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 þ 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

þ 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):

þ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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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2012 PROXY PROPOSALS AND BUSINESS
2012 PROXY PROPOSALS AND BUSINESS
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 sa
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
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: