

JUNIPER NETWORKS INC  
Form DEFA14A  
April 11, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**Juniper Networks, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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Dear Juniper Stockholder,

Juniper has filed its annual proxy statement in anticipation of our 2012 annual meeting of stockholders on May 22, 2012. We recognize that proxy season is a very busy time and we are committed to ensuring that our proxy communications and related materials are transparent and reflect our accountability to our stockholders.

The purpose of this note is to thank you in advance for your continued support of Juniper and to bring to your attention three important proposals in this year's proxy. These proposals seek:

Approval of a proposed amendment to the Juniper Networks, Inc. 2006 Equity Incentive Plan to authorize an additional 25 million common shares to be reserved for issuance under the plan;

Approval of a proposed amendment to the Juniper Networks, Inc. 2008 Employee Stock Purchase Plan to increase the maximum number of shares available for sale under the plan by 7 million; and,

A non-binding advisory vote in favor of our executive compensation program known as a say on pay proposal, the vote is an opportunity for Juniper's Board and Compensation Committee to review stockholder feedback as it makes future executive compensation decisions.

The attached supplemental proxy materials will provide you with more information with regard to these proposals. We recognize your support of Juniper is essential to our future growth. We hope we can count on your vote.

2012 PROXY PROPOSALS  
(ANNUAL MEETING DATE: MAY 22, 2012)

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CONTEXT  
CONTEXT





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JUNIPER NETWORKS 2012 PROXY PROPOSALS

\*Note: 25M request reflects shares on an adjusted share basis.

1.

Elect  
three Class I directors

2.

Ratify  
the  
appointment  
of  
Ernst  
&  
Young  
LLP  
as  
auditors  
for  
the  
fiscal  
year  
ending  
December  
31, 2012

3.

Approve  
an  
amendment  
to  
the  
Juniper  
Networks,  
Inc.  
2006  
Equity  
Incentive  
Plan  
that increases the number of shares reserved for issuance by 25,000,000 shares\*

4.

Approve  
an  
amendment  
to  
the

Juniper  
Networks,  
Inc.  
2008  
Employee  
Stock  
Purchase  
Plan  
to  
increase  
the  
maximum  
number  
of  
shares  
available  
for  
sale  
by  
7,000,000 shares

5.  
Stockholder  
proposal  
to  
declassify  
the  
board  
of  
directors

6.  
Non-binding advisory vote  
on executive compensation

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JUNIPER NETWORKS: A GROWTH COMPANY

Strong

track

record

of

growth

10yr  
revenue

CAGR:

17.5%

(2001-2011)

Large and growing addressable market

Our innovation drives growth in our addressable market and  
creates opportunities in new markets

Compensation programs support hiring of world-class talent to  
drive future growth

EXECUTIVE AND EQUITY COMPENSATION

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JUNIPER'S EXECUTIVE COMPENSATION PROGRAMS ARE BASED ON  
RESPONSIBLE GUIDING PRINCIPLES

Principle

Strategy

1. Enhance Accountability

Executive compensation linked to a clear set of business  
objectives

2. Manage to Balanced Results

Compensation strategy that drives balanced results between the following:

Short-and long-term objectives

Individual and team performance

Financial and non-financial objectives

Customer satisfaction and growth

3. Reward High Performance

Upside potential in the incentive plans for superior performance with downside risk for underperformance

4. Attract & Retain Talent

Market-competitive programs with flexibility to be aggressive for mission-critical talent retention and acquisition

5. Align with Shareholder Interests

Programs that are transparent, easily understood and meet fiduciary commitments to shareholders

6. Encourage Health and Financial

Well-Being

Market-competitive benefit programs that encourage wellness and financial savings

Equity-based compensation is a key element of our rewards program that supports the above principles



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JUNIPER'S COMMITMENT IS TO KEEP ITS 2012 BURN RATE AT OR  
BELOW 2.75% OF COMMON SHARES OUTSTANDING ( CSO )

For 2009-2011 Management

achieved its objective of keeping  
annual burn rate below 3% of CSO

Our reduction in annual grants since  
2009 allows us to request 25M shares

in 2012 vs. requests of 30M shares  
each year in 2010-2011

At 12/31/11, weighted average  
eligibility of employees to receive  
focal equity was approximately 55%\*

Burn rate =

Number of shares granted at FYE\*\*

CSO at FYE

Burn Rate:

Pure Shares Granted as % of CSO

Numerator for burn rate reflects shares granted in each year with performance share awards at target (18,000,000, 18,000,000, 13,200,000, 11,700,000, and 14,700,000 shares granted in 2007-2011, respectively).

Denominator for burn rate reflects CSO used in computing net income per share in the Company's Form 10-K filings (537,800,000, 530,300,000, 523,600,000, 522,400,000, and 529,800,000 shares in 2007-2011, respectively).

3.35%

3.39%

2.52%

2.24%

2.77%

2.75%

0.00%

0.50%

1.00%

1.50%

2.00%

2.50%

3.00%

3.50%

4.00%

2007

2008

2009

2010

2011

2012

Proposed

2009-2011: Management Objective

to

Remain Under 3%

2012

Commitment:

Remain at

2.75% or Less

\*\*Options, RSUs and PSAs are all counted as  
one share each.

\*Based on headcount at 12/31/11 and eligibility  
for focal equity during fiscal year 2012.

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OUR CURRENT OVERHANG HAS REDUCED FROM 14% OF CSO TO 11%

Current Overhang:

Options, RSUs & PSAs Outstanding as % of CSO

14.00%

15.24%

14.73%

12.11%

11.06%

0%

2%

4%

6%

8%

10%

12%

14%

16%

18%

2007

2008

2009

2010

2011

Current Overhang =

Number of granted and outstanding shares at FYE

CSO at FYE

Current overhang provides a point-in-time view of potential dilution based on shares already granted

Current overhang has declined due to managing annual grants within the 3% of CSO objective, as well as exercises, vesting, and expirations.

58% and 73% of our current outstanding options expire in 2015 and 2016 as indicated in the table below:

38% of our 2011 grants were options, compared to 75% in 2009, mitigating incremental overhang build up via stock options

Numerator for current overhang is the sum of outstanding options, RSUs and PSAs (includes the maximum number of shares issuable thereunder per our Form 10-K filings) at fiscal year end (73,200,000, 80,300,000, 76,500,000, 63,600,000, and 58,200,000 shares outstanding in 2007-2011, respectively).

Denominator

for

current

overhang

reflects

CSO

at

fiscal

year

end

in

our

From

10-K

filings

(522,800,000,  
526,800,000, 519,300,000, 525,400,000, and 526,400,000 shares outstanding in 2007-2011, respectively).

Outstanding

as of

12/31/2011

# of Options Expiring

Through Fiscal Year

2015

2016

Stock

Options

38.6M

22.3M

28M

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SHARE BUY-BACK PROGRAM REDUCES THE IMPACT OF EQUITY PLANS

Impact of Share Buy-Back Program

From time to time the Company

repurchases and retires

repurchased shares

This reduces the impact of our

equity plans on the aggregate

number of shares outstanding

The table provides information on the number of shares repurchased by the Company as compared to the number of shares issued by the Company in connection with stock option exercises, restricted stock unit vesting and performance share award vesting for each of the fiscal years from 2007 through 2011

Fiscal

Year

Employee

Headcount

@ 12/31

Shares

Granted \*

Shares

Issued\*\*

Shares

Repurchased

2007

5,879

18,005,225

22,402,274

69,443,946

2008

7,014

18,003,215

7,615,406

25,088,226

2009

7,231

13,211,625

10,080,096

20,696,771

2010

8,772

11,687,750

23,833,186

19,653,004

2011

9,129

14,692,794

16,289,639

17,499,840

\*Options, RSUs and PSAs are all counted as one share each

\*\*In connection with stock option exercises, restricted stock unit vesting and performance share

award vesting



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OUR EQUITY COMPENSATION STRATEGY SINCE 2009 DEMONSTRATES  
RESPONSIBLE EQUITY RESERVE MANAGEMENT UNDER OUR 2006  
EQUITY INCENTIVE PLAN

1.

Less than 3% annual burn rate 2009-2011

2.

Commitment to manage 2012 at or below 2.75% of CSO

3.

Weighted average eligibility of employees to receive focal equity is approximately 55% in 2012\*

4.

Shift from an equity compensation approach that used options as 75% of total grants in 2009 to 38% of total grants in 2011

5.

Declining current overhang with large tranche of legacy option overhang expiring in 2015-2016

6.

Stock buy-back program reduces the impact of the equity programs

\*Based

on

headcount

at

12/31/11

and

eligibility

for

focal

equity

in

fiscal

year

2012.

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**YOUR SUPPORT IS ESSENTIAL TO OUR FUTURE GROWTH**

Ensures stock incentives available for future growth

Enables us to plan for additional growth in FY12 and beyond

Supports continued execution on our growth agenda

Your vote FOR proxy proposals #3 and #4:

DECLASSIFICATION OF THE BOARD

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**DECLASSIFICATION INCREASES BOARD AND MANAGEMENT  
ACCOUNTABILITY TO STOCKHOLDERS**

By the 2015 annual meeting of stockholders, all director  
nominees will stand for election each year

The decision to seek declassification was made as part of the  
regular review of our governance practices, and recognizes  
the desire of our shareholders to express their views on the

performance of the entire Board each year

CEO PAY FOR PERFORMANCE  
CEO PAY FOR PERFORMANCE

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CEO PAY FOR PERFORMANCE

DISCLOSED

VS.

REALIZABLE

COMPENSATION

OVERVIEW



We believe that in assessing the relationship between CEO pay and company performance, it is important to consider the value of CEO pay at the end of the fiscal year

We believe that the presentation of an actual realizable compensation measure that looks at pay at the end of the fiscal year provides useful information to our stockholders, in that it aligns both pay and performance based on fiscal year end results

Summary Compensation Table  
Actual Realizable Compensation  
Base Salary

Actual payroll earnings for fiscal year

As reported in Summary Compensation Table (SCT)  
Bonus

Actual amount paid in 2011

As reported in SCT  
Restricted Stock Awards

Number of shares multiplied by closing stock price on date of grant

Number of shares multiplied by stock price at end of fiscal year  
Performance Share Awards

Number of target shares multiplied by closing stock price on date of grant

Number of target shares multiplied by stock price at end of fiscal year  
Option Awards

Number of options multiplied by Black

Scholes value of closing stock price on date  
of grant

Number of options multiplied by the  
difference between stock price at fiscal  
year end and exercise price. Underwater  
options valued at \$0  
Non-Equity Incentive Plan  
Compensation

Actual payment based on 2011 results

As reported in SCT  
All Other Compensation

Value received in 2011

As reported in SCT  
Total Compensation

Sum of the above

Sum of the above

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Year

Source

Salary

Stock Awards

Option Awards

Non Equity

Incentive Plan

Compensation  
 All Other  
 Compensation\*  
 Total  
 Compensation  
 2011  
 Summary Comp  
 Table (SCT)  
 Disclosure  
 \$960,000  
 \$4,400,000  
 \$4,565,850  
 \$754,320  
 \$13,233  
 \$10,693,403  
 Actual Realizable  
 Comp  
 (2011)  
 1  
 \$2,041,000  
 \$0  
 \$3,768,553  
 2010  
 SCT  
 \$820,000  
 \$2,744,000  
 \$2,789,130  
 \$1,599,000  
 \$2,061,442  
 \$10,013,572  
 Actual Realizable  
 Comp  
 (2010)  
 2  
 \$3,692,000  
 \$2,844,000  
 \$11,016,442  
 2009  
 SCT  
 \$740,000  
 \$2,936,000  
 \$1,893,210  
 \$574,425  
 \$1,602,291  
 \$7,745,926  
 Actual Realizable  
 Comp  
 (2009)  
 3  
 \$2,667,000

\$3,597,000

\$9,180,716

CEO PAY FOR PERFORMANCE

DISCLOSED

VS.

REALIZABLE

COMPENSATION

COMPARISON

\*Includes sign-on bonus of \$2M in 2010 and \$1.5M in 2009

1

Reflects 100,000 performance shares at target valued using \$20.41 stock price on 12/31/11 and 300,000 options valued at \$0 g exercise price of \$44.

2

Reflects 100,000 performance shares at target valued using \$36.92 stock price on 12/31/10 and 300,000 options valued at the d exercise price.

3

Reflects 100,000 performance shares at target valued using \$26.67 stock price on 12/31/09 and 300,000 options valued at the d exercise price.

The table below provides the details on actual realizable compensation for Juniper's CEO vs. disclosed amounts in our Summary Compensation Table

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We believe that our CEO's actual realizable compensation is closely aligned with performance and stockholder value creation vs. our Peer Group as set forth in our Proxy and on an absolute basis relative to our stock price performance, reflecting both measured performance results in the

Executive  
Annual  
Incentive  
Plan  
and  
Performance  
Share  
Plans,  
and  
the  
impact  
of  
declining  
share prices on  
the actual pay delivered to our CEO

Relative  
Pay-for-Performance:

This  
approach  
calculates  
the  
percentile  
rank  
of  
actual  
realizable  
compensation  
for  
our  
CEO  
at  
the  
end  
of  
each  
fiscal  
year  
over  
the  
past  
3-year  
period  
(2009,  
2010,  
2011)  
relative  
to  
the  
actual  
realizable

compensation

for

CEOs

in

Juniper's

Peer Group

as set forth in our Proxy. We measure Juniper's Total Shareholder Return (TSR) rank relative to the Peer Group over the same period.

well. TSR reflects value for stockholders through share price appreciation and dividends and is calculated as follows:

Absolute

Pay-for-Performance:

This

approach

calculates

the

actual

realizable

compensation

for

our

CEO

at

the

end

of

each

fiscal

year over the

past 3-year period and compares it to the Company's stock price at the end of the respective years (2009, 2010, 2011)

**JUNIPER'S CEO PAY IS CLOSELY ALIGNED WITH PERFORMANCE**

\*Note: Shading in Relative Pay for Performance chart indicates aligned pay for performance.

\*

\*Stock price close data from [finance.google.com](http://finance.google.com)

Juniper CEO

0%

50%

100%

0%

50%

100%

Pay Percentile Rank

Relative Pay for Performance

2009

2010

2011

Total CEO Pay (000s)

\$9,181

\$11,016

\$3,769

Stock Price (@ 12/31)

\$26.67



\$36.92

\$20.41

\$0

\$5

\$10

\$15

\$20

\$25

\$30

\$35

\$40

\$0

\$2,000

\$4,000

\$6,000

\$8,000

\$10,000

\$12,000

Absolute Pay for Performance

Stock

Price

at

Ending

Date

-

Stock

Price

at

Beginning

Date

+

Dividends

Stock

Price

at

Beginning

Date

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YOUR SUPPORT IS ESSENTIAL TO ATTRACT AND RETAIN AN EXECUTIVE  
LEADERSHIP TEAM TO POSITION US FOR GROWTH

Ensures

continued

executive

compensation

programs

that  
align  
pay  
with  
performance

Enables us to attract and retain executive leadership that positions the  
company for future growth

Your vote FOR proxy proposal #6:

