acquisition Sub, Inc., a Delaware corporation and wholly owned subsidiary of HPE ("Merger Sub"), pursuant to which Merger Sub will merge with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of HPE. Under the terms of the Merger Agreement, at the effective time of the Merger, each issued and outstanding share of our common stock (subject to certain exceptions set forth in the Merger Agreement) will be canceled and converted into the right to receive $40.00 in cash, without interest and subject to applicable withholding taxes.

The Merger Agreement generally requires us to use commercially reasonable efforts to operate our business in the ordinary course, subject to certain exceptions including as required by applicable law, pending consummation of the Merger, and subjects the Company to customary interim operating covenants that restrict us from taking certain specified actions without HPE's approval (such approval not to be unreasonably withheld, conditioned, or delayed) until the Merger is completed or the Merger Agreement is terminated in accordance with its terms. During this period, we are permitted to continue paying regular quarterly dividends, substantially in accordance with past practice, at a quarterly rate not to exceed $0.22 per share.

The completion of the Merger, which is currently expected to close in late calendar year 2024 or early calendar year 2025, is subject to the receipt of regulatory approvals and other customary closing conditions, including the adoption of the Merger Agreement by our stockholders. If the transaction is consummated, our common stock will be delisted from the New York Stock Exchange and deregistered under the Exchange Act. See the section entitled "Risk Factors" in Item 1A of Part I of this Report for further discussion about the risks related to the Merger.

Financial Results and Key Performance Metrics Overview

The following table provides an overview of our financial results and key financial metrics (in millions, except per share amounts, percentages, and days sales outstanding, or DSO):

	As of and for the Years Ended December 31,			
	2023	2022	$ Change	% Change
Net revenues	$ 5,564.5	$ 5,301.2	$ 263.3	5 %
Gross margin	$ 3,201.9	$ 2,958.3	$ 243.6	8 %
Percentage of net revenues	*57.5 %*	*55.8 %*		
Operating income	$ 470.1	$ 519.1	$ (49.0)	(9) %
Percentage of net revenues	*8.4 %*	*9.8 %*		
Net income	$ 310.2	$ 471.0	$ (160.8)	(34) %
Percentage of net revenues	*5.6 %*	*8.9 %*		
Net income per share				
Basic	$ 0.97	$ 1.46	$ (0.49)	(34) %
Diluted	$ 0.95	$ 1.43	$ (0.48)	(34) %
Operating cash flows	$ 872.8	$ 97.6	$ 775.2	794 %
Stock repurchase plan activity	$ 385.0	$ 299.7	$ 85.3	28 %
Cash dividends declared per common stock	$ 0.88	$ 0.84	$ 0.04	5 %
DSO[1]	69	76	(7)	(9) %
Deferred revenue:				
Deferred product revenue	$ 92.1	$ 108.8	$ (16.7)	(15) %
Deferred service revenue	1,932.8	1,554.3	378.5	24 %
Total	$ 2,024.9	$ 1,663.1	$ 361.8	22 %
Deferred revenue from customer solutions[2]	$ 843.4	$ 632.8	$ 210.6	33 %
Deferred revenue from hardware maintenance and professional services	1,181.5	1,030.3	151.2	15 %
Total	$ 2,024.9	$ 1,663.1	$ 361.8	22 %

(1) DSO is for the fourth quarter ended December 31, 2023, and 2022.

(2) Includes deferred revenue from hardware solutions, software licenses, software support and maintenance and SaaS offerings sold in our Automated WAN Solutions, Cloud-Ready Data Center, and AI-Driven Enterprise customer solution categories.

- *Net Revenues:* Net revenues increased during 2023 compared to 2022 driven by a growth in Enterprise vertical, partially offset by a decline in the Cloud and Service Provider verticals. Net revenues increased across all geographies. Service net revenues increased primarily driven by strong sales of hardware maintenance contracts and SaaS subscriptions.

- *Gross Margin:* Gross margin as a percentage of net revenues increased during 2023 compared to 2022 primarily due to improved service gross margin. The increase in service gross margin was mainly due to higher revenue from hardware maintenance and software subscriptions and lower service delivery costs.

- *Operating Margin:* Operating income as a percentage of net revenues decreased during 2023 compared to 2022 primarily due to higher personnel-related expenses driven by an increase in headcount and higher restructuring costs, partially offset by the drivers described in the gross margin discussion above.

- *Operating Cash Flows:* Net cash provided by operations increased primarily due to improvements in working capital and one-time proceeds from the termination of our interest rate lock contracts, partially offset by higher cash taxes and increased compensation payments.

- *Capital Return:* We continued to return capital to our stockholders. During 2023, we repurchased a total of 13.1 million shares of our common stock in the open market at an average price of $29.47 per share for an aggregate purchase price of $385.0 million. During 2023, we paid quarterly dividends of $0.22 per share, for an aggregate amount of $280.8 million.

- *DSO:* DSO is calculated as the ratio of ending accounts receivable, net of allowances, divided by average daily net revenues for the preceding 90 days. DSO decreased primarily due to improved invoicing linearity, partially offset by lower revenue for the fourth quarter ended December 31, 2023 compared to the same period in 2022.

- *Deferred Revenue:* Total deferred revenue increased, primarily driven by the timing of contract renewals and increase in deferrals of SaaS and software license subscriptions.

Global Supply and Demand Update

Global economic and business activities continue to face widespread macroeconomic uncertainties, including inflation, monetary policy shifts, recession risks, and turmoil in the geopolitical environment, including the Russia-Ukraine conflict, the political and economic tensions between China and Taiwan, the Israel-Hamas war, and escalating tensions in the Red Sea in connection with the attacks by the Houthis to disrupt shipments. Our overall performance depends in-part on global economic conditions, as well as other disruptions and the impacts of such conditions on our customers.

We have a global supply chain, which is primarily composed of manufacturing partners, component suppliers, and third-party logistics partners. In prior periods, global supply chain constraints and component parts shortages resulted in extended lead times of certain products to our customers and impacted the volume of products we were able to deliver, which negatively impacted our ability to recognize revenue. Throughout fiscal year 2023, we saw an overall improvement of industry-wide supply constraints.

While global component shortages persisted in prior periods, certain customers placed advanced product orders in an effort to secure supply. These elevated product order levels declined throughout 2023 as supply chain constraints eased. As a result, we expect our backlog to normalize in 2024 as our customers consume previously placed advance orders and normalize their buying patterns.

In prior years, we committed to purchase additional inventory to meet customer demands for our products and to mitigate supply constraints. As a result, our inventory levels increased in 2023 and are expected to remain elevated in the near term. When we became aware of an inability to sell this inventory, we recognized inventory obsolescence charges, and we expect to continue to incur future inventory obsolescence charges, which may be material. Our purchase commitments are expected to continue to decline as our supplier lead times normalize. Our operating cash flows have been and may continue to be negatively impacted by significant inventories at our contract manufacturers.

Management continues to actively monitor the impact of macroeconomic factors on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. The extent of the impact on our operations and financial performance, our ability to execute our business strategies, and initiatives in the expected time frame, will depend on the impact of macroeconomic factors on our customers, partners, employees, contract manufacturers and supply chain. See the section entitled “Risk Factors” in Item 1A of Part I of this Report for further discussion.

Critical Accounting Estimates

The preparation of the financial statements and related disclosures in conformity with U.S. GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. We base our estimates and assumptions on current facts, historical experience, and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Note 1, *Description of Business, Basis of Presentation and Significant Accounting*

Policies, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report, describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements.

The below accounting policies require significant judgments, assumptions, and estimates used in the preparation of the Consolidated Financial Statements and actual results could differ materially from the amounts reported based on these policies.

- *Revenue Recognition:* We enter into contracts to sell our products and services, and while most of our sales agreements contain standard terms and conditions, there are agreements that contain non-standard terms and conditions and include promises to transfer multiple goods or services. As a result, significant interpretation and judgment are sometimes required to determine the appropriate accounting for these transactions, including: (1) whether performance obligations are considered distinct that should be accounted for separately versus together, how the price should be allocated among the performance obligations, and when to recognize revenue for each performance obligation; (2) developing an estimate of the stand-alone selling price, or SSP, of each distinct performance obligation; (3) combining contracts that may impact the allocation of the transaction price between product and services; and (4) estimating and accounting for variable consideration, including rights of return, rebates, price protection, expected penalties or other price concessions as a reduction of the transaction price.

  Our estimates of SSP for each performance obligation require judgment that considers multiple factors, including, but not limited to, historical discounting trends for products and services, pricing practices in different geographies and through different sales channels, gross margin objectives, internal costs, competitor pricing strategies, and industry technology lifecycles. Our estimates for rights of return, rebates, and price protection are based on historical sales returns and price protection credits, specific criteria outlined in customer contracts or rebate agreements, and other factors known at the time. Our estimates for expected penalties and other price concessions are based on historical trends and expectations regarding future incurrence.

  Changes in judgments with respect to these assumptions and estimates could impact the timing or amount of revenue recognition.

- *Income Taxes:* We are subject to income taxes in the United States and numerous foreign jurisdictions. We apply the authoritative accounting guidance for uncertainty in income taxes to all income tax positions, including the potential recovery of previously paid taxes, which if settled unfavorably could adversely affect our provision for income taxes. Significant judgment is required in evaluating our uncertain tax positions and determining our taxes including the interpretation and application of GAAP and complex domestic and international tax laws and matters related to the allocation of international taxation rights between countries. In addition, we are subject to the continuous examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made.
  Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that we change our determination as to the amount of deferred tax assets that can be realized, we adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

- *Inventory Valuation and Contract Manufacturer Liabilities*: Inventory consists primarily of components and finished goods and is stated at the lower of cost or net realizable value. A provision is recorded when inventory is determined to be in excess of anticipated future demand for customer orders or that may become obsolete to adjust inventory to its estimated realizable value. In addition, we record a liability for the possible repurchase of quantities held by our contract manufacturers in excess of anticipated future demand or that may become obsolete.

  Significant judgment is used in establishing our forecasts of future demand and obsolete materials exposure. We perform a detailed analysis and review of data used in establishing our demand forecasts. If the actual component usage and product demand are significantly lower than forecast, which may be caused by factors within and outside of our control, or if there was a higher incidence of inventory obsolescence because of rapidly changing technology, our customer requirements, changes in market conditions, or new product introductions, we may be required to increase our provision and contract manufacturer liabilities, which could have an adverse impact on our gross margins and profitability. We regularly evaluate our exposure for inventory excess, obsolescence and adequacy of our contract manufacturer liabilities.

Recent Accounting Pronouncements

See Note 1, *Description of Business, Basis of Presentation and Significant Accounting Policies*, in Notes to the Consolidated Financial Statements in Item 8 of Part II of this Report for a full description of recent accounting pronouncements, including the expected dates of adoption and estimated effects on financial condition and results of operations, which is incorporated herein by reference.

Results of Operations

A discussion regarding our financial condition and results of operations for the fiscal year ended December 31, 2023 compared to 2022 is presented below. A discussion regarding our financial condition and results of operations for the fiscal year ended December 31, 2022 compared to 2021 can be found under Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 10, 2023, which is available on the SEC's website at www.sec.gov and our Investor Relations website at http://investor.juniper.net.

Revenues

The following table presents net revenues by customer solution, customer vertical, and geographic region (in millions, except percentages):

	Years Ended December 31,			
	2023	2022	$ Change	% Change
Customer Solutions:				
Automated WAN Solutions	$ 1,839.3	$ 1,865.3	$ (26.0)	(1) %
Percentage of net revenues	*33.1 %*	*35.2 %*		
Cloud-Ready Data Center	744.7	878.9	(134.2)	(15) %
Percentage of net revenues	*13.4 %*	*16.6 %*		
AI-Driven Enterprise	1,391.8	1,026.2	365.6	36 %
Percentage of net revenues	*25.0 %*	*19.4 %*		
Hardware Maintenance and Professional Services	1,588.7	1,530.8	57.9	4 %
Percentage of net revenues	*28.5 %*	*28.8 %*		
Total net revenues	$ 5,564.5	$ 5,301.2	$ 263.3	5 %
Customer Verticals:				
Cloud	$ 1,162.8	$ 1,393.6	$ (230.8)	(17) %
Percentage of net revenues	*20.9 %*	*26.3 %*		
Service Provider	1,842.5	1,891.2	(48.7)	(3) %
Percentage of net revenues	*33.1 %*	*35.7 %*		
Enterprise	2,559.2	2,016.4	542.8	27 %
Percentage of net revenues	*46.0 %*	*38.0 %*		
Total net revenues	$ 5,564.5	$ 5,301.2	$ 263.3	5 %
Geographic Regions:				
Americas:				
United States	$ 3,066.5	$ 2,931.6	$ 134.9	5 %
Other	266.8	225.2	41.6	18 %
Total Americas	3,333.3	3,156.8	176.5	6 %
Percentage of net revenues	*59.9 %*	*59.6 %*		
EMEA	1,405.7	1,370.0	35.7	3 %
Percentage of net revenues	*25.3 %*	*25.8 %*		
APAC	825.5	774.4	51.1	7 %
Percentage of net revenues	*14.8 %*	*14.6 %*		
Total net revenues	$ 5,564.5	$ 5,301.2	$ 263.3	5 %

Total net revenues increased primarily due to growth in AI-Driven Enterprise and Hardware Maintenance and Professional Services, which were mainly driven by higher sales volume, partially offset by a decline in Cloud-Ready Data Center and Automated WAN Solutions.

The AI-Driven Enterprise revenue increase was primarily driven by Enterprise and Service Provider, partially offset by a decline in Cloud.

The decreases in Cloud-Ready Data Center revenue and the Automated WAN Solutions revenue were primarily due to a decline in Cloud and Service Provider, partially offset by a growth in Enterprise.

Also, software and security products and services represent key areas of our strategic focus that are critical components to our business success. Software and related service offerings include revenue from software license, software support and maintenance and SaaS contracts. Total security offerings include revenue from our complete portfolio of hardware and software security products, including SD-WAN solutions, as well as services related to our security solutions.

The following table presents net revenues from software and security products and services (in millions, except percentages):

	Years Ended December 31,			
	2023	2022	$ Change	% Change
Software and Related Services	$ 1,223.4	$ 994.2	$ 229.2	23 %
Percentage of net revenues	22.0 %	18.8 %		
Total Security	$ 669.7	$ 628.6	$ 41.1	7 %
Percentage of net revenues	12.0 %	11.9 %		

Gross Margins

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

	Years Ended December 31,			
	2023	2022	$ Change	% Change
Product gross margin	$ 1,850.9	$ 1,778.2	$ 72.7	4 %
Percentage of product revenues	*51.0 %*	*50.2 %*		
Service gross margin	1,351.0	1,180.1	170.9	14 %
Percentage of service revenues	*69.9 %*	*67.0 %*		
Total gross margin	$ 3,201.9	$ 2,958.3	$ 243.6	8 %
Percentage of net revenues	*57.5 %*	*55.8 %*		

Our gross margins as a percentage of net revenues have been and will continue to be affected by a variety of factors, including general inflationary pressures, the mix and average selling prices of our products and services, new product introductions and enhancements, manufacturing, component and logistics costs, expenses for inventory obsolescence and warranty obligations, cost of support and service personnel, customer mix as we continue to expand our footprint with certain strategic customers, the mix of distribution channels through which our products and services are sold, and import tariffs. For example, in prior periods, our logistics and other supply chain-related costs increased due to the global component shortage, and we saw cost improvement in 2023 due to the overall reduction in industry-wide supply constraints. For more information on the impact of supply chain constraints on our business, see the "Risk Factors" section of Item 1A of Part I of this Report.

Product gross margin

Product gross margin as a percentage of product revenues increased primarily due to the easing of elevated logistics and other supply chain costs and favorable software revenue mix, partially offset by higher inventory-related expenses and unfavorable product mix. We continue to undertake specific efforts to address certain factors impacting our product gross margin. These efforts include performance and quality improvements through engineering to increase value across our products; optimizing our supply chain and service business; pricing management; and increasing software and solution sales.

Service gross margin

Service gross margin as a percentage of service net revenues increased primarily due to higher revenue from hardware maintenance and software subscriptions and lower service delivery costs.

Operating Expenses

The following table presents operating expenses (in millions, except percentages):

	Years Ended December 31,			
	2023	2022	$ Change	% Change
Research and development	$ 1,144.4	$ 1,036.1	$ 108.3	10 %
Percentage of net revenues	*20.6 %*	*19.5 %*		
Sales and marketing	1,233.9	1,133.4	100.5	9 %
Percentage of net revenues	*22.2 %*	*21.4 %*		
General and administrative	255.5	249.5	6.0	2 %
Percentage of net revenues	*4.6 %*	*4.7 %*		
Restructuring charges	98.0	20.2	77.8	385 %
Percentage of net revenues	*1.8 %*	*0.4 %*		
Total operating expenses	$ 2,731.8	$ 2,439.2	$ 292.6	12 %
Percentage of net revenues	*49.1 %*	*46.0 %*		

Our operating expenses have historically been driven in large part by personnel-related costs, including salaries and wages; commissions and bonuses, which we refer to collectively as variable compensation; benefits; share-based compensation; and travel. Facility and information technology, or IT, departmental costs are allocated to each department based on usage and headcount. We had a total of 11,144 and 10,901 employees as of December 31, 2023, and 2022, respectively. Our headcount increased by 243 employees, or 2%.

Research and development

Research and development expense increased primarily due to higher share-based compensation and other personnel-related costs driven by headcount growth.

Sales and marketing

Sales and marketing expense increased primarily due to higher personnel-related costs driven by headcount growth and higher variable compensation.

Restructuring charges

Restructuring charges increased primarily due to expenses recorded in connection with our restructuring plans approved in the third quarter of 2023. For further explanation of our restructuring charges, see Note 7, *Restructuring Charges*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report.

Gain (Loss) on Privately-Held Investments, Net

The following table presents the gain (loss) on privately-held investments, net (in millions, except percentages):

	Year Ended December 31,			
	2023	2022	$ Change	% Change
Gain (loss) on privately-held investments, net	$ (97.3)	$ 20.4	$ (117.7)	N/M
Percentage of net revenues	*(1.7)* %	*0.4* %		

N/M - Not meaningful

In 2023, the Company recognized an unrealized loss on its privately-held equity investments due to declines in fair values. The Company estimated the fair value of these investments based on quantitative and qualitative analysis. This analysis involved use of judgment, significant estimates, and assumptions, such as the near-term prospects of the investee in the market in which it operates, evaluating the investee's financial condition in relation to its outstanding obligations, and probabilities of securing additional capital through various alternative scenarios.

Gain on Divestiture

The following table presents the gain on divestiture (in millions, except percentages):

	Year Ended December 31,			
	2023	2022	$ Change	% Change
Gain on divestiture	$ —	$ 45.8	$ (45.8)	(100) %
Percentage of net revenues	— %	*0.9* %		

In 2022, we recognized a gain of $45.8 million related to the divestiture of our silicon photonics business for cash consideration of $90.0 million and a 25% equity interest in the business.

Other Expense, Net

The following table presents other expense, net (in millions, except percentages):

	Years Ended December 31,			
	2023	2022	$ Change	% Change
Interest income	$ 50.6	$ 19.6	$ 31.0	158 %
Interest expense	(80.0)	(58.6)	(21.4)	37 %
Gain (loss) on other investments, net [(1)] [(2)]	6.0	(11.6)	17.6	(152) %
Other	(0.4)	1.6	(2.0)	(125) %
Total other expense, net	$ (23.8)	$ (49.0)	$ 25.2	(51) %
Percentage of net revenues	*(0.4)* %	*(0.9)* %		

[1] Other investments represent fixed income securities and equity investments with readily determinable fair value.
[2] The prior period amounts have been reclassified to conform to the current period presentation.

Interest income primarily includes interest earned on our cash, cash equivalents, and investments. Interest expense primarily includes interest, net of capitalized interest expense, from long-term debt and customer financing arrangements. Gain (loss) on other investments, net, primarily includes gains (losses) from the sale of investments in fixed income securities and equity investments with readily determinable fair values. Other typically consists of foreign exchange gains and losses and other non-operational income and expense items.

Total other expense, net, decreased primarily due to higher interest income related to our fixed income investment portfolio, as a result of higher yields and higher net gains from equity investments, partially offset by higher interest expense related to our debt portfolio.

Income Tax Provision

The following table presents income tax provision (in millions, except percentages):

	Years Ended December 31,			
	2023	2022	$ Change	% Change
Income tax provision	$ 29.2	$ 60.5	$ (31.3)	(52) %
Effective tax rate	*8.4 %*	*11.3 %*		

The effective tax rate for fiscal year 2023 was lower than fiscal year 2022, primarily due to the net difference in discrete items in fiscal year 2023 compared to fiscal year 2022 and a change in the geographic mix of earnings. For a complete reconciliation of our effective tax rate to the U.S. federal statutory rate of 21% and further explanation of our income tax provision, see Note 12, *Income Taxes*, in the Notes to Consolidated Financial Statements in Item 8 of Part II of this Report.

Beginning January 1, 2022, as a result of the Tax Cuts and Jobs Act of 2017 ("Tax Act"), all our U.S. and non-U.S. based R&D expenditures are being capitalized and amortized over five and fifteen years, respectively. In 2023, the new regulations resulted in incremental cash tax payments of approximately $150 million and a reduction in our effective tax rate due to increased benefit from U.S. foreign-derived intangible income and an increased federal R&D credit. Future impacts will primarily depend on if and when this legislation is deferred, modified, or repealed by the U.S. Congress, including if retroactively, and the amount of R&D expenditures paid or incurred in those respective years. We estimate the largest impact will have been to 2022 cash flow from operations and that the impact in future years should gradually decrease over the five- and fifteen-year amortization periods. The Company's future effective tax rate may be impacted.

European Union members and certain other countries initiated legislation to adopt global minimum tax provisions in 2023, which are intended to be effective for tax years beginning after 2023. We do not expect to incur significant global minimum taxes in 2024.

Liquidity and Capital Resources

Liquidity and capital resources may be impacted by our operating activities as well as acquisitions, investments in strategic relationships, and payment of cash dividends on our common stock. Since the enactment of the Tax Act, we have repatriated a significant amount of cash from outside of the U.S., and plan to continue to repatriate on an ongoing basis. We intend to use the repatriated cash to invest in the business, support value-enhancing mergers and acquisitions, and fund our return of capital to stockholders.

Based on past performance and current expectations, we believe that our existing cash and cash equivalents, short-term, and long-term investments, and cash generated from operations together with the revolving credit facility will be sufficient to fund our operations; planned dividends; capital expenditures; purchase commitments and other liquidity requirements; and anticipated growth for at least the next twelve months and thereafter for the foreseeable future. However, our future liquidity and capital requirements may vary materially from those now planned depending on many factors, including, but not limited to, our growth rate; the timing and amount we spend to support development efforts; the expansion of sales and marketing activities; the introduction of new and enhanced products and services; the costs to acquire or invest in businesses and technologies; an increase in manufacturing or component costs; certain interim operating covenants that we have agreed to in the Merger Agreement; and the risks and uncertainties detailed in the “Risk Factors” section of Item 1A of Part I of this Report.

The Company's material cash requirements include the following contractual and other obligations.

Revolving Credit Facility

In June 2023, we entered into a new credit agreement with certain institutional lenders that provides for a five-year $500.0 million unsecured revolving credit facility (the “Revolving Credit Facility”), with an option to increase the Revolving Credit Facility by up to an additional $200.0 million, subject to the lenders' approval. The Company's previous $500.0 million revolving credit facility was terminated concurrently with the Company entering into the Revolving Credit Facility. The Revolving Credit Facility will terminate in June 2028, subject to two one-year maturity extension options, on the terms and conditions set forth in the credit agreement. As of December 31, 2023, we were in compliance with all covenants in the credit agreement, and no amounts were outstanding. In connection with our entry into the Merger Agreement, certain terms limit our ability to drawdown the full amount of $500.0 million available under the Revolving Credit Facility. Refer to Note 8, *Debt and Financing,* in the Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for information on the credit agreement.

Debt

As of December 31, 2023, we had outstanding fixed-rate senior notes with varying maturities for an aggregate principal amount of $1,700.0 million (collectively the "Notes"), none of which is payable within 12 months. As of December 31, 2023, future interest payments associated with the Notes total $594.6 million, with $55.4 million payable within 12 months.

Purchase Commitments with Contract Manufacturers and Suppliers

In order to reduce manufacturing lead times and in the interest of having access to adequate component supply, we enter into agreements with contract manufacturers and certain suppliers to procure inventory based on the Company's requirements. A significant portion of the Company's purchase commitments arising from these agreements consists of firm and non-cancelable commitments. In certain instances, these agreements allow the Company the option to cancel, reschedule, and adjust its requirements based on the Company's business needs prior to firm orders being placed. As of December 31, 2023, we had purchase commitments of $1,291.6 million, with $989.5 million payable within 12 months.

Tax

Our transition tax liability represents future cash payments on accumulated foreign earnings of subsidiaries as a result of the Tax Act. The Company has elected to pay its transition tax, net of applicable tax refunds, over the eight-year period provided in the Tax Act. As of December 31, 2023, the balance of our transition tax obligation was $179.7 million, with $73.4 million payable within 12 months.

As of December 31, 2023, the Company had $92.7 million included in long-term income taxes payable on the Consolidated Balance Sheets for unrecognized tax positions. At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments related to this amount due to uncertainties in the timing of tax audit outcomes.

In 2023, we made tax payments of approximately $406 million of which approximately $150 million can be attributed to the capitalization and amortization requirements for R&D expenditures pursuant to the Tax Act.

Leases

The Company leases its facilities and certain equipment under non-cancelable operating leases that have remaining lease terms of 1 to 8 years and 1 to 4 years, respectively. As of December 31, 2023, we had fixed lease payment obligations of $138.7 million, with $47.1 million payable within 12 months.

Unconditional Purchase Obligations - Other

Unconditional purchase obligations consist of agreements that include firm and non-cancelable terms to transfer funds in the future for fixed or minimum amounts or quantities to be purchased at fixed or minimum prices. As of December 31, 2023, we had unconditional purchase obligations of $69.6 million, with $33.1 million payable within 12 months. See Note 14, *Commitments and Contingencies*, in the Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for further discussion of our unconditional purchase obligations.

Guarantees

We have financial guarantees consisting of third-party financing arrangements extended to end-user customers and standby letters of credit for certain lease facilities, insurance programs, and customs of $32.5 million as of December 31, 2023.

Capital Return

In addition to our cash requirements, we have a capital return program authorized by the Board of Directors (the "Board"). In January 2018, the Board, approved a $2.0 billion share repurchase program, which we refer to as the 2018 Stock Repurchase Program. In October 2019, the Board authorized a $1.0 billion increase to the 2018 Stock Repurchase Program for a total of $3.0 billion.

During the fiscal year ended December 31, 2023, we repurchased 13.1 million shares of our common stock in the open market at an average price of $29.47 per share for an aggregate purchase price of $385.0 million, under the 2018 Stock Repurchase Program. As of December 31, 2023, there was $0.2 billion of authorized funds remaining under the 2018 Stock Repurchase Program.

In connection with our entry into the Merger Agreement, we suspended our 2018 Stock Repurchase Program and will not repurchase our common stock subsequent to year end 2023. See Note 9, *Equity*, in the Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for further discussion of the 2018 Stock Repurchase Program.

In addition, any future dividends, and the establishment of record and payment dates, are subject to approval by the Board or an authorized committee thereof. See Note 15, *Subsequent Events*, in the Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for discussion of our dividend declaration subsequent to December 31, 2023.

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

Interest Rate Risk

Interest Income Risk - Available-for-Sale Fixed Income Securities

The primary objectives of our investment activities are, in order of priority, to preserve principal, maintain liquidity, and maximize yield. The value of our investments is subject to market price volatility. To minimize this risk, we maintain an investment portfolio of various holdings, types, and maturities, which includes asset-backed and mortgage-backed securities, certificates of deposit, commercial paper, corporate debt securities, foreign government debt securities, time deposits, U.S. government agency securities, and U.S. government securities. At any time, a rise in interest rates could have a material adverse impact on the fair value of our investment portfolio. Conversely, a decline in interest rates could have a material impact on interest income from our investment portfolio. We do not currently hedge these interest rate exposures.

The following tables present hypothetical changes in fair value of our available-for-sale fixed income securities held as of December 31, 2023 and 2022 that are sensitive to changes in interest rates assuming immediate parallel shifts in the yield curve of 50 basis points, or BPS, 100 BPS and 150 BPS, which are representative of the historical movements in the Federal Funds Rate (in millions):

	- 150 BPS	- 100 BPS	- 50 BPS	Fair Value as of December 31, 2023	+ 50 BPS	+ 100 BPS
Available-for-sale fixed income securities	$ 583.0	$ 581.7	$ 580.5	$ 579.3	$ 578.0	$ 576.8

	- 150 BPS	- 100 BPS	- 50 BPS	Fair Value as of December 31, 2022	+ 50 BPS	+ 100 BPS
Available-for-sale fixed income securities	$ 415.8	$ 414.8	$ 413.8	$ 412.8	$ 411.8	$ 410.8

Interest rate swap contracts

The Company uses interest rate swap contracts to convert certain of our fixed interest rate notes to floating interest rates based on the Secured Overnight Financing Rate (SOFR), resulting in a net increase or decrease in interest expense. These swap contracts hedge against the interest rate risk exposures of the designated debt issuances. As of December 31, 2023 and December 31, 2022, the aggregate notional amount of the interest rate swap contracts was $600.0 million. As of December 31, 2023 and December 31, 2022, the fair value of the interest rate swap contracts resulted in a liability of $73.6 million and $87.4 million, respectively. A hypothetical 10% change in the interest rates as of December 31, 2023 would not have had a material impact to our operating results or the fair value of the interest rate swap contracts.

Foreign Currency Risk and Foreign Exchange Forward Contracts

The Company uses derivatives to hedge against fluctuations in foreign exchange rates. We do not enter into derivatives for speculative or trading purposes.

We use foreign currency forward contracts to mitigate variability in gains and losses generated from the re-measurement of certain monetary assets and liabilities denominated in foreign currencies. These foreign exchange forward contracts typically have maturities of approximately one to four months.

Our sales and costs of product revenues are primarily denominated in U.S. Dollars. Our cost of service revenue and operating expenses are denominated in U.S. Dollars as well as other foreign currencies, including the British Pound, Chinese Yuan, Euro, and the Indian Rupee. Approximately 79% of such costs and operating expenses are denominated in U.S. Dollars. Periodically, we use foreign currency forward and/or option contracts to hedge certain forecasted foreign currency transactions to reduce variability in cost of service revenue and operating expenses caused by non-U.S. Dollar denominated operating expense and costs. In designing a specific hedging approach, we consider several factors, including offsetting exposures, significance of exposures, costs associated with entering into a particular hedge instrument, and potential effectiveness of the hedge. These derivatives are designated as cash flow hedges and have maturities of thirty-six months or less. The change in foreign currency exchange rates compared to prior periods resulted in a reduction to our operating expenses including cost of service revenue, research and development, sales and marketing, and general and administrative expenses, by $20.5 million, or 0.5%, and by

$69.4 million, or 1.7%, for the year ended December 31, 2023 and December 31, 2022, respectively. See Note 4, *Derivative Instruments*, in Notes to Consolidated Financial Statements in Item 8 of Part II of this Report for further discussion of our derivative and hedging activity.

We have performed a sensitivity analysis as of December 31, 2023 and as of December 31, 2022, using a modeling technique that measures the change in the amount of non-U.S. Dollar cash, cash equivalents, and marketable securities arising from a hypothetical 10% movement in the levels of foreign currency exchange rates relative to the U.S. Dollar, with all other variables held constant. The foreign currency exchange rates we used were based on market rates in effect on December 31, 2023 and December 31, 2022, respectively. The sensitivity analysis indicated that a hypothetical 10% movement in foreign currency exchange rates would change the amount of cash, cash equivalents, and investments we would report in U.S. Dollars as of December 31, 2023 and December 31, 2022 by $35.8 million, or 2.7%, and by $32.3 million, or 2.7%, respectively.

Equity Price Risk

We have also invested in privately-held companies. Depending on the nature of these investments, some can be carried at cost, adjusted for changes from observable transactions for identical or similar investments of the same issuer, less impairment, and others can be carried at fair value. An investment under the equity method of accounting is initially measured at fair value and subsequently adjusted for any impairment, investee capital transactions, dividend received, plus or minus the Company's proportionate share of the equity method investee's income or loss. The carrying values of our investments in privately-held companies were $121.9 million and $226.6 million as of December 31, 2023 and December 31, 2022, respectively. The privately-held companies in which we invest can still be considered to be in the startup or development stages. These investments are inherently risky because the markets for the technologies or products these companies are developing are typically in the early stages, and may never materialize. We could lose our entire investment in these companies. Our evaluation of investments in privately-held companies is based on the fundamentals of the businesses invested in, including, among other factors, the nature of their technologies and potential for financial return.

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

Juniper Network, Inc.
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Juniper Networks, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Juniper Networks, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and the financial statement schedule listed in the Index at Item 15(a)2 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 7, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Identification of distinct performance obligations in revenue contracts

Description of the matter	As described in Note 1 to the consolidated financial statements, the Company's contracts with customers sometimes contain multiple performance obligations, which are accounted for separately if they are distinct. In such cases, the transaction price is then allocated to the distinct performance obligations on a relative standalone selling price basis and revenue is recognized when control of the distinct performance obligation is transferred. For example, product revenue is recognized at the time of hardware shipment or delivery of software license, and support revenue is recognized over time as the services are performed. Auditing the Company's revenue recognition was challenging, specifically related to identifying and determining the distinct performance obligations and the associated timing of revenue recognition. For example, there were nonstandard terms and conditions that required judgment to determine the distinct performance obligations and the impact on the timing of revenue recognition.

How we addressed the matter in our audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's revenue recognition process, including controls to identify and determine the distinct performance obligations and the timing of revenue recognition. Among the procedures we performed to test the identification and determination of the distinct performance obligations and the timing of revenue recognition, we read the executed contract and purchase order to understand the arrangement, identified the performance obligation(s), determined the distinct performance obligations, and evaluated the timing and amount of revenue recognized for a sample of individual sales transactions. We evaluated the accuracy of the Company's contract summary documentation, specifically related to the identification and determination of distinct performance obligations and the timing of revenue recognition.

Inventory Valuation & Contract Manufacturer Liabilities

Description of the matter	As discussed in Note 1 of the consolidated financial statements, the Company's inventories are stated at the lower of cost or net realizable value. The Company's inventory balance totaled $1.0 billion on December 31, 2023. The Company records a loss provision when inventory is determined to be in excess of anticipated demand, or considered obsolete, to adjust inventory to its estimated realizable value. The Company records a liability and recognizes a corresponding loss for non-cancellable inventory purchase commitments with contract manufacturers that are in excess of the Company's demand forecasts, or that are considered obsolete ("contract manufacturer liability"). Auditing management's assessment of net realizable value for inventory, and contract manufacturer liabilities was complex and highly judgmental due to the assessment of management's estimates of forecasted product demand, which can be impacted by changes in overall customer demand, changes in the timing of the introduction and customer adoption of new products, adjustments to manufacturing and engineering schedules, and overall economic and market conditions.

How we addressed the matter in our audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's determination of the net realizable value of inventory and the contract manufacturer liability. This included controls over the determination of forward-looking demand and production forecasts, and the evaluation of the accuracy and completeness of the inventory provision and contract manufacturer liability. To test the inventory provision and contract manufacturer liability, we performed audit procedures that included, among others, assessing the Company's methodology over the computation of the loss provision and liability, testing the significant assumptions and the underlying inputs used by the Company in its analysis including historical sales trends, expectations regarding future sales, changes in the Company's business, customer base and other relevant factors.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1996.
San Jose, California

February 7, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Juniper Networks, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Juniper Networks, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Juniper Networks, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and the financial statement schedule listed in the Index at Item 15(a)2 and our report dated February 7, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Juniper Networks, Inc.

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

	Years Ended December 31,		
	2023	**2022**	**2021**
Net revenues:			
Product	$ 3,632.5	$ 3,539.9	$ 3,078.1
Service	1,932.0	1,761.3	1,657.3
Total net revenues	5,564.5	5,301.2	4,735.4
Cost of revenues:			
Product	1,781.6	1,761.7	1,409.4
Service	581.0	581.2	585.9
Total cost of revenues	2,362.6	2,342.9	1,995.3
Gross margin	3,201.9	2,958.3	2,740.1
Operating expenses:			
Research and development	1,144.4	1,036.1	1,007.2
Sales and marketing	1,233.9	1,133.4	1,052.7
General and administrative	255.5	249.5	249.8
Restructuring charges	98.0	20.2	42.9
Total operating expenses	2,731.8	2,439.2	2,352.6
Operating income	470.1	519.1	387.5
Gain (loss) on privately-held investments, net [1] [2]	(97.3)	20.4	12.7
Gain on divestiture	—	45.8	—
Loss on extinguishment of debt	—	—	(60.6)
Other expense, net [1]	(23.8)	(49.0)	(29.5)
Income before income taxes and loss from equity method investment	349.0	536.3	310.1
Income tax provision	29.2	60.5	57.4
Loss from equity method investment, net of tax	9.6	4.8	—
Net income	$ 310.2	$ 471.0	$ 252.7
Net income per share:			
Basic	$ 0.97	$ 1.46	$ 0.78
Diluted	$ 0.95	$ 1.43	$ 0.76
Shares used in computing net income per share:			
Basic	320.0	322.1	324.4
Diluted	325.9	329.5	331.6

[1] The prior period amounts have been reclassified to conform to the current period presentation.

[2] Privately-held investments represent investments in privately-held debt, redeemable preferred stock securities, and equity investments without readily determinable fair value. Refer to Note 2, *Cash Equivalents and Investments.*

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Consolidated Statements of Comprehensive Income
(In millions)

	Years Ended December 31,		
	2023	2022	2021
Net income	$ 310.2	$ 471.0	$ 252.7
Other comprehensive income (loss), net of tax:			
Available-for-sale debt securities:			
Change in net unrealized gains and losses	7.1	(6.5)	(5.0)
Net realized losses (gains) reclassified into net income	—	0.4	(1.2)
Net change on available-for-sale debt securities	7.1	(6.1)	(6.2)
Cash flow hedges:			
Change in net unrealized gains and losses	11.7	15.7	(13.5)
Net realized losses (gains) reclassified into net income	29.1	26.8	(25.2)
Net change on cash flow hedges	40.8	42.5	(38.7)
Change in foreign currency translation adjustments	(3.0)	(30.1)	(12.8)
Other comprehensive income (loss), net	44.9	6.3	(57.7)
Comprehensive income	$ 355.1	$ 477.3	$ 195.0

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Consolidated Balance Sheets

(In millions, except par values)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,068.1	$ 880.1
Short-term investments	139.4	210.3
Accounts receivable, net of allowance for doubtful accounts of $9.8 and $11.1 as of December 31, 2023 and 2022, respectively	1,044.1	1,227.3
Inventory	952.4	619.4
Prepaid expenses and other current assets	591.5	680.0
Total current assets	3,795.5	3,617.1
Property and equipment, net	689.9	666.8
Operating lease assets	111.4	141.6
Long-term investments	116.8	139.6
Purchased intangible assets, net	91.8	160.5
Goodwill	3,734.4	3,734.4
Other long-term assets	978.7	866.7
Total assets	$ 9,518.5	$ 9,326.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 295.1	$ 347.4
Accrued compensation	292.2	306.1
Deferred revenue	1,130.0	1,020.5
Other accrued liabilities	386.7	404.9
Total current liabilities	2,104.0	2,078.9
Long-term debt	1,616.8	1,601.3
Long-term deferred revenue	894.9	642.6
Long-term income taxes payable	204.5	279.4
Long-term operating lease liabilities	82.9	117.7
Other long-term liabilities	122.7	131.7
Total liabilities	5,025.8	4,851.6
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $0.00001 par value; 10.0 shares authorized; none issued and outstanding	—	—
Common stock, $0.00001 par value; 1,000.0 shares authorized; 320.3 shares and 322.9 shares issued and outstanding as of December 31, 2023 and 2022, respectively	—	—
Additional paid-in capital	6,740.0	6,846.4
Accumulated other comprehensive income	49.1	4.2
Accumulated deficit	(2,296.4)	(2,375.5)
Total stockholders' equity	4,492.7	4,475.1
Total liabilities and stockholders' equity	$ 9,518.5	$ 9,326.7

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Consolidated Statements of Cash Flows
(In millions)

	Years Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net income	$ 310.2	$ 471.0	$ 252.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Share-based compensation expense	279.4	209.3	222.6
Depreciation, amortization, and accretion	194.7	217.7	237.4
Deferred income taxes	(262.1)	(222.5)	71.7
Provision for inventory excess and obsolescence [1]	109.8	36.9	4.9
Operating lease assets expense	40.7	40.3	44.9
Gain on divestiture	—	(45.8)	—
Loss (gain) on privately-held investments, net [1]	97.3	(20.4)	(12.7)
Loss from equity method investment	9.6	4.8	—
Loss on extinguishment of debt	—	—	60.6
Impairment of assets [1]	28.0	5.1	16.3
Loss (gain) on non-qualified deferred compensation plan and other [1]	(4.8)	12.7	(4.7)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable, net	183.4	(232.0)	(31.8)
Inventory [1]	(484.4)	(394.2)	(60.4)
Prepaid expenses and other assets [1]	182.2	(299.0)	(249.9)
Accounts payable	(51.9)	67.4	0.2
Accrued compensation	(13.2)	(23.1)	70.3
Income taxes payable	(99.6)	21.1	24.3
Other accrued liabilities	(7.5)	(3.3)	(85.4)
Deferred revenue	361.0	251.6	128.7
Net cash provided by operating activities	872.8	97.6	689.7
Cash flows from investing activities:			
Purchases of property and equipment	(159.4)	(105.1)	(100.0)
Proceeds from divestiture, net	—	89.1	—
Purchases of available-for-sale debt securities	(155.0)	(104.1)	(649.8)
Proceeds from sales of available-for-sale debt securities	31.9	118.2	546.1
Proceeds from maturities and redemptions of available-for-sale debt securities	217.3	390.3	394.0
Purchases of equity securities	(11.6)	(16.5)	(10.1)
Proceeds from sales of equity securities	15.7	47.7	25.6
Payments for business acquisitions, net of cash and cash equivalents acquired	—	—	(182.6)
Subsequent payments related to acquisitions in prior years	(0.7)	(14.6)	(10.1)
Funding of loan receivable and other	(5.8)	2.5	0.7
Net cash provided by (used in) investing activities	(67.6)	407.5	13.8
Cash flows from financing activities:			
Repurchase and retirement of common stock	(397.6)	(315.2)	(443.5)
Proceeds from issuance of common stock	61.9	57.2	56.4
Payment of dividends	(280.8)	(270.4)	(259.1)
Payment of debt	—	—	(423.8)

	Years Ended December 31,		
	2023	2022	2021
Effect of foreign currency exchange rates on cash, cash equivalents, and restricted cash	0.2	(21.7)	(12.1)
Net increase (decrease) in cash, cash equivalents, and restricted cash	186.6	(45.0)	(440.3)
Cash, cash equivalents, and restricted cash at beginning of period	897.7	942.7	1,383.0
Cash, cash equivalents, and restricted cash at end of period	$ 1,084.3	$ 897.7	$ 942.7
Supplemental disclosures of cash flow information:			
Cash paid for interest, net of amounts capitalized	$ 81.5	$ 67.3	$ 62.6
Cash paid for income taxes, net	$ 400.9	$ 253.2	$ 113.2
Non-cash investing activity:			
Equity method investment	$ —	$ 40.3	$ —

(1) The prior period amounts have been reclassified to conform to the current period presentation.

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.

Consolidated Statements of Changes in Stockholders' Equity
(In millions, except per share amounts)

	Shares	Common Stock and Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2020	327.7	$ 7,156.9	$ 55.6	$ (2,669.0)	$ 4,543.5
Net income	—	—	—	252.7	252.7
Other comprehensive loss, net	—	—	(57.7)	—	(57.7)
Issuance of common stock	9.9	56.4	—	—	56.4
Common stock assumed upon business combination	—	2.7	—	—	2.7
Repurchase and retirement of common stock	(16.0)	(206.2)	—	(237.3)	(443.5)
Share-based compensation expense	—	221.9	—	—	221.9
Payments of cash dividends ($0.80 per share of common stock)	—	(259.1)	—	—	(259.1)
Balance at December 31, 2021	321.6	6,972.6	(2.1)	(2,653.6)	4,316.9
Net income	—	—	—	471.0	471.0
Other comprehensive income, net	—	—	6.3	—	6.3
Issuance of common stock	10.9	57.2	—	—	57.2
Repurchase and retirement of common stock	(9.6)	(122.3)	—	(192.9)	(315.2)
Share-based compensation expense	—	209.3	—	—	209.3
Payments of cash dividends ($0.84 per share of common stock)	—	(270.4)	—	—	(270.4)
Balance at December 31, 2022	322.9	6,846.4	4.2	(2,375.5)	4,475.1
Net income	—	—	—	310.2	310.2
Other comprehensive income, net	—	—	44.9	—	44.9
Issuance of common stock	10.8	61.9	—	—	61.9
Repurchase and retirement of common stock	(13.4)	(167.3)	—	(231.1)	(398.4)

See accompanying Notes to Consolidated Financial Statements

Juniper Networks, Inc.
Notes to Consolidated Financial Statements

Note 1. Description of Business, Basis of Presentation and Significant Accounting Policies

Description of Business

Juniper Networks, Inc. (the “Company” or “Juniper”) designs, develops, and sells products and services for high-performance networks, to enable customers to build scalable, reliable, secure and cost-effective networks for their businesses, while achieving agility and improved operating efficiency through automation. Juniper challenges the inherent complexity that comes with networking in the multicloud era. Juniper does this with products, solutions and services that transform the way people connect, work and live. Juniper simplifies the process of transitioning to a secure and automated multicloud environment to enable secure, AI-driven networks that connect the world.

Basis of Presentation

The Consolidated Financial Statements, which include the Company and its wholly-owned subsidiaries, are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of the financial statements and related disclosures in accordance with U.S. GAAP requires the Company to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and the accompanying notes. The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes are reasonable under the circumstances, to determine the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Change in Accounting Estimate

In December 2023, the Company completed an assessment of the useful lives of certain property and equipment. Effective January 1, 2024, the Company has increased the expected useful life of certain lab equipment from 3-5 years to 7 years to better reflect the economic value of our assets. The Company considered several factors in making this change, including current and historical usage patterns, as well as expected technology and overall changes in our product roadmap. This change in estimate will be applied prospectively beginning in the first quarter of 2024.

Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with banks, highly liquid investments in money market funds, commercial paper, government securities, certificates of deposits, time deposits, and corporate debt securities, which are readily convertible into cash. All highly liquid investments with original maturities of three months or less from Juniper's purchase date are classified as cash equivalents.

Investments in Available-for-Sale Debt Securities

The Company's investments in debt securities are classified as available-for-sale and include the Company's fixed income securities and investments in privately-held companies, consisting of debt and redeemable preferred stock securities.

Fixed income securities primarily consist of corporate debt securities, U.S. treasury securities, time deposits, asset-backed and mortgage-backed securities, certificate of deposits, commercial paper, U.S. government agency securities, and foreign government debt securities. Fixed income securities are initially recorded at cost and periodically adjusted to fair value in the Consolidated Balance Sheets. The Company periodically evaluates these investments to determine if impairment charges are required. The

Company determines whether a credit loss exists for available-for-sale debt securities in an unrealized loss position. When the fair value of a security is below its amortized cost, the amortized cost will be reduced to its fair value and the resulting loss will be recorded in Consolidated Statements of Operations, if it is more likely than not that we are required to sell the impaired security before recovery of its amortized cost basis, or we have the intention to sell the security. If neither of these conditions are met, the Company considers the extent to which the fair value is less than the amortized cost, any changes to the rating of the security by a rating agency, and review of the issuer's financial statements. If factors indicate a credit loss exists, an allowance for credit loss is recorded through other expense, net, limited by the amount that the fair value is less than the amortized cost basis.

The Company's privately-held debt and redeemable preferred stock securities are included in other long-term assets in the Consolidated Balance Sheets and are recorded at fair value. In determining the estimated fair value of such securities, the Company utilizes the most recent data available for the investee including known acquisition offers and subsequent funding rounds. The Company periodically evaluates these securities for indicators of impairment, including the inability to recover a portion of or the entire carrying amount of the investment, the inability of the investee to sustain earnings, the reduction in or termination of financial commitment to the investee from other investors, the intention to sell the investment, and whether it is more likely than not that the Company will be required to sell the investment before recovery of the entire amortized cost basis. If the Company determines that the decline in an investment's value indicates credit losses, the difference is recognized as an impairment loss in its Consolidated Statements of Operations.

For all available-for-sale debt securities, unrealized gains and the amount of unrealized loss relating to factors other than credit loss are reported as a separate component of accumulated other comprehensive loss in the Consolidated Balance Sheets. Realized gains and losses are determined based on the specific identification method and are reported in the Consolidated Statements of Operations.

Investments in Equity Securities

The Company's investments in equity securities with readily determinable fair values consist of money market funds, amounts under the non-qualified compensation plan ("NQDC") that are invested in mutual funds, and investments in public companies. These investments are measured at fair value with changes in fair value recognized in the Consolidated Statements of Operations.

Equity securities without readily determinable fair values include the Company's investments in privately-held companies consisting of non-redeemable preferred stock and common stock securities. The Company accounts for these securities at cost, adjusted for changes from observable transactions for identical or similar investments of the same issuer, less impairments. Fair value of these equity securities is reassessed when the Company identifies observable price changes indicating that an adjustment upward or downward to the carrying value is necessary. Any observable changes in fair value are recognized in earnings as of the date that the observable transaction took place. In addition, the Company periodically evaluates equity securities without readily determinable fair values to determine if impairment charges are required by evaluating whether an event or change in circumstance has occurred that may have a significant adverse effect on the fair value of the investment. A qualitative assessment is performed each reporting period to assess whether there are any impairment indicators, including, but not limited to, significant deterioration in the investee's earnings performance; credit rating; asset quality or business prospects; adverse change in the regulatory, economic, or technological environment; change in the general market condition of the geographic area or industry; acquisition offers; and the ability to continue as a going concern. If such indicators are present, the Company estimates the fair value of impaired investments and recognizes an impairment loss in the Consolidated Statement of Operations equal to the difference between the carrying value and fair value.

The Company accounts for investments in companies over which it has the ability to exercise significant influence, but does not have control over the investee, under the equity method of accounting. The investment is initially measured at fair value and subsequently adjusted for any impairment, investee capital transactions, dividend received, plus or minus the Company's proportionate share of the equity method investee's income or loss. The Company records its interest in the net earnings or loss of its equity method investment along with adjustments for unrealized profits or losses on intra-entity transactions, within its Consolidated Statements of Operations. Depending on the timing of such financial statements of the investee, there may be a lag between the timing of such financial statement and the Company's quarter-end date. For the Company's sole equity method investment as of December 31, 2023, the Company's share of the investee's net earnings or loss is recorded two months in arrears. The Company records an impairment when factors indicate that the carrying amount of the investment might not be recoverable.

Fair Value

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

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

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

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

Derivative Instruments

The Company uses derivative instruments, primarily foreign currency forward and interest rate contracts, to hedge certain foreign currency and interest rate exposures. The Company does not enter into derivatives for speculative or trading purposes.

The Company uses foreign currency forward contracts or options contracts to hedge certain forecasted foreign currency transactions relating to operating expenses. These derivatives are designated as cash flow hedges, which are carried at fair value with the derivative's gain or loss initially reported as a component of accumulated other comprehensive loss, and upon occurrence of the forecasted transaction, is subsequently reclassified into the costs of services or operating expense line item to which the hedged transaction relates. Cash flows from such hedges are classified as operating activities.

The Company also uses foreign currency forward contracts to mitigate variability in gains and losses generated from the re-measurement of certain monetary assets and liabilities denominated in non-functional currencies. These derivatives are carried at fair value with changes recorded in other expense, net in the Consolidated Statements of Operations in the same period as the changes in the fair value from the re-measurement of the underlying assets and liabilities. Cash flows from such derivatives are classified as operating activities.

The Company uses interest rate swap contracts to convert certain of our fixed interest rate notes to floating interest rates based on the Secured Overnight Financing Rate (SOFR). All interest rate swap contracts will expire within seven years. The change in fair value of the derivative instrument substantially offsets the change in the fair value of the hedged item. These derivatives are classified in the Consolidated Statements of Cash Flows in the same section as the underlying item.

The Company uses interest rate lock contracts, which fix the benchmark interest rates of future debt issuance. The Company records changes in fair value of these contracts in accumulated other comprehensive income (loss) in the consolidated balance sheets, in the period of change. When the forecasted transaction occurs, the Company will start to amortize the accumulated gains or losses included as a component of other comprehensive income (loss) related to the interest rate lock cash flow hedges to interest expense. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the gains or losses on the related cash flow hedge from accumulated other comprehensive income (loss) will be reclassified to other income and expense within the income statement. During the year ended December 31, 2023, the Company terminated these interest rate lock contracts. Refer to Note 4, *Derivative Instruments*.

The Company presents its derivative assets and derivative liabilities on a gross basis in the Consolidated Balance Sheets. However, under agreements containing provisions on set-off with certain counterparties, subject to applicable requirements, the Company is allowed to net-settle transactions, with a single net amount payable by one party to the other. The Company is neither required to pledge nor entitled to receive cash collateral related to these derivative transactions.

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

Inventory

Inventory consists primarily of component parts to be used in the manufacturing process and finished goods, and is stated at the lower of cost or net realizable value. In addition, the Company purchases and holds inventory to provide adequate component supplies over the life of the underlying products. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. A charge is recorded to cost of product when inventory is determined to be in excess of anticipated demand or considered obsolete. At the point of loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in the newly established cost basis.

Leases

The Company determines if an arrangement is a lease at inception. The Company evaluates classification of leases as either operating or finance at commencement and, as necessary, at modification. As of December 31, 2023, the Company did not have any finance leases. Operating leases are included in operating lease right-of-use ("ROU") assets, other accrued liabilities, and operating lease liabilities on the Company's Consolidated Balance Sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made prior to lease commencement and excludes lease incentives. Variable lease payments not dependent on an index or a rate, are expensed as incurred and are not included within the ROU asset and lease liability calculation. Variable lease payments primarily include reimbursements of costs incurred by lessors for common area maintenance and utilities. The Company's lease terms are the noncancelable period, including any rent-free periods provided by the lessor, and include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. At lease inception, and in subsequent periods as necessary, the Company estimates the lease term based on its assessment of extension and termination options that are reasonably certain to be exercised. Lease costs are recognized on a straight-line basis over the lease term.

The Company does not separate non-lease components from lease components for all underlying classes of assets. In addition, the Company does not recognize ROU assets and lease liabilities for short-term leases, which have a lease term of twelve months or less and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise.
Lease cost for short-term leases is recognized on a straight-line basis over the lease term.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method, over the estimated useful lives of the following assets:

	Estimated Useful Life (years)
Computers, equipment, and software (*)	1.5 to 10
Furniture and fixtures	5 to 7
Building and building improvements	7 to 40
Land improvements	10 to 40
Leasehold improvements	Lease term, not to exceed 10 years

(*) Effective January 1, 2024, we increased the expected useful life of certain lab equipment from 3-5 years to 7 years to better reflect the economic value of our assets.

Land is not depreciated. Construction-in-process is related to the construction or development of property and equipment that have not yet been placed in service for their intended use.

Business Combinations

The purchase price of an acquired entity is allocated to tangible assets, liabilities, and intangible assets based on their estimated fair values with the residual of the purchase price recorded as goodwill. The determination of the value of the intangible assets acquired involves certain estimates, such as expected future cash flows, which include consideration of future growth rates and

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

margins, attrition rates, future changes in technology, discount rates, and the expected use of the acquired assets. These factors are also considered in determining the useful life of the acquired intangible assets. Acquisition related expenses are recognized separately from the business combination and are expensed as incurred. The Company's Consolidated Financial Statements include the operating results of acquired businesses from the date of each acquisition.

Goodwill and Intangible Assets

Goodwill is tested for impairment annually on November 1 or more frequently if certain circumstances indicate the carrying value of goodwill is impaired. Goodwill is tested for impairment at the reporting unit level. A qualitative assessment is first performed to determine whether it is necessary to quantitatively test goodwill for impairment. This initial assessment includes, among others, consideration of macroeconomic conditions and financial performance. If the qualitative assessment indicates that it is more likely than not that an impairment exists, a quantitative analysis is performed by determining the fair value of the reporting unit using a combination of the discounted cash flow and the market approaches. Goodwill is considered impaired if the carrying value of the reporting unit exceeds its fair value. A goodwill impairment loss is recognized for the amount that the carrying amount of the reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit.

Intangible assets consist of existing technology, customer relationships, and trade name, which are amortized over the period of estimated benefit using the straight-line method and estimated useful lives of 4 or 5 years.

Impairment of Long-lived Assets

Long-lived assets, such as property, plant, and equipment, ROU assets, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset, or asset group, to estimated undiscounted future cash flows expected to be generated by the asset, or asset group. An impairment charge is recognized by the amount by which the carrying amount of the asset, or asset group, exceeds its fair value.

Warranty Reserves

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

Contract Manufacturer Liabilities

The Company establishes a liability for non-cancelable, non-returnable purchase commitments with its contract manufacturers for carrying charges, quantities in excess of its demand forecasts, or obsolete material charges for components purchased by the contract manufacturers to meet the Company’s demand forecast or customer orders. The demand forecasts are based upon historical trends and analysis, adjusted for overall market conditions.

Loss Contingencies

The Company is subject to the possibility of various loss contingencies arising in the ordinary course of business. Management considers the likelihood of loss related to the occurrence of a liability as well as its ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company regularly evaluates current information available to determine whether such accruals should be adjusted and whether new accruals are required.

Foreign Currency

Assets and liabilities of foreign operations with non-U.S. Dollar functional currency are translated to U.S. Dollars using exchange rates in effect at the end of the period. Revenue and expenses are translated to U.S. Dollars using rates that approximate those in effect during the period. The resulting translation adjustments are included in the Company's Consolidated Balance Sheets in the stockholders' equity section as a component of accumulated other comprehensive loss. The Company remeasures monetary assets and monetary liabilities in non-functional currencies and records the resulting foreign exchange transaction gains and losses in other expense, net in the Consolidated Statements of Operations.

Revenue Recognition

Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services by following a five-step process, (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Company satisfies a performance obligation, as further described below.

Identify the contract with a customer. The Company generally considers a sales contract and/or agreement with an approved purchase order as a customer contract provided that collection is considered probable, which is assessed based on the creditworthiness of the customer as determined by credit checks, payment histories, and/or other circumstances. The Company combines contracts with a customer if contracts are negotiated with a single commercial substance or contain price dependencies.

Identify the performance obligations in the contract. Product performance obligations include hardware, software licenses including perpetual and term-based licenses, and service performance obligations including maintenance services, Software-as-a-Service ("SaaS"), education and training, and professional services.

Determine the transaction price. The transaction price for the Company's contracts with its customers consists of both fixed and variable consideration, provided it is probable that a significant reversal of revenue will not occur when the uncertainty related to variable consideration is resolved. Fixed consideration includes amounts to be contractually billed to the customer while variable consideration includes estimates for rights of return, rebates, and price protection, which are based on historical sales returns and price protection credits, specific criteria outlined in rebate agreements, and other factors known at the time. The Company generally invoices customers for hardware, software licenses and related maintenance arrangements at time of delivery, and professional services either upfront or upon meeting certain milestones. Customer invoices are generally due within 30 to 90 days after issuance. The Company's contracts with customers typically do not include significant financing components as the period between the transfer of performance obligations and timing of payment are generally within one year.

Allocate the transaction price to the performance obligations in the contract. For contracts that contain multiple performance obligations, the Company allocates the transaction price to the performance obligations on a relative stand-alone selling price ("SSP") basis. SSP is based on multiple factors including, but not limited to historical discounting trends for products and services, pricing practices in different geographies and through different sales channels, gross margin objectives, internal costs, competitor pricing strategies, and industry technology lifecycles.

Recognize revenue when or as the Company satisfies a performance obligation. Revenue for hardware and certain software licenses, are recognized at a point in time, which is generally upon shipment or delivery. Certain software licenses are recognized on a ratable basis over the term of the license. Revenue for maintenance services and SaaS is recognized on a ratable basis over the contract term. Revenue from education, training, and professional services is recognized as services are completed or ratably over the contractual period of generally one year or less.

Deferred product revenue represents unrecognized revenue related to undelivered product commitments and other shipments that have not met revenue recognition criteria. Deferred service revenue represents billed amounts for service contracts, which include technical support, hardware and software maintenance, professional services, SaaS, and education and training, for which services have not been rendered.

Revenue is recognized net of any taxes collected, which are subsequently remitted to governmental authorities.

Deferred Contract Costs

Sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. The Company capitalizes these costs, for which the transfer of the goods or services to which the asset relates will occur in future periods. These costs are recorded as prepaid expenses or other long-term assets and are deferred and then amortized over a period of benefit which is typically over the term of the customer contracts. Amortization expense is included in sales and marketing expenses in the accompanying Consolidated Statements of Operations.

Research and Development

Costs to research, design, and develop the Company's products are expensed as incurred.

Software Development Costs

Capitalization of software development costs for software to be sold, leased, or otherwise marketed begins when a product's technological feasibility has been established and ends when a product is available for general release to customers. Generally, the Company's products are released soon after technological feasibility has been established. As a result, costs incurred between achieving technological feasibility and product general availability have not been significant.

The Company capitalizes costs associated with internal-use software systems during the application development stage. Such capitalized costs include external direct costs incurred in developing or obtaining the applications and payroll and payroll-related costs for employees, who are directly associated with the development of the applications.

Advertising

Advertising costs are charged to sales and marketing expense as incurred. Costs to produce advertising were approximately $4.9 million for 2023, and $7.4 million for 2022 and 2021. Costs to communicate advertising totaled approximately $25.9 million, $30.0 million, and $26.6 million, for 2023, 2022, and 2021, respectively.

Share-Based Compensation

The Company measures and recognizes compensation cost for all share-based awards made to employees and directors, including employee stock options, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), performance share awards ("PSAs") and employee stock purchases related to the Employee Stock Purchase Plan ("ESPP"). For service condition only awards, share-based compensation expense is based on the fair value of the underlying awards and amortized on a straight-line basis. For PSAs, share-based compensation expense is amortized on a straight-line basis for each separate vesting portion of the awards. The Company accounts for forfeitures as they occur.

The Company utilizes the Black-Scholes-Merton (“BSM”) option-pricing model to estimate the fair value of its ESPP purchase rights. The BSM model requires various highly subjective assumptions that represent management's best estimates of volatility, risk-free interest rate, expected life, and dividend yield. The Company estimates expected volatility based on the implied volatility of market-traded options, on the Company's common stock, adjusted for other relevant factors including historical volatility of the Company’s common stock over the most recent period commensurate with the estimated expected life of the Company’s ESPP. The expected life of ESPP purchase rights approximates the offering period.

The Company determines the grant date fair value of its RSUs, RSAs, and PSAs based on the closing market price of the Company’s common stock on the date of grant, adjusted by the present value of the dividends expected to be paid on the underlying shares of common stock during the requisite and derived service period as these awards are not entitled to receive dividends until vested.

For market-based RSUs, the Company estimates the fair value and derived service period using the Monte Carlo simulation option pricing model ("Monte Carlo model"). The determination of the grant date fair value and derived service periods using the Monte Carlo model is affected by the Company's stock price, comparative market-based returns, as well as various highly subjective assumptions that represent management's best estimates of volatility, risk-free interest rate, and dividend yield. The Company estimates expected volatility based on the implied volatility of market-traded options, on the Company's common stock, adjusted for other relevant factors, including historical volatility of the Company’s common stock over the contractual life of the Company's market-based RSUs.

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

Provision for Income Taxes

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized.

The Company accounts for uncertainty in income taxes using a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Company classifies the liability for unrecognized tax benefits as current to the extent that the Company anticipates payment (or receipt) of cash within one year. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes. The Company accounts for the current impacts of U.S. tax on certain foreign subsidiaries income, which is referred to as Global Intangible Low-Taxed Income, in the year earned.

Concentrations of Risk

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, investments, derivatives, and accounts receivable. The Company invests only in high-quality credit instruments and maintains its cash, cash equivalents, and available-for-sale investments in fixed income securities with several high-quality institutions. Deposits held with banks, including those held in foreign branches of global banks, may exceed the amount of insurance provided on such deposits. We mitigate the concentration of credit risk in our investment portfolio through diversification of the investments in various industries and asset classes, and limits to the amount of credit exposure to any single issuer and credit rating.

The Company's derivatives expose it to credit risk to the extent that counterparties may be unable to meet the terms of the agreement. The Company has a risk assessment and mitigation framework to evaluate the potential risk of loss with any one counterparty resulting from this type of credit risk. As part of this risk mitigation framework, the Company transacts with major financial institutions with high credit ratings and also enters into master netting agreements, which permit net settlement of the transactions with the same counterparty. The Company performs periodic evaluations of the relative credit standing of these financial institutions. Therefore, the Company does not expect material losses as a result of defaults by counterparties.

Generally, credit risk with respect to accounts receivable is diversified due to the number of entities comprising the Company's customer base and their dispersion across different geographic locations throughout the world. The Company performs ongoing credit evaluations of its customers and generally does not require collateral on accounts receivable. For the years ended December 31, 2023, 2022, and 2021, no single customer accounted for 10% or more of net revenues.

The Company relies on sole suppliers for certain critical components such as application-specific integrated circuits. Additionally, the Company relies primarily on a limited number of significant independent contract manufacturers and original design manufacturers for the production of its products. The inability of any supplier or manufacturer to fulfill supply requirements of the Company could negatively impact future operating results.

Recent Accounting Standards Not Yet Adopted

Improvements to Reportable Segment Disclosures: In November 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07), which requires disclosure of incremental segment information on an annual and interim basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 on a retrospective basis. The Company is currently evaluating the effect of this pronouncement on its disclosures.

Improvements to Income Tax Disclosures: In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09), which expands the disclosures required for income taxes. This ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendment should be applied on a prospective basis while retrospective application is permitted. The Company is currently evaluating the effect of this pronouncement on its disclosures.

Note 2. Cash Equivalents and Investments

Investments in Available-for-Sale Debt Securities

The following table summarizes the Company's unrealized gains and losses and fair value of investments designated as available-for-sale debt securities as of December 31, 2023 and December 31, 2022 (in millions):

	As of December 31, 2023				As of De	
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains
Fixed income securities:						
Asset-backed and mortgage-backed securities	$ 38.2	$ 0.2	$ (0.4)	$ 38.0	$ 37.8	$ —
Certificates of deposit	3.0	—	—	3.0	—	—
Commercial paper	41.1	—	—	41.1	—	—
Corporate debt securities	160.2	0.7	(1.3)	159.6	277.5	—
Foreign government debt securities	5.3	—	(0.2)	5.1	8.8	—
Time deposits	273.6	—	—	273.6	70.6	—
U.S. government agency securities	4.0	—	—	4.0	18.6	—
U.S. government securities	54.8	0.1	—	54.9	9.0	—
Total fixed income securities	580.2	1.0	(1.9)	579.3	422.3	—
Privately-held debt and redeemable preferred stock securities	20.6	37.4	(8.3)	49.7	15.5	37.4
Total available-for-sale debt securities	$ 600.8	$ 38.4	$ (10.2)	$ 629.0	$ 437.8	$ 37.4
Reported as:						
Cash equivalents	$ 328.2	$ —	$ —	$ 328.2	$ 70.6	$ —
Short-term investments	135.7	—	(1.4)	134.3	205.9	—
Long-term investments	116.3	1.0	(0.5)	116.8	145.8	—
Other long-term assets	20.6	37.4	(8.3)	49.7	15.5	37.4
Total	$ 600.8	$ 38.4	$ (10.2)	$ 629.0	$ 437.8	$ 37.4

The following table presents the contractual maturities of the Company's total fixed income securities as of December 31, 2023 (in millions):

	Amortized Cost	Estimated Fair Value
Due in less than one year	$ 463.9	$ 462.5
Due between one and five years	116.3	116.8
Total	$ 580.2	$ 579.3

As of December 31, 2023, the Company had an unrealized loss of $1.9 million from 93 fixed income available-for-sale debt securities in an unrealized loss position for more than 12 months. The gross unrealized losses related to these investments were primarily due to changes in market interest rates. The Company anticipates that it will recover the entire amortized cost basis of such available-for-sale debt securities and has determined that no allowance for credit losses was required to be recognized during the years ended December 31, 2023 and December 31, 2022.

During the year ended December 31, 2023, the Company recognized an allowance for credit loss of $8.3 million on privately-held debt and redeemable preferred stock investments. The unrealized loss represents the difference between the estimated fair value and the cost of the investment. The determination of fair value was based on quantitative and qualitative analysis including factors such as the near-term prospects of the investee in the market in which it operates and evaluating the investee's financial condition in relation to its outstanding obligations. During the years ended December 31, 2022 and December 31, 2021, there were no unrealized losses related to Company's privately-held debt and redeemable preferred stock investments.

During the years ended December 31, 2023 and December 31, 2022, the Company had no material gross realized gains or losses from available-for-sale debt securities. During the year ended December 31, 2021, the Company had gross realized gains of $15.3 million and no material gross realized losses from available-for-sale debt securities.

Investments in Equity Securities

The following table presents the Company's investments in equity securities as of December 31, 2023 and 2022 (in millions):

	As of December 31,	
	2023	2022
Equity investments with readily determinable fair value		
Money market funds	$ 337.5	$ 420.8
Mutual funds	38.0	28.1
Publicly-traded equity securities	5.1	7.7
Equity investments without readily determinable fair value	45.8	137.7
Equity investment under the equity method of accounting	26.4	36.0
Total equity securities	$ 452.8	$ 630.3
Reported as:		
Cash equivalents	$ 337.5	$ 420.8
Short-term investments	5.1	7.7
Prepaid expenses and other current assets	2.5	2.4
Other long-term assets	107.7	199.4
Total	$ 452.8	$ 630.3

During the years ended December 31, 2023, 2022, and 2021, there were no material unrealized gains or losses recognized for equity investments with readily determinable fair values.

During the year ended December 31, 2023, there were no material unrealized gains and $89.9 million unrealized losses for equity investments without readily determinable fair value. The unrealized losses represent the difference between the estimated fair values and the carrying values of equity investments without readily determinable fair value. The Company estimated the fair value of these investments based on quantitative and qualitative analysis. This analysis involved use of judgment, significant estimates and assumptions, such as the near-term prospects of the investee in the market in which it operates, evaluating the investee's financial condition in relation to its outstanding obligations, and probabilities of securing additional capital through various alternative scenarios. During the years ended December 31, 2022 and 2021, there were no material unrealized gains or losses recognized for equity investments without readily determinable fair value.

As of December 31, 2023 and 2022, the Company's ownership in the investment accounted for under the equity method of accounting represented approximately 24.1% and 25.0%, respectively. During the years ended December 31, 2023 and 2022, the loss recognized from the equity method investment was $9.6 million and $4.8 million, respectively.

Restricted Cash and Investments

The Company has restricted cash and investments for: (i) amounts under the Company's non-qualified deferred compensation plan for senior-level employees; (ii) amounts held under the Company's short-term disability plan in California; and (iii) amounts held in escrow accounts, as required in connection with certain acquisitions. Restricted investments consist of equity investments. As of December 31, 2023, the carrying value of restricted cash and investments was $54.3 million, of which $16.4

million was included in prepaid expenses and other current assets and $37.9 million was included in other long-term assets on the Consolidated Balance Sheets.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash included in the Consolidated Balance Sheets as of December 31, 2023 and December 31, 2022 (in millions):

	As of December 31,	
	2023	2022
Cash and cash equivalents	$ 1,068.1	$ 880.1
Restricted cash included in Prepaid expenses and other current assets	13.8	15.2
Restricted cash included in Other long-term assets	2.4	2.4
Total cash, cash equivalents, and restricted cash	$ 1,084.3	$ 897.7

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

Note 3. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table provides a summary of assets and liabilities measured at fair value on a recurring basis and as reported in the Consolidated Balance Sheets (in millions):

	Fair Value Measurements at December 31, 2023				Fair Value Mea December	
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)	Significant Other Unobservable Remaining Inputs (Level 3)	Total	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)
Assets:						
Available-for-sale debt securities:						
Asset-backed and mortgage-backed securities	$ —	$ 38.0	$ —	$ 38.0	$ —	$ 36.6
Certificates of deposit	—	3.0	—	3.0	—	—
Commercial paper	—	41.1	—	41.1	—	—
Corporate debt securities	—	159.6	—	159.6	—	270.4
Foreign government debt securities	—	5.1	—	5.1	—	8.4
Time deposits	—	273.6	—	273.6	—	70.6
U.S. government agency securities	—	4.0	—	4.0	—	18.0
U.S. government securities	20.0	34.9	—	54.9	8.8	—
Privately-held debt and redeemable preferred stock securities	—	—	49.7	49.7	—	—
Total available-for-sale debt securities	20.0	559.3	49.7	629.0	8.8	404.0
Equity securities:						
Money market funds	337.5	—	—	337.5	420.8	—
Mutual funds	38.0	—	—	38.0	28.1	—
Publicly-traded equity securities	5.1	—	—	5.1	7.7	—
Total equity securities	380.6	—	—	380.6	456.6	—

	Fair Value Measurements at December 31, 2023				Fair Value Measurements at December 31, 2022		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)	Significant Other Unobservable Remaining Inputs (Level 3)	Total	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Remaining Inputs (Level 2)	Sig[...]
Total liabilities, reported as:							
Other accrued liabilities	$ —	$ (6.2)	$ —	$ (6.2)	$ —	$ (32.5)	$
Other long-term liabilities	—	(74.6)	—	(74.6)	—	(92.5)	
Total liabilities measured at fair value on a recurring basis	$ —	$ (80.8)	$ —	$ (80.8)	$ —	$ (125.0)	$

The Company's Level 2 available-for-sale debt securities are priced using quoted market prices for similar instruments or non-binding market prices that are corroborated by observable market data. The Company uses inputs such as actual trade data, benchmark yields, broker/dealer quotes, or alternative pricing sources with reasonable levels of price transparency which are obtained from quoted market prices, independent pricing vendors, or other sources, to determine the ultimate fair value of these assets. The Company's derivative instruments are classified as Level 2, as they are not actively traded and are valued using pricing models that use observable market inputs. During the years ended December 31, 2023 and 2022, the Company had no transfers into or out of Level 3 of the fair value hierarchy of its assets or liabilities measured at fair value.

The Company's privately-held debt and redeemable preferred stock securities are classified as Level 3 assets due to the lack of observable inputs to determine fair value. The Company estimates the fair value of its privately-held debt and redeemable preferred stock securities on a recurring basis using an analysis of the financial condition and near-term prospects of the investee, including recent valuations at the time of financing activities and the investee's capital structure. During the year ended December 31, 2023, the Company recognized an unrealized loss of $8.3 million on its privately-held debt and redeemable preferred stock securities. Refer to Note 2, *Cash Equivalents and Investments.*

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The Company's investments in equity securities without readily determinable fair value are classified as Level 3 assets due to the lack of observable inputs to determine fair value. The Company estimates the fair value of equity securities without readily determinable fair value and investments accounted for under the equity method of accounting, on a nonrecurring basis using an analysis of the financial condition and near-term prospects of the investee, including recent financing activities and the investee's capital structure. As of December 31, 2023, downward adjustments for equity securities without readily determinable fair value in the aggregate were $89.9 million. Refer to Note 2, *Cash Equivalents and Investments.* There have been no material upward adjustments to the equity securities without readily determinable fair value.

Certain of the Company's assets, including intangible assets, goodwill and property plant and equipment, are measured at fair value on a nonrecurring basis. During the year ended December 31, 2023, the Company recognized impairment charges of $28.0 million, which relate to the Company's property and equipment and other assets. There were no significant impairment charges recognized during the years ended December 2022 and 2021.

As of December 31, 2023 and 2022, the Company had no liabilities required to be measured at fair value on a nonrecurring basis.

Assets and Liabilities Not Measured at Fair Value

The carrying amounts of the Company's accounts receivable, accounts payable, and other accrued liabilities approximate fair value due to their short maturities. As of December 31, 2023 and December 31, 2022, the estimated fair value of the Company's total outstanding debt in the Consolidated Balance Sheets was $1,581.7 million and $1,485.6 million, respectively, based on observable market inputs (Level 2).

Note 4. Derivative Instruments

The notional amount of the Company's derivative instruments is summarized as follows (in millions):

	As of December 31,	
	2023	2022
Designated derivatives:		
Cash flow hedges:		
Foreign currency contracts	$ 801.0	$ 775.9
Interest rate lock contracts	—	650.0
Fair value hedges:		
Interest rate swap contracts	600.0	600.0
Total designated derivatives	$ 1,401.0	$ 2,025.9
Non-designated derivatives	200.7	163.5
Total	$ 1,601.7	$ 2,189.4

The fair value of derivative instruments on the Consolidated Balance Sheets was as follows:

	Balance Sheet Location	As of December 31, 2023	As of December 31, 2022
Derivative assets:			
Derivatives designated as hedging instruments:			
Foreign currency contracts as cash flow hedges	Other current assets	$ 4.4	$ 0.7
Foreign currency contracts as cash flow hedges	Other long-term assets	2.7	0.5
Interest rate lock contracts	Other long-term assets	—	125.4
Total derivatives designated as hedging instruments		$ 7.1	$ 126.6
Derivatives not designated as hedging instruments	Other current assets	0.1	0.1
Total derivative assets		$ 7.2	$ 126.7
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	Other accrued liabilities	$ 6.0	$ 32.3
Foreign currency contracts	Other long-term liabilities	1.0	5.1
Interest rate swap contracts	Other long-term liabilities	73.6	87.4
Total derivatives designated as hedging instruments		$ 80.6	$ 124.8
Derivatives not designated as hedging instruments	Other accrued liabilities	0.2	0.2
Total derivative liabilities		$ 80.8	$ 125.0

Offsetting of Derivative Instruments

The Company presents its derivative instruments at gross fair values in the Consolidated Balance Sheets. As of December 31, 2023 and December 31, 2022, the potential effects of set-off associated with the derivative contracts would be a reduction to both derivative assets and derivative liabilities by $7.2 million and $73.8 million, respectively.

Designated Derivatives

The Company uses foreign currency forward contracts or options contracts to hedge the Company's planned cost of revenues and operating expenses denominated in foreign currencies. These derivatives are designated as cash flow hedges and typically have maturities of thirty-six months or less.

The Company enters into interest rate swap contracts, designated as fair value hedges, to convert the fixed interest rates of certain Senior Notes ("Notes") to floating interest rates. In April 2021, the Company entered into these contracts for an aggregate notional amount of $300.0 million for its fixed-rate Notes maturing in December 2030 in addition to the contracts entered in 2019 for an aggregate notional amount of $300.0 million for its fixed-rate Notes maturing in March 2041. The interest rate swap contracts will expire within seven years.

In 2020, the Company entered into interest rate lock contracts with large financial institutions, which fix the benchmark interest rates of future debt issuances for an aggregate notional amount of $650.0 million. These contracts were designated as cash flow hedges for a forecasted debt issuance which was expected to occur by the end of 2025. During the year ended December 31, 2023, the Company terminated the interest rate lock contracts, resulting in a deferred gain of $133.9 million recognized in accumulated other comprehensive income, which will be deferred and amortized to interest expense over the term of the anticipated debt unless it becomes probable that the debt will not be issued with the terms anticipated at the hedge's inception. The Company classifies the cash flow in the same section as the underlying item resulting in the proceeds from sale being presented as operating activities.

Effect of Derivative Instruments on the Consolidated Statements of Operations

For cash flow hedges, the Company recognized an unrealized gain of $15.1 million, unrealized gain of $33.1 million and unrealized loss of $9.1 million in accumulated other comprehensive loss for the effective portion of its derivative instruments during the years ended December 31, 2023, 2022, and 2021, respectively.

For foreign currency contracts, the Company reclassified a loss of $29.8 million, a loss of $25.8 million and a gain of $28.9 million out of accumulated other comprehensive loss to cost of revenues and operating expenses in the Consolidated Statements of Operations during the years ended December 31, 2023, 2022, and 2021, respectively. As of December 31, 2023, an estimated $1.6 million of unrealized net loss within accumulated other comprehensive income is expected to be reclassified into earnings within the next twelve months.

Non-Designated Derivatives

The Company also uses foreign currency forward contracts to mitigate variability in gains and losses generated from the remeasurement of certain monetary assets and liabilities denominated in foreign currencies. These foreign exchange forward contracts typically have maturities of approximately one to four months. The outstanding non-designated derivative instruments are carried at fair value. Changes in the fair value of these derivatives, which were recorded in Other expense, net within the Consolidated Statements of Operations, were not material during the years ended December 31, 2023, 2022, and 2021, respectively.

See Note 1, *Description of Business, Basis of Presentation and Significant Accounting Policies,* for the Company's policy regarding the offsetting of derivative assets and derivative liabilities.

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Note 5. Goodwill and Purchased Intangible Assets

Goodwill

The Company's goodwill activity was as follows (in millions):

	Amount
December 31, 2021	$ 3,762.1
Other (*)	(27.7)
December 31, 2022	3,734.4
Other	—
December 31, 2023	$ 3,734.4

(*) Other primarily consists of $28.9 million reduction in goodwill due to the divestiture of the Company's silicon photonics business.

We conducted our annual impairment test of goodwill during the fourth quarter of 2023; the estimated fair value of our reporting unit was substantially in excess of the carrying value. There was no goodwill impairment during the years ended December 31, 2023, 2022, and 2021.

Purchased Intangible Assets

The Company’s purchased intangible assets, net, were as follows (in millions):

	As of December 31, 2023				As of	
	Gross	Accumulated Amortization	Accumulated Impairments and Other Charges	Net	Gross	Accumulat Amortizati
Finite-lived intangible assets:						
Technologies and patents	$ 913.1	$ (779.1)	$ (55.1)	$ 78.9	$ 913.1	$ (721.3)
Customer contracts, support agreements, and related relationships	136.3	(120.9)	(2.8)	12.6	136.3	(111.2)
Trade names and other	9.6	(9.3)	—	0.3	9.6	(8.1)
Total purchased intangible assets	$ 1,059.0	$ (909.3)	$ (57.9)	$ 91.8	$ 1,059.0	$ (840.6)

Amortization expense related to purchased intangible assets with finite lives was $68.7 million, $74.8 million, and $79.5 million for the years ended December 31, 2023, 2022, and 2021, respectively. There were no significant impairment charges related to purchased intangible assets during the years ended December 31, 2023, 2022, and 2021.

