October 22, 2010

Via E-mail to director@fasb.org

Technical Director
Financial Accounting Standards Board
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RE: File Reference No. 1820-100, Exposure Draft: Revenue from Contracts with Customers

Juniper appreciates the opportunity to respond to the exposure draft, Revenue from Contracts with Customers. We support the Board's objective to clarify and simplify the accounting guidance for recognizing revenue.

While we are generally supportive of the changes discussed in the proposed standard, we have some concerns with the following items as discussed in the exposure draft: a) identification and separation of distinct performance obligations; b) presentation of the impact of credit risk on revenue; c) the impact of the time value of money on revenue recognition; and d) accounting for warranties.

Our concerns are addressed in the specific questions posed by the Board, as follows:

Question 2

The Boards propose that an entity should identify the performance obligations to be accounted for separately on the basis of whether the promised good or service is distinct. Do you agree with that principle? If not, what principle would you specify for identifying separate performance obligations and why?

We agree with the principle that an entity should evaluate its contracts and customary business practices to identify the performance obligations in a contract that should be accounted for separately. However, the explicit requirement that a good or service, in the absence of a similar or identical good or service being sold separately must have a distinct profit margin could result in an inappropriate restriction in identifying separate performance obligations when applied to businesses or business model's where the cost is not the primary focus or basis for pricing. Moreover, we believe that this prescriptive guidance is contrary to a principles based approach that may otherwise allow the revenue recognition to more accurately reflect the pattern of delivery of economic value. We recommend that



management judgment be allowed to be used to determine when an entity could sell the good or service separately.

Question 5

Paragraph 43 proposes that the transaction price should reflect the customer's credit risk if its effects on the transaction price can be reasonably estimated. Do you agree that the customer's credit risk should affect how much revenue an entity recognizes when it satisfies a performance obligation rather than whether the entity recognizes revenue? If not, why not?

We disagree with the proposal to recognize subsequent changes in the assessment of credit risk in other income or expense. Subsequent adjustments should be recorded as an adjustment to revenue. This will align the revenue recognized with cash ultimately received from the customer. The distinction of splitting the initial estimate of credit risk (reduction of revenue) from the ongoing change in estimate of credit risk (other expense) will not provide investors with useful information as it will mask a portion of the overall credit cost.

Question 13

Do you agree that an entity should apply the proposed guidance retrospectively (that is, as if the entity had always applied the proposed guidance to all contracts in existence during any reporting periods presented)? If not, why?

Is there an alternative transition method that would preserve trend information about revenue but at a lower cost? If so, please explain the alternative and why you think it is better.

We agree that retrospective application could be burdensome but would provide users of financial statements with useful trend information. To adopt the proposed guidance retrospectively, an entity will prepare all estimates based on information known at the inception of the contract or, as applicable, during the course of the contract when estimates are revised based on new information. We believe that estimating the transaction price without using hindsight (i.e. based on actual experience with collectability and variable consideration) and estimating standalone selling prices will be difficult for many entities.

As an early adopter of Accounting Standards Updates ("ASU") 2009-13 and 2009-14, we recommend the Board propose a similar transition as that of the previously mentioned ASU's. The ASU's allow an entity prospective application to all revenue arrangements entered into or materially modified after the date of adoption with the requirement to disclose comparative information for either the period of change or the period immediately preceding the change. We believe that providing at least one period of comparative information about the change in accounting for revenue recognition provides sufficient information to the investors about how the change affects a particular entity.

Question 15

The Boards propose that an entity should distinguish between the following types of product warranties:

a) a warranty that provides a customer with coverage for latent defects in the product. This does not give rise to a performance obligation but requires an evaluation of whether the entity has satisfied its performance obligation to transfer the product specified in the contract.

b) a warranty that provides a customer with coverage for faults that arise after the product is transferred to the customer. This gives rise to a performance obligation in addition to the performance obligation to transfer the product specified in the contract.

Do you agree with the proposed distinction between the types of product warranties? Do you agree with the proposed accounting for each type of product warranty? If not, how do you think an entity should account for product warranties and why?

We do not agree with the Boards' proposed distinction between warranties that provide coverage for defects that exist when the product is transferred to the customer but are not yet apparent and for faults that arise after the product is transferred to the customer.

We offer standard warranties with all product sales. We do not view the provision of standard warranty coverage as an additional performance obligation. Standard warranties provide customers with a contractual right which guarantees that the delivered product will function according to specifications for a specific period of time. The contractual promise in the arrangement, in our view, is a functioning product. We believe the proposed interpretation does not accurately reflect the economic realities associated with our obligations to our customers. Standard warranties are contingent costs associated with delivering product as specified. Standard warranties should not be viewed as performance obligations but as costs associated with delivering a product. Therefore, we believe that warranties should continue to be accounted for as contingencies according to ASC 450.

We appreciate the opportunity to provide you with our views on the exposure draft. If you have any further questions or would like to discuss our responses further, please contact me at (408) 936-6270.

Sincerely,

/s/ Gene Zamiska

Gene Zamiska Juniper Networks VP Finance, Corporate Controller and Chief Accounting Officer