

Case Study: Juniper Networks Inc.

Key Takeaways

- After initially disclosing its stake in Juniper Networks, the company's share price increased by 10%.
- 2/3/2014: Jesse Cohn said in a statement that Elliott is "pleased" with its dialogue with Juniper, "entirely committed" to seeing its shareholder-value plan adopted and "extremely gratified by the absolutely overwhelming support we have received from fellow Juniper shareholders, sell-side analysts and the broader investing community." ([Press Release](#), 2/3/14)

The Facts

- Prior to disclosing its stake in Juniper Networks Inc., Elliott Management conducted a year of research into Juniper's operations and strategy. In the process it consulted with an array of information technology and management consultants and senior executives. Elliott anticipated that by implementing a three-pronged strategy of cost realignment, capital return and product portfolio optimization, there could be a 70 percent increase in the company's share price. Elliott made specific recommendations to Juniper and proposed it reduce operating expenses through operational efficiencies, implement a \$3.5 billion share repurchase and dividend program and reconsider its expensive acquisitions of security and data-storage companies. In response, Juniper released a statement saying that it would carefully review Elliott's suggestions and welcomed open communication and feedback from its shareholders.
- In February of 2014, Elliott portfolio manager Jesse Cohn said that Elliott was pleased with its dialogue with Juniper and entirely committed to seeing its shareholder-value plan adopted. Elliott then assembled a slate of nominees for Juniper's board while Juniper implemented a \$3 billion share repurchase program,

introduced plans to cut operating expenses, reforms to streamline the company's portfolio and the appointment of two independent board members. Juniper's announced plans were very similar to the initial suggestions put forth by Elliott Management in January.

- As part of its agreement, Elliott agreed to vote in favor of Juniper's nominees for director at the 2014 annual meeting of stockholders. In March of 2014, Elliott Management increased its stake in Juniper to 8.7% and later that year in December was focused on private talks with Juniper about appointments to the next board to increase candidates with industry experience.
- 2/24/2015: Juniper announced that it would add two new independent directors to its board in a compromise with Elliott, which would support the nominees. In exchange for seats on the board, Elliott agreed to support Juniper's integrated operating plan and the scale of its capital return. On February 24, 2015, Elliott Management increased its stake in Juniper to 9.6 percent. A few months later in July, Elliott Management decreased its stake in Juniper to 4.5% after deciding the Board of Directors and management were well suited to continue improving the company.

Crucial Metrics

- 1/13/2014: Elliott Management disclosed a 6.2% stake in Juniper Networks Inc.
- 2/24/2015: Elliott Management increased its stake in Juniper to 9.6 percent.
- 7/28/2015: Elliott Management decreased its stake in Juniper to 4.5 percent, explaining in its filing: "The Reporting Persons have reduced their position in the Issuer as management and the Board of Directors have made progress in improving the business and increasing the stock price." ([Securities And Exchange Commission](#), 7/28/15)