As of December 31, 2023, the estimated future amortization expense of purchased intangible assets with finite lives was as follows (in millions):

Years Ending December 31,	Amount
2024	$ 49.2
2025	39.6
2026	3.0
2027	—
2028	—
Total	$ 91.8

Note 6. Other Financial Information

Total Inventory

Total inventory consisted of the following (in millions):

	As of December 31,	
	2023	2022
Production and service materials	$ 719.0	$ 479.6
Finished goods	299.0	163.3
Total inventory	$ 1,018.0	$ 642.9
Reported as:		
Inventory	$ 952.4	$ 619.4
Other long-term assets (1)	65.6	23.5
Total inventory	$ 1,018.0	$ 642.9

(1) Long-term inventory balance classified as other long-term assets in the Company's Consolidated Balance Sheets consists of last time buy component inventory to be consumed beyond the Company's normal operating cycle.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in millions):

	As of December 31,	
	2023	2022
Contract manufacturer deposits	$ 316.4	$ 434.7
Prepaid expenses	140.9	104.3
Other current assets	134.2	141.0
Total prepaid expenses and other current assets	$ 591.5	$ 680.0

Property and Equipment, Net

Property and equipment, net, consisted of the following (in millions):

	As of December 31,	
	2023	2022
Computers and equipment	$ 990.0	$ 940.0
Software	221.3	220.3
Leasehold improvements	185.9	189.2
Furniture and fixtures	45.3	45.4
Building and building improvements	292.8	271.9
Land and land improvements	243.6	243.6
Construction-in-process	4.1	12.1
Property and equipment, gross	1,983.0	1,922.5
Accumulated depreciation	(1,293.1)	(1,255.7)
Property and equipment, net	$ 689.9	$ 666.8

Depreciation expense was $123.5 million, $137.7 million, and $151.0 million in 2023, 2022, and 2021, respectively.

Warranties

Changes in the Company’s warranty reserve were as follows (in millions):

	As of December 31,	
	2023	2022
Beginning balance	$ 29.5	$ 33.0
Provisions made during the period, net	31.9	30.1
Actual costs incurred during the period	(32.0)	(33.6)
Ending balance	$ 29.4	$ 29.5

Deferred Revenue

Details of the Company's deferred revenue, as reported in the Consolidated Balance Sheets, were as follows (in millions):

	As of December 31,	
	2023	2022
Deferred product revenue, net	$ 92.1	$ 108.8
Deferred service revenue, net	1,932.8	1,554.3
Total	$ 2,024.9	$ 1,663.1
Reported as:		
Current	$ 1,130.0	$ 1,020.5
Long-term	894.9	642.6
Total	$ 2,024.9	$ 1,663.1

Revenue

See Note 11, *Segments,* for disaggregated revenue by customer solution, customer vertical, and geographic region.

Product revenue of $48.3 million included in deferred revenue at January 1, 2023 was recognized during the year ended December 31, 2023. Service revenue of $907.3 million included in deferred revenue at January 1, 2023 was recognized during the year ended December 31, 2023.

Remaining Performance Obligations

Remaining Performance Obligations (RPO) are comprised mainly of deferred product and service revenue, and to a lesser extent, unbilled service revenue from non-cancellable contracts for which the Company has not invoiced and has an obligation to perform, and for which revenue has not yet been recognized in the financial statements.

The following table summarizes the breakdown of RPO[(1)] as of December 31, 2023 and when the Company expects to recognize the amounts as revenue (in millions):

	Revenue Recognition Expected by Period			
	Total	Less than 1 year	1-3 years	More than 3 years
Product	$ 92.9	$ 77.3	$ 12.9	$ 2.7
Service	1,943.9	1,059.2	666.2	218.5
Total	$ 2,036.8	$ 1,136.5	$ 679.1	$ 221.2

[1] The Company's RPO does not include backlog. Backlog consists of purchase orders for product expected to be shipped to the Company's distributors, resellers, or end-customers within the next twelve months. The following amounts are not included in the Company's backlog: (1) deferred revenue, (2) unbilled contract revenue, (3) all service obligations, including software as a service (SaaS), and (4) certain future revenue adjustments for items such as sales return reserves and early payment discounts.

Deferred Contract Costs

Deferred contract costs were $41.9 million and $28.2 million as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, amortization expense for the deferred contract cost were $42.4 million and $35.0 million, respectively, and there were no material impairment charges recognized.

Other Expense, Net

Other expense, net consisted of the following (in millions):

	Years Ended December 31,		
	2023	2022	2021
Interest income	$ 50.6	$ 19.6	$ 14.9
Interest expense	(80.0)	(58.6)	(50.8)
Gain (loss) on other investments, net [1] [2]	6.0	(11.6)	4.9
Other	(0.4)	1.6	1.5
Other expense, net	$ (23.8)	$ (49.0)	$ (29.5)

[1] Other investments represent fixed income securities and equity investments with readily determinable fair value.

[2] The prior period amounts have been reclassified to conform to the current period presentation.

Note 7. Restructuring Charges

The Company's restructuring events are primarily intended to realign its workforce, optimize cost structure, and consolidate facilities as a result of organizational and leadership changes to effectively support the Company's long-term strategic objectives. Restructuring charges include termination benefits related to workforce reductions, facility exit-related costs, contract termination costs, impairment of certain assets and other related costs associated with exit or disposal activities. Workforce reduction-related benefits are provided to employees primarily under the Company's ongoing benefit arrangements, which are accrued when the existing situation or set of circumstances indicates that an obligation has been incurred, it is probable the benefits will be paid, and the amount can be reasonably estimated in accordance with the provisions of the applicable accounting guidance.

The following table presents restructuring charges included in the Consolidated Statements of Operations (in millions):

	Years Ended December 31,		
	2023	2022	2021
Employee severance	$ 56.8	$ 12.4	$ 13.6
Facility exit-related and asset impairments	22.1	3.1	8.1
Contract terminations and other	19.1	4.7	21.2
Total	$ 98.0	$ 20.2	$ 42.9

2023 Restructuring Plans

During the third quarter of 2023, as a result of a thorough review of the Company's business and strategic objectives, the Company initiated and approved a restructuring plan ("2023 Transformation Plan") intended to reallocate resources and investments in long-term growth opportunities, realign its workforce, and optimize its real estate and asset portfolios to efficiently support the Company's strategic priorities and goals. During the fourth quarter of 2023, the Company continued to implement the 2023 Transformation Plan, which primarily resulted in additional workforce reductions.

In connection with the 2023 Transformation Plan, the Company incurred aggregate charges of $68.6 million, consisting of employee severance, facility exit-related, asset impairment, and other restructuring-related charges. The actions taken under the 2023 Transformation Plan are expected to be substantially completed by the end of the first quarter of 2024, though certain facility exits and workforce reduction actions may take longer to implement.

The Company also incurred aggregate charges of $31.9 million related to employee severance, asset impairments, and contract terminations under another restructuring plan initiated during the first half of 2023. As of December 31, 2023, approved actions under this plan have been substantially completed.

Prior Year Restructuring Activities

In 2022 and 2021, the Company initiated restructuring plans designed to enable reinvestment in certain key priority areas to align with strategic changes, which resulted in severance costs from workforce reductions, facility exit-related costs, contract terminations, and other exit-related costs. As of December 31, 2023, activities under these plans have been substantially completed.

Restructuring Liabilities

The following table provides a summary of changes in the restructuring liabilities (in millions) under the Company's approved restructuring plans for the twelve months ended December 31, 2023:

	2023 Restructuring Plans			Prior Year Plans			
	Employee severance	Facility exit-related and asset impairments	Contract terminations and other	Employee severance	Facility exit-related and asset impairments	Contract terminations and other	Tot
Liability as of December 31, 2022	$ —	$ —	$ —	$ 3.0	$ 1.2	$ 1.9	$ 6.
Charges	57.3	24.1	19.1	(0.5)	(2.0)	—	98.
Cash payments	(28.4)	(0.3)	(14.7)	(1.5)	(0.4)	(1.9)	(47.
Non-cash items	0.1	(23.6)	(1.2)	—	1.4	—	(23.
Liability as of December 31, 2023	$ 29.0	$ 0.2	$ 3.2	$ 1.0	$ 0.2	$ —	$ 33.

Note 8. Debt and Financing

Debt

The following table summarizes the Company's total debt (in millions, except percentages):

	Maturity Date	Effective Interest Rates	As of December 31, 2023	2022
Senior Notes ("Notes"):				
1.200% fixed-rate notes	December 2025	1.37 %	$ 400.0	$ 400.0
3.750% fixed-rate notes	August 2029	3.86 %	500.0	500.0
2.000% fixed-rate notes	December 2030	2.12 %	400.0	400.0
5.950% fixed-rate notes	March 2041	6.03 %	400.0	400.0
Total Notes			1,700.0	1,700.0
Unaccreted discount and debt issuance costs			(9.6)	(11.3)
Hedge accounting fair value adjustments(*)			(73.6)	(87.4)
Total			$ 1,616.8	$ 1,601.3

(*) Represents the fair value adjustments for interest rate swap contracts with an aggregate notional amount of $600.0 million. These contracts convert the fixed interest rates of certain Notes to floating interest rates and are designated as fair value hedges. See Note 4, *Derivative Instruments*, for a discussion of the Company's interest rate swap contracts.

The Notes above are the Company’s senior unsecured and unsubordinated obligations, ranking equally in right of payment to all of the Company’s existing and future senior unsecured and unsubordinated indebtedness, and senior in right of payment to any of the Company’s future indebtedness that is expressly subordinated to the Notes.

As of December 31, 2023, the Company's aggregate debt maturities based on outstanding principal were as follows (in millions):

Years Ending December 31,	Amount
2024	$ —
2025	400.0
2026	—
2027	—
2028	—
Thereafter	1,300.0
Total	$ 1,700.0

The Company may redeem the Notes, either in whole or in part, at any time at a redemption price equal to the greater of (i) 100% of the aggregate principal amount of the Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments discounted to the redemption date, plus, in either case, accrued and unpaid interest, if any.

In the event of a change of control repurchase event, the holders of the Notes may require the Company to repurchase for cash all or part of the Notes at a purchase price equal to 101% of the aggregate principal amount, plus accrued and unpaid interest, if any.

Interest on the Notes is payable in cash semiannually. The effective interest rates for the Notes include the interest on the Notes, accretion of the discount, and amortization of issuance costs. The indenture and supplemental indentures (together, the "indentures") that govern the Notes also contain various covenants, including limitations on the Company's ability to incur liens or enter into sale-leaseback transactions over certain dollar thresholds.

As of December 31, 2023, the Company was in compliance with all covenants in the indentures governing the Notes.

Revolving Credit Facility

In June 2023, the Company entered into a new credit agreement with certain institutional lenders that provides for a five-year $500.0 million unsecured revolving credit facility (the "Revolving Credit Facility"), with an option to increase the Revolving Credit Facility by up to an additional $200.0 million, subject to the lenders' approval. Proceeds of loans made under the Revolving Credit Facility may be used by the Company for general corporate purposes. The Revolving Credit Facility will terminate in June 2028, subject to two one-year maturity extension options, on the terms and conditions set forth in the credit agreement.

Revolving loans will bear interest, at the Company's option, at either (i) a per annum rate equal to (x) with respect to borrowings in U.S. dollars, the adjusted term Secured Overnight Financing Rate ("SOFR"), (y) with respect to borrowings in Euros, the adjusted Euro Interbank Offered Rate ("EURIBOR"), and (z) with respect to borrowings in pounds sterling, daily simple Sterling Overnight Index Average ("SONIA"), in each case, plus a margin of between 0.875% and 1.500%, depending on the Company's public debt rating, or (ii) with respect to borrowings in U.S. dollars, a per annum rate equal to the Base Rate plus a margin of between 0.000% and 0.500%, depending on the Company's public debt rating. Base Rate is defined as the greatest of (A) the Wall Street Journal prime rate, (B) the greater of the U.S. federal funds rate and the overnight bank funding rate plus 0.500% and (C) the adjusted term SOFR for a period of one month plus 1.00%. The Revolving Credit Facility also requires payment of a commitment fee on undrawn amounts at a rate of 0.075% to 0.225%, depending on the Company's public debt rating.

The Revolving Credit Facility requires the Company to maintain a leverage ratio no greater than 3.0x (provided that if a material acquisition has been consummated, the Company is permitted to maintain a leverage ratio no greater than 3.5x for up to four quarters).

As of December 31, 2023, no amounts were outstanding under the Revolving Credit Facility and the Company was in compliance with all covenants in the Credit Agreement.

Financing Arrangements

The Company provides certain customers with access to extended financing arrangements that allow for longer payment terms than those typically provided by the Company by factoring accounts receivable to third-party financing providers ("financing providers"). The program does not and is not intended to affect the timing of the Company's revenue recognition. Under the financing arrangements, proceeds from the financing providers are due to the Company within 1 to 90 days from the sale of the receivable. In these transactions with the financing providers, the Company surrenders control over the transferred assets.

Pursuant to the financing arrangements for the sale of receivables, the Company sold receivables of $37.4 million, $50.6 million and $31.9 million during the years ended December 31, 2023, 2022, and 2021, respectively. The Company received cash proceeds from financing providers of $48.0 million, $41.5 million, and $32.5 million during the years ended December 31, 2023, 2022, and 2021, respectively. As of December 31, 2023 and December 31, 2022, the amounts owed by the financing providers were $0.6 million and $11.8 million, respectively, which were recorded in accounts receivable on the Company's Consolidated Balance Sheets.

Note 9. Equity

The following table summarizes dividends paid, stock repurchases and retirements under the Company's stock repurchase programs, and stock repurchases for tax withholdings (in millions, except per share amounts):

	Dividends		Stock Repurchases				
Year	Per Share	Amount	Shares	Average price per share	Amount	Tax Withholding Amount	
2023	$ 0.88	$ 280.8	13.1	$ 29.47	$ 385.0	$ 12.7	$
2022	$ 0.84	$ 270.4	9.2	$ 32.32	$ 299.7	$ 15.4	$
2021	$ 0.80	$ 259.1	15.7	$ 27.56	$ 433.3	$ 10.2	$

Cash Dividends on Shares of Common Stock

During 2023, 2022, and 2021, the Company declared and paid quarterly cash dividends of $0.22, $0.21, and $0.20 per common share, totaling $280.8 million, $270.4 million, and $259.1 million, respectively, on its outstanding common stock. Any future dividends, and the establishment of record and payment dates, are subject to approval by the Board of Directors (the "Board") of Juniper or an authorized committee thereof. See Note 15, *Subsequent Events,* for discussion of the Company's dividend declaration subsequent to December 31, 2023.

Stock Repurchase Activities

In January 2018, the Board approved a $2.0 billion share repurchase program ("2018 Stock Repurchase Program"). In October 2019, the Board authorized a $1.0 billion increase to the 2018 Stock Repurchase Program for a total of $3.0 billion.

During the fiscal year ended December 31, 2023, the Company repurchased 13.1 million shares of its common stock in the open market at an average price of $29.47 per share for an aggregate purchase price of $385.0 million under the 2018 Stock Repurchase Program.

As of December 31, 2023, there were $0.2 billion of authorized funds remaining under the 2018 Stock Repurchase Program.

In addition, the Company withholds shares of common stock from certain employees in connection with the vesting of stock awards issued to such employees to satisfy applicable tax withholding requirements. Such withheld shares are treated as common stock repurchases in the Company's financial statements as they reduce the number of shares that would have been issued upon vesting. Repurchases associated with tax withholdings were $12.7 million, $15.4 million, and $10.2 million during 2023, 2022, and 2021, respectively.

Accumulated Other Comprehensive Income (Loss), Net of Tax

The components of accumulated other comprehensive income (loss), net of related taxes, for the years ended December 31, 2023, 2022, and 2021 were as follows (in millions):

	Unrealized Gains/Losses on Available-for-Sale Debt Securities[1]	Unrealized Gains/Losses on Cash Flow Hedges[2]	Foreign Currency Translation Adjustments	Total
Balance as of December 31, 2020	$ 34.1	$ 57.7	$ (36.2)	$ 55.6
Other comprehensive loss before reclassifications	(5.0)	(13.5)	(12.8)	(31.3)
Amount reclassified from accumulated other comprehensive income (loss)	(1.2)	(25.2)	—	(26.4)
Other comprehensive loss, net	(6.2)	(38.7)	(12.8)	(57.7)
Balance as of December 31, 2021	$ 27.9	$ 19.0	$ (49.0)	$ (2.1)
Other comprehensive income (loss) before reclassifications	(6.5)	15.7	(30.1)	(20.9)
Amount reclassified from accumulated other comprehensive income (loss)	0.4	26.8	—	27.2
Other comprehensive income (loss), net	(6.1)	42.5	(30.1)	6.3
Balance as of December 31, 2022	$ 21.8	$ 61.5	$ (79.1)	$ 4.2
Other comprehensive income (loss) before reclassifications	7.1	11.7	(3.0)	15.8
Amount reclassified from accumulated other comprehensive income (loss)	—	29.1	—	29.1
Other comprehensive income (loss), net	7.1	40.8	(3.0)	44.9
Balance as of December 31, 2023	$ 28.9	$ 102.3	$ (82.1)	$ 49.1

(1) The reclassifications out of accumulated other comprehensive income (loss) during the years ended December 31, 2023, 2022, and 2021 for realized gains on available-for-sale debt securities were not material, and were included in other expense, net, in the Consolidated Statements of Operations.

(2) The reclassifications out of accumulated other comprehensive income (loss) for realized gains (losses) on cash flow hedges was $(29.8) million, $(25.8) million and $28.9 million for the year ended December 31, 2023, 2022 and 2021, respectively. The reclassified amounts were included within cost of revenues, research and development, sales and marketing, and general and administrative in the Consolidated Statements of Operations.

Note 10. Employee Benefit Plans

Equity Incentive Plans

The Company’s equity incentive plans include the 2015 Equity Incentive Plan (the “2015 Plan”) and the 2008 Employee Stock Purchase Plan (the “ESPP”). The Company has granted RSUs and PSAs under the 2015 Plan and purchase rights under the ESPP. In addition, in connection with certain past acquisitions, the Company has assumed or substituted stock options, RSUs, RSAs, and PSAs granted under the stock plans of the acquired companies. Such awards were converted into or replaced with the Company's stock options, RSUs, RSAs, and PSAs, respectively.

The 2015 Plan was adopted and approved by the Company's stockholders in May 2015 and had an initial authorized share reserve of 38.0 million shares of common stock, plus the addition of any shares subject to outstanding awards under the 2006 Equity Incentive Plan and the Amended and Restated 1996 Stock Plan that were outstanding as of May 19, 2015, and that subsequently expire or otherwise terminate, up to a maximum of an additional 29.0 million shares. In May 2017, May 2019, May 2022 and May 2023, the Company's stockholders approved an additional 23.0 million, 3.7 million, 4.5 million, and 7.0 million shares of common stock, respectively, for issuance under the 2015 Plan. As of December 31, 2023, an aggregate of 17.3 million shares were subject to outstanding equity awards and 2.3 million shares were available for future issuance under the 2015 Plan.

The ESPP was adopted and approved by the Company's stockholders in May 2008. In May 2020, the Company's stockholders approved an additional 8.0 million shares of common stock for issuance under the ESPP. To date, the Company's stockholders have approved a share reserve of 43.0 million shares of the Company's common stock for issuance under the ESPP. The ESPP permits eligible employees to acquire shares of the Company’s common stock at a 15% discount (as determined in the ESPP) through periodic payroll deductions of up to 10% of base compensation, subject to individual purchase limits of 6,000 shares in any twelve-month period or $25,000 worth of stock, determined at the fair market value of the shares at the time the stock purchase option is granted, in one calendar year. The ESPP provides 24 month offering periods with four 6-month purchase periods. A new 24-month offering period will commence every six months thereafter. The purchase price for the Company’s common stock under the ESPP is 85% of the lower of the fair market value of the shares at (1) the beginning of the applicable offering period or (2) the end of each 6-month purchase period during such offering period. The ESPP will continue in effect until February 25, 2028, unless terminated earlier under the provisions of the ESPP. As of December 31, 2023, approximately 39.4 million shares have been issued and 3.6 million shares remain available for future issuance under the ESPP.

RSU, RSA, and PSA Activities

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

The following table summarizes the Company's RSU, RSA, and PSA activity and related information as of and for the year ended December 31, 2023 (in millions, except per share amounts and years):

	Outstanding RSUs, RSAs, and PSAs			
	Number of Shares	Weighted Average Grant-Date Fair Value per Share	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance at December 31, 2022	20.2	$ 26.78		
Granted[1][2]	9.6	28.88		
Vested[3]	(7.9)	26.04		
Canceled	(1.7)	26.37		
Balance at December 31, 2023	20.2	$ 28.10	1.1	$ 593.6
As of December 31, 2023				
Vested and expected-to-vest RSUs, RSAs, and PSAs	17.6	$ 27.67	1.1	$ 518.8

(1) Includes 7.8 million service-based, 1.4 million performance-based, and 0.4 million market-based awards. The number of shares subject to performance-based and market-based conditions represents the aggregate maximum number of shares that may be issued pursuant to the award over its full term. The grant date fair value of RSUs and PSAs was reduced by the present value of dividends expected to be paid on the underlying shares of common stock during the requisite and derived service period as these awards are not entitled to receive dividends until vested.

(2) The weighted-average grant-date fair value of RSUs, RSAs, and PSAs granted and assumed or substituted during 2023, 2022, and 2021 was $28.88, $29.62, and $26.21, respectively. The grant date fair value of RSUs and PSAs was reduced by the present value of dividends expected to be paid on the underlying shares of common stock during the requisite and derived service period as these awards are not entitled to receive dividends until vested. During 2023, the Company declared a quarterly cash dividend of $0.22 per share of common stock on January 31, 2023, April 25, 2023, July 27, 2023, and October 26, 2023.

(3) Total fair value of RSUs, RSAs, and PSAs vested during 2023, 2022, and 2021 was $206.8 million, $202.2 million, and $184.2 million, respectively.

Shares Available for Grant

The following table presents the stock activity and the total number of shares available for grant under the 2015 Plan (in millions):

	Number of Shares
Balance as of December 31, 2022	3.4
Additional shares authorized	7.0
Options, RSUs, and PSAs granted	(9.3)
RSUs and PSAs canceled	1.2
Balance as of December 31, 2023	2.3

Employee Stock Purchase Plan

During 2023, 2022, and 2021, employees purchased 2.6 million, 2.6 million, and 2.8 million shares of common stock through the ESPP at an average exercise price of $23.53, $21.59, and $19.81 per share, respectively.

Valuation Assumptions

The weighted-average assumptions used and the resulting estimates of fair value for ESPP purchase rights and market-based RSUs were as follows:

	Years Ended December 31,		
	2023	2022	2021
ESPP Purchase Rights:			
Volatility	28%	29%	32%
Risk-free interest rate	4.6%	1.1%	0.1%
Expected life (years)	1.3	1.3	1.3
Dividend yield	2.8%	2.5%	3.0%
Weighted-average fair value per share	$7.97	$8.84	$6.96
Market-based RSUs:			
Volatility	28%	30%	30%
Risk-free interest rate	4.3%	1.7%	0.2%
Dividend yield	2.8%	2.5%	3.4%
Weighted-average fair value per share	$37.45	$47.96	$30.70

Share-Based Compensation Expense

Share-based compensation expense associated with stock options, RSUs, RSAs, PSAs, and ESPP purchase rights was recorded in the following cost and expense categories in the Company's Consolidated Statements of Operations (in millions):

	Years Ended December 31,		
	2023	2022	2021
Cost of revenues - Product	$ 6.7	$ 5.9	$ 5.3
Cost of revenues - Service	20.8	17.4	18.2
Research and development	129.2	84.0	93.1
Sales and marketing	85.2	59.1	65.9
General and administrative	37.5	42.9	40.1
Total	$ 279.4	$ 209.3	$ 222.6

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

	Years Ended December 31,		
	2023	2022	2021
Stock options	$ 2.2	$ 5.4	$ 9.3
RSUs, RSAs, and PSAs	249.1	181.9	196.2
ESPP Purchase Rights	28.1	22.0	17.1
Total	$ 279.4	$ 209.3	$ 222.6

For the years ended December 31, 2023, 2022, and 2021, the Company recognized tax benefits on total stock-based compensation expense, which are reflected in the income tax provision in the Consolidated Statements of Operations, of $36.9 million, $25.7 million, and $28.2 million, respectively.

For the years ended December 31, 2023, 2022, and 2021, the realized tax benefit related to awards vested or exercised during the period was $34.4 million, $38.6 million, and $31.7 million, respectively. These amounts do not include the indirect effects of stock-based awards, which primarily relate to the research and development tax credit.

As of December 31, 2023, the total unrecognized compensation cost related to unvested share-based awards was $383.4 million to be recognized over a weighted-average period of 1.8 years.

401(k) Plan

The Company maintains a savings and retirement plan qualified under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "IRC"). Employees meeting the eligibility requirements, as defined under the IRC, may contribute up to the statutory limits each year. The Company currently matches 30% of all eligible employee contributions which vest immediately. The Company's matching contributions to the plan totaled $27.3 million, $23.5 million, and $22.3 million during 2023, 2022, and 2021, respectively.

Deferred Compensation Plan

The Company's NQDC plan is an unfunded and unsecured deferred compensation arrangement. Under the NQDC plan, officers and other senior employees may elect to defer a portion of their compensation and contribute such amounts to one or more investment funds. As of December 31, 2023, the liability of the Company to the plan participants was $38.0 million, of which $2.5 million was included within other accrued liabilities and $35.5 million was included in other long-term liabilities on the Consolidated Balance Sheets. The Company had investments of $38.0 million correlating to the deferred compensation obligations, of which $2.5 million was included within prepaid expenses and other current assets and $35.5 million was included within other long-term assets on the Consolidated Balance Sheets. As of December 31, 2022, the liability of the Company was $28.1 million, of which $2.4 million was included within other accrued liabilities and $25.7 million was included in other long-term liabilities on the Consolidated Balance Sheets. The Company had investments of $28.1 million correlating to the deferred compensation obligations, of which $2.4 million was included within prepaid expenses and other current assets and $25.7 million was included within other long-term assets on the Consolidated Balance Sheets.

Note 11. Segments

The Company operates in one reportable segment. The Company's chief executive officer, who is the chief operating decision maker, reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance, accompanied by disaggregated information about net revenues by customer solution, customer vertical, and geographic region as presented below.

The following table presents net revenues by customer solution (in millions):

	Years Ended December 31,		
	2023	2022	2021
Customer Solutions:			
Automated WAN Solutions	$ 1,839.3	$ 1,865.3	$ 1,665.0
Cloud-Ready Data Center	744.7	878.9	727.1
AI-Driven Enterprise	1,391.8	1,026.2	830.4
Hardware Maintenance and Professional Services	1,588.7	1,530.8	1,512.9
Total	$ 5,564.5	$ 5,301.2	$ 4,735.4

The following table presents net revenues by customer vertical (in millions):

	Years Ended December 31,		
	2023	2022	2021
Cloud	$ 1,162.8	$ 1,393.6	$ 1,228.0
Service Provider	1,842.5	1,891.2	1,839.1
Enterprise	2,559.2	2,016.4	1,668.3
Total	$ 5,564.5	$ 5,301.2	$ 4,735.4

The Company attributes revenues to geographic region based on the customer’s shipping address. The following table presents net revenues by geographic region (in millions):

	Years Ended December 31,		
	2023	2022	2021
Americas:			
United States	$ 3,066.5	$ 2,931.6	$ 2,426.9
Other	266.8	225.2	222.2
Total Americas	3,333.3	3,156.8	2,649.1
Europe, Middle East, and Africa	1,405.7	1,370.0	1,314.5
Asia Pacific	825.5	774.4	771.8
Total	$ 5,564.5	$ 5,301.2	$ 4,735.4

During the years ended December 31, 2023, 2022, and 2021, no customer accounted for greater than 10% of the Company's net revenues.

The following table presents geographic information for property and equipment, net (in millions).

	As of December 31,	
	2023	2022
United States	$ 597.0	$ 579.3
International	92.9	87.5
Property and equipment, net	$ 689.9	$ 666.8

The Company tracks assets by physical location. The majority of the Company's assets, excluding cash and cash equivalents and investments, as of December 31, 2023 and December 31, 2022, were attributable to U.S. operations.

Note 12. Income Taxes

The components of pretax income are summarized as follows (in millions):

	Years Ended December 31,		
	2023	2022	2021
Domestic	$ 340.4	$ 509.5	$ 264.6
Foreign	8.6	26.8	45.5
Total pretax income	$ 349.0	$ 536.3	$ 310.1

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

	Years Ended December 31,		
	2023	2022	2021
Current provision (benefit):			
Federal	$ 219.0	$ 223.6	$ 63.4
States	25.9	23.9	15.9
Foreign	46.5	36.2	48.2
Total current provision (benefit)	291.4	283.7	127.5
Deferred (benefit) provision:			
Federal	(250.0)	(199.3)	(54.3)
States	(13.6)	(13.6)	(4.1)
Foreign	1.4	(10.3)	(11.7)
Total deferred (benefit) provision	(262.2)	(223.2)	(70.1)
Total provision for income taxes	$ 29.2	$ 60.5	$ 57.4

The provision (benefit) for income taxes differs from the amount computed by applying the federal statutory tax rate of 21% to pretax income for each of the years presented as follows (in millions):

	Years Ended December 31,		
	2023	2022	2021
Expected provision at statutory rate	$ 73.3	$ 112.7	$ 65.1
State taxes, net of federal benefit	7.0	12.0	6.5
Foreign income at different tax rates	(24.4)	(18.1)	(0.2)
R&D tax credits	(31.4)	(23.6)	(16.6)
Share-based compensation	(5.2)	(7.4)	(2.2)
Non-deductible compensation	5.1	4.0	4.2
Recognition of previously unrecognized tax benefits	—	(8.1)	—
Other	4.8	(11.0)	0.6
Total provision for income taxes	$ 29.2	$ 60.5	$ 57.4

In 2023, classified within "Other" above, the Company recorded a tax expense of $9.8 million on adjustments for certain privately-held investments and $5.0 million related to interest on income tax reserves. This was partially offset by income tax benefits of $10.9 million due to changes in tax legislation.

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

	As of December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carry-forwards	$ 44.4	$ 57.2
Research and other credit carry-forwards	294.4	281.3
Deferred revenue	74.9	58.1
Share-based compensation	25.4	17.2
Capitalized R&D expenditure	475.7	293.1
Reserves and accruals not currently deductible	133.0	66.1
Operating lease liabilities	31.9	39.7
Other	12.1	13.2
Total deferred tax assets	1,091.8	825.9
Valuation allowance	(326.9)	(310.9)
Deferred tax assets, net of valuation allowance	764.9	515.0
Deferred tax liabilities:		
Property and equipment basis differences	(5.5)	—
Purchased intangible assets	(23.0)	(32.3)
Unremitted foreign earnings	(24.1)	(23.7)
Net unrealized gain	(41.9)	(35.8)
Operating lease assets	(29.5)	(36.1)
Total deferred tax liabilities	(124.0)	(127.9)
Net deferred tax assets	$ 640.9	$ 387.1

As of December 31, 2023 and 2022, the Company had a valuation allowance on its U.S. and foreign deferred tax assets of $326.9 million and $310.9 million, respectively. The balance at December 31, 2023 consisted of $5.2 million, $312.9 million, and $8.8 million against the Company's U.S. federal, state, and foreign deferred tax assets, respectively, which the Company believes are not more likely than not to be utilized in future years. The valuation allowance increased in 2023 and 2022 by $16 million and $10 million, respectively, primarily related to changes in state R&D tax credits.

As of December 31, 2023, the Company had federal, California and other states net operating loss carry-forwards of approximately $104.3 million, $129.1 million, and $138.8 million, respectively. The California net operating loss carry-forwards of $129.1 million are expected to expire unused. The Company also had federal, California, and other state tax credit carry-forwards of approximately $2.4 million, $326.7 million, and $32.8 million, respectively. Unused net operating loss and other state tax credit carry-forwards will expire at various dates beginning in the year 2024. The California tax credit carry-forwards will carry forward indefinitely.

The Company provides deferred tax liabilities for all tax consequences associated with the undistributed earnings that are expected to be repatriated to subsidiaries' parent unless the subsidiaries' earnings are considered indefinitely reinvested. The Company has made no provision for deferred taxes on approximately $156.7 million of cumulative undistributed earnings of certain foreign subsidiaries through December 31, 2023. These earnings are considered indefinitely invested in operations of the subsidiaries, as the Company intends to utilize these amounts to fund future expansion of its operations. If these earnings were distributed to the parent, the Company would be subject to additional taxes of approximately $31.7 million.

As of December 31, 2023, 2022, and 2021, the total amount of gross unrecognized tax benefits was $132.8 million, $116.0 million, and $113.4 million, respectively. As of December 31, 2023, approximately $127.8 million of the gross unrecognized tax benefits, if recognized, would affect the effective tax rate before considering valuation allowance.

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

A reconciliation of the beginning and ending amount of the Company's total gross unrecognized tax benefits was as follows (in millions):

	Years Ended December 31,		
	2023	2022	2021
Balance at beginning of year	$ 116.0	$ 113.4	$ 116
Tax positions related to current year:			
Additions	8.9	5.8	7.7
Tax positions related to prior years:			
Additions	8.9	6.9	3.3
Reductions	—	(2.5)	(3.6)
Settlements	—	—	(9.4)
Lapses in statutes of limitations	(1.0)	(7.6)	(0.6)
Balance at end of year	$ 132.8	$ 116.0	$ 113.4

As of December 31, 2023, 2022, and 2021, the Company had accrued interest and penalties related to unrecognized tax benefits of $12.0 million, $5.6 million, and $8.1 million, respectively, as other long-term liabilities in the Consolidated Balance Sheets. Due to the changes in the level of gross unrecognized tax benefits, the Company recognized a (benefit), or expense, for net interest and penalties of $6.3 million, $(2.5) million, and $2.7 million in its Consolidated Statements of Operations during the years ended December 31, 2023, 2022, and 2021, respectively. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense.

The Company engages in continuous discussions and negotiations with tax authorities regarding tax matters in various jurisdictions. There is a greater than remote likelihood that the balance of the gross unrecognized tax benefits will decrease by up to $49.9 million within the next twelve months due to the completion of tax review cycles in various tax jurisdictions and lapses of applicable statutes of limitation.

The Company conducts business globally and, as a result, Juniper Networks or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including such jurisdictions as the Netherlands, U.K., France, Germany, Japan, China, Australia, India, and the U.S. With few exceptions, the Company is no longer subject to U.S. federal, state and local, and non-U.S. income tax examinations for years before 2012.

The Company is currently under examination by the Internal Revenue Service and the India tax authorities for the 2017 through 2018 tax years and the 2012 through 2020 tax years, respectively. The Company regularly assesses the likelihood of an adverse outcome resulting from such examinations. As of December 31, 2023, the Company believes the resolution of the audits is unlikely to have a material effect on its consolidated financial condition or results of operations.

The Company is pursuing all available administrative remedies relative to ongoing matters. The Company believes that it has adequately provided for any reasonably foreseeable outcomes related to proposed adjustments and the ultimate resolution of these matters is unlikely to have a material effect on its consolidated financial condition or results of operations; however, there is still a possibility that an adverse outcome of these matters could have a material effect on its consolidated financial condition and results of operations.

Note 13. Net Income per Share

The Company computed basic and diluted net income per share as follows (in millions, except per share amounts):

	Years Ended December 31,		
	2023	2022	2021
Numerator:			
Net income	$ 310.2	$ 471.0	$ 252.7
Denominator:			
Weighted-average shares used to compute basic net income per share	320.0	322.1	324.4
Dilutive effect of employee stock awards	5.9	7.4	7.2
Weighted-average shares used to compute diluted net income per share	325.9	329.5	331.6
Net income per share:			
Basic	$ 0.97	$ 1.46	$ 0.78
Diluted	$ 0.95	$ 1.43	$ 0.76
Anti-dilutive shares	6.4	3.4	0.5

Basic net income per share is computed using net income available to common stockholders and the weighted-average number of common shares outstanding for the period. Diluted net income per share is computed using net income available to common stockholders and the weighted-average number of common shares outstanding plus potentially dilutive common shares outstanding during the period. Dilutive potential common shares consist of common shares issuable upon exercise of stock options and purchase rights, and vesting of RSUs, RSAs, and PSAs. The Company includes the common shares underlying PSAs in the calculation of diluted net income per share only when they become contingently issuable. Anti-dilutive shares are excluded from the computation of diluted net income per share.

Note 14. Commitments and Contingencies

Commitments

Unconditional purchase obligations consist of agreements that include firm and non-cancelable terms to transfer funds in the future for fixed or minimum amounts or quantities to be purchased at fixed or minimum prices. For obligations with cancellation provisions, the amounts included in the following tables were limited to the non-cancelable portion of the agreement terms or the minimum cancellation fee.

Purchase Commitments with Contract Manufacturers and Suppliers

In order to reduce manufacturing lead times and in the interest of having access to adequate component supply, the Company enters into agreements with contract manufacturers and certain suppliers to procure inventory based on the Company's requirements. A significant portion of the Company's purchase commitments arising from these agreements consists of firm and non-cancelable commitments. In certain instances, these agreements allow the Company the option to cancel, reschedule, and adjust its requirements based on the Company's business needs prior to firm orders being placed. The following table summarizes the Company’s purchase commitments as of December 31, 2023 (in millions):

Years Ending December 31,	Purchase Commitments
2024	$ 989.5
2025	137.1
2026	80.0
2027	85.0
Total	$ 1,291.6

The Company establishes a liability in connection with purchase commitments related to quantities in excess of its demand forecasts or obsolete materials charges for components purchased by the contract manufacturers based on the Company’s demand forecast or customer orders. As of December 31, 2023, the Company had accrued $36.0 million related to such charges.

Other Purchase Obligations

The following table summarizes the Company’s unconditional purchase obligations other than with contract manufacturers and suppliers as of December 31, 2023 (in millions):

Years Ending December 31,	Unconditional Purchase Obligations
2024	$ 33.1
2025	30.1
2026	5.2
2027	1.0
2028	0.2
Total	$ 69.6

In December 2018, the Company entered into a Master Services Agreement and certain Statements of Work, as subsequently amended (collectively, the “Agreement”), with International Business Machines Corporation ("IBM"). As of December 31, 2023, the Company expects to pay IBM $56.3 million over the remaining initial term of the Agreement. The table above does not include fees payable to IBM under the contract as the Company is unable to make a reasonably reliable estimate of the amount of the payments related to each of the years under this contract due to uncertainties in the usage of the services.

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Leases

The Company leases its facilities and certain equipment under non-cancelable operating leases that have remaining lease terms of 1 to 8 years and 1 to 4 years, respectively. Each leased facility is subject to an individual lease or sublease, which could provide various options to extend or terminate the lease agreement. Facilities are primarily comprised of corporate offices, data centers, and R&D facilities. Equipment includes vehicles and various office equipment. The Company also has variable lease payments that are primarily comprised of common area maintenance and utility charges. The Company's lease agreements do not contain any residual value guarantees or restrictive covenants.

The components of lease costs and other information related to leases were as follows (in millions, except years and percentages):

	Years Ended December 31,	
	2023	2022
Operating lease cost	$ 46.6	$ 48.4
Variable lease cost	11.9	10.0
Total lease cost	$ 58.5	$ 58.4
Operating cash outflows from operating leases	$ 51.6	$ 53.1
ROU assets obtained in exchange for new operating lease liabilities	$ 12.4	$ 26.0
	As of December 31,	
	2023	2022
Weighted average remaining lease term (years)	3.6	4.1
Weighted average discount rate	3.8 %	3.5 %

As of December 31, 2023, future operating lease payments for each of the next five years and thereafter are as follows (in millions):

Years Ending December 31,	Amount
2024	$ 47.1
2025	42.4
2026	21.2
2027	13.5
2028	6.9
Thereafter	7.6
Total lease payments	138.7
Less: interest	(9.4)
Total	$ 129.3
Balance Sheet Information	
Other accrued liabilities	$ 46.4
Long-term operating lease liabilities	82.9
Total	$ 129.3

Debt and Interest Payment on Debt

As of December 31, 2023, the Company held total outstanding debt consisting of the Notes with a carrying value of $1,616.8 million. See Note 8, *Debt and Financing*, for further discussion of the Company's long-term debt and expected future principal maturities.

Tax Liability

Our transition tax liability represents future cash payments on accumulated foreign earnings of subsidiaries as a result of the Tax Cuts and Jobs Act of 2017 ("Tax Act"). The Company has elected to pay its transition tax, net of applicable tax refunds, over the eight-year period provided in the Tax Act. The remaining balance of the Company's transition tax obligation was $179.7 million, of which $106.3 million remains in long-term income taxes payable as of December 31, 2023.

As of December 31, 2023, the Company also had $92.7 million included in long-term income taxes payable on the Consolidated Balance Sheets for unrecognized tax positions. At this time, the Company is unable to make a reasonably reliable estimate of the timing of payments related to this amount due to uncertainties in the timing of tax audit outcomes.

Guarantees

The Company has financial guarantees consisting of third-party financing arrangements extended to end-user customers and standby letters of credit for certain lease facilities, insurance programs and customs of $32.5 million and $27.4 million, as of December 31, 2023 and December 31, 2022, respectively.

Legal Proceedings

The Company is involved in investigations, disputes, litigation, and legal proceedings. The Company records an accrual for loss contingencies for legal proceedings when it believes that an unfavorable outcome is both (a) probable and (b) the amount or range of any possible loss is reasonably estimable. The Company intends to aggressively defend itself in these matters, and while there can be no assurances and the outcome of these matters is currently not determinable, the Company currently believes that these existing claims or proceedings are not likely, individually and in the aggregate, to have a material adverse effect on its financial position. Notwithstanding the foregoing, there are many uncertainties associated with any litigation and these matters or other third-party claims against the Company may cause the Company to incur costly litigation and/or substantial settlement charges. In addition, the resolution of any intellectual property litigation may require the Company to make royalty payments, which could adversely affect gross margins in future periods. If any of those events were to occur, the Company's business, financial condition, results of operations, and cash flows could be adversely affected. The actual liability in any such matters may be materially different from the Company's estimates, if any, which could result in the need to adjust the liability and record additional expenses.

Note 15. Subsequent Events

Dividend Declaration

On January 30, 2024, the Company announced a cash dividend of $0.22 per share of common stock to be paid on March 22, 2024 to stockholders of record as of the close of business on March 1, 2024.

Merger Agreement

On January 9, 2024, HPE and Juniper Networks, Inc. announced that the companies entered into a definitive Merger Agreement under which HPE will acquire Juniper in an all-cash transaction. Under the terms of this agreement, Juniper shareholders will receive $40.00 per share in cash upon the completion of the transaction, representing an equity value of approximately $14 billion. The transaction is currently expected to close in late calendar year 2024 or early calendar year 2025, subject to receipt of regulatory approvals, approval of the transaction by Juniper shareholders, and satisfaction of other customary closing conditions.

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

Not applicable.

ITEM 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Attached as exhibits to this Report are certifications of our principal executive officer and principal financial officer, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This “Controls and Procedures” section includes information concerning the controls and related evaluations referred to in the certifications and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this Report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of our principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

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

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

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework* as published in 2013. Based on that assessment, management concluded that, as of December 31, 2023, its internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by Ernst & Young LLP, the independent registered public accounting firm that audits our Consolidated Financial Statements, as stated in their report included in Item 8 of this Annual Report on Form 10-K, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2023.

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

Insider Adoption or Termination of Trading Arrangements

During the fiscal quarter ended December 31, 2023, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408(a).

ITEM 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not applicable.

PART III

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

For information with respect to our executive officers, see Part I, Item 1 of this Annual Report on Form 10-K, under "Information about our Executive Officers."

Information concerning our directors, including director nominations, and our audit committee and audit committee financial expert, is included in our definitive Proxy Statement to be filed with the SEC in connection with our 2024 Annual Meeting of Stockholders (the "Proxy Statement") under "Corporate Governance Principles and Board Matters" and "Election of Directors" and is incorporated herein by reference.

With regard to the information required by this Item regarding compliance with Section 16(a) of the Exchange Act, we will provide disclosure of delinquent Section 16(a) reports, if any, in our Proxy Statement under "Delinquent Section 16(a) Reports" and such disclosure, if any, is incorporated herein by reference.

Information concerning our worldwide code of business conduct that applies to our principal executive officer and all other employees is included in the Proxy Statement under "Corporate Governance Principles and Board Matters" and is incorporated herein by reference.

ITEM 11. ***Executive Compensation***

Information required by Item 402 of Regulation S-K is included in the Proxy Statement under "Director Compensation" and "Executive Compensation" and is incorporated herein by reference.

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

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

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

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

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

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

Information concerning certain relationships and related transactions is included in the Proxy Statement under the heading "Certain Relationships and Related Transactions" and is incorporated herein by reference.

Information concerning director independence is included in the Proxy Statement under the heading "Board Independence" and is incorporated herein by reference.

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

Information concerning principal accountant fees and services and the audit committee's pre-approval policies and procedures is included in the Proxy Statement under the heading "Principal Accountant Fees and Services" and is incorporated herein by reference.

PART IV

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

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

1. Consolidated Financial Statements

   See Index to Consolidated Financial Statements at Item 8 herein.

2. Financial Statement Schedules

Juniper Networks, Inc.
Schedule II - Valuation and Qualifying Accounts
Years Ended December 31, 2023, 2022, and 2021
(In millions)

Allowance for Doubtful Accounts	Balance at Beginning of Year	Charged to (Reversed from) Costs and Expenses	Write-offs, Net of Recoveries	Balance at End of Year
2023	$ 12.0	$ (0.8)	$ —	$ 11.2
2022	$ 6.7	$ 5.3	$ —	$ 12.0
2021	$ 9.9	$ (3.2)	$ —	$ 6.7

Sales Return Reserve	Balance at Beginning of Year	Provisions for Returns / Stock Rotation	Returns / Stock Rotation	Balance at End of Year
2023	$ 43.0	$ 93.5	$ (95.5)	$ 41.0
2022	$ 31.4	$ 111.9	$ (100.3)	$ 43.0
2021	$ 28.4	$ 57.6	$ (54.6)	$ 31.4

Excess and Obsolete Inventory Reserve	Balance at Beginning of Year	Provisions	Disposals	Balance at End of Year
2023	$ 211.7	$ 127.2	$ (19.0)	$ 319.9
2022	$ 192.2	$ 29.8	$ (10.3)	$ 211.7
2021	$ 187.6	$ 9.9	$ (5.3)	$ 192.2

Contract Manufacturer Liabilities	Balance at Beginning of Year	Provisions	Disposals	Balance at End of Year
2023	$ 21.5	$ 30.4	$ (15.9)	$ 36.0
2022	$ 19.7	$ 7.5	$ (5.7)	$ 21.5
2021	$ 15.2	$ 8.2	$ (3.7)	$ 19.7

All other schedules have been omitted as the required information is not applicable or the information is presented in the Consolidated Financial Statements or notes thereto under Item 8 herein.

3. Exhibits

				Incorporated by Reference						
Exhibit No.		Exhibit		Filing		Exhibit No.		File No.		File Date
3.1		Restated Certificate of Incorporation of Juniper Networks, Inc. and Certificate of Amendment		S-8		4.1		333-218344		5/30/2017
3.2		Amended and Restated Bylaws of Juniper Networks, Inc.		8-K		3.1		001-34501		5/11/2023
4.1		Description of Juniper Networks, Inc. Registered Securities		10-K		4.1		001-34501		2/20/2020
4.2		Indenture, dated March 3, 2011, by and between Juniper Networks, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K		4.1		001-34501		3/4/2011
4.3		First Supplemental Indenture, dated March 3, 2011, by and between Juniper Networks, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K		4.8		001-34501		3/4/2011
4.4		Sixth Supplemental Indenture, dated August 26, 2019, by and between Juniper Networks, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K		4.1		001-34501		8/26/2019
4.5		Seventh Supplemental Indenture, dated December 10, 2020, by and between Juniper Networks, Inc. and The Bank of New York Mellon Trust Company,		8-K		4.1		001-34501		12/10/2020

				Incorporated by Reference			
Exhibit No.	Exhibit	Filing	Exhibit No.	File No.	File Date		
10.17	Form of Executive Compensation Recovery Agreement for Certain Officers, approved for use in November 2015+	10-K	10.60	001-34501	2/19/2016		
10.18	Employment Offer Letter, dated September 27, 2022, between Juniper Networks, Inc. and Chris Kaddaras+	10-Q	10.3	001-34501	7/28/2023		
21.1	Subsidiaries of the Company*						
23.1	Consent of Independent Registered Public Accounting Firm*						
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/ 15d-14(a) of the Securities Exchange Act of 1934*						
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/ 15d-14(a) of the Securities Exchange Act of 1934*						
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**						
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**						
97	Juniper Networks, Inc. Compensation Recovery Policy, effective as of August 1, 2023*						
101	The following materials from						

*	Filed herewith
**	Furnished herewith
+	Indicates management contract or compensatory plan, contract or arrangement.
†	Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment that has been separately filed with the Securities and Exchange Commission.
††	Portion of this exhibit (indicated by asterisks) have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K, which portions will be furnished to the SEC upon request.

(b) Exhibits

See Exhibits in Item 15(a)(3) above in this Report.

(c) None

ITEM 16. *Form 10-K Summary*

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Juniper Networks, Inc.	
February 7, 2024		By:	/s/ Kenneth B. Miller
			Kenneth B. Miller
			Executive Vice President, Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)
February 7, 2024		By:	/s/ Thomas A. Austin
			Thomas A. Austin
			Group Vice President and Chief Accounting Officer (Duly Authorized Officer and Principal Accounting Officer)

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

Signature	Title	Date
/s/ Rami Rahim Rami Rahim	Chief Executive Officer and Director (Principal Executive Officer)	February 7, 2024
/s/ Kenneth B. Miller Kenneth B. Miller	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 7, 2024
/s/ Thomas A. Austin Thomas A. Austin	Group Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 7, 2024
/s/ Scott Kriens Scott Kriens	Chairman of the Board	February 7, 2024
/s/ Anne T. DelSanto Anne T. DelSanto	Director	February 7, 2024
/s/ Kevin DeNuccio Kevin DeNuccio	Director	February 7, 2024
/s/ James Dolce James Dolce	Director	February 7, 2024
/s/ Steven Fernandez Steven Fernandez	Director	February 7, 2024
/s/ Christine M. Gorjanc Christine M. Gorjanc	Director	February 7, 2024
/s/ Janet B. Haugen Janet B. Haugen	Director	February 7, 2024
/s/ Rahul Merchant Rahul Merchant	Director	February 7, 2024
/s/ William R. Stensrud William R. Stensrud	Director	February 7, 2024