



2007 Letter to Stockholders

Dear Fellow Stockholders, Employees, Customers, and Friends,

At the beginning of fiscal year 2007, we set an ambitious earnings per share growth target of 40 percent for both FY 2007 and FY 2008. We are pleased to report that we reached that goal in 2007, driven by improving operating margins resulting from top line growth and effective expense controls. Our confidence in our present strategy and strong execution allows us to reiterate the 40 percent earnings per share growth plan for 2008.

Despite strong earnings growth, however, we are not satisfied with our revenue growth in fiscal 2007 versus the previous year, although we were able to compensate for a weaker first half revenue performance with a robust second half. Earlier in the year, we tightened our product focus on our core competency of providing packet flow solutions based on our proprietary instrumentation technology—a powerful approach to enterprise application performance management from the network perspective. This leveraged our technology and market position, especially in high-growth vertical markets, such as wireless service providers and financial services. We also increased the size of our direct sales force significantly to improve our sales coverage internationally and further extend our reach into the rapidly emerging wireless service provider market. These developments paid off as the year unfolded, increasing our order flow substantially in the second half and providing us with good visibility into our fiscal 2008 business volume. We believe that this order growth, while not reflected in strong revenue growth in 2007, is the direct result of our strategy and revenue driving investments.

Our *nGenius* Performance Management Solution reduces disruptions in our customers' business services through a combination of automated preventive and high-power diagnostic capabilities based on packet flow technology. Our approach utilizes sophisticated automated anomaly detection to provide early warning of potential problems and their impact on the business. Diagnostic software pinpoints problem sources using extensive, highly detailed traffic statistics and actual application traffic stored in our appliances. Our *nGenius* Solution has demonstrated dramatic reduction (as much as 70 percent) of the mean time to resolve application problems.

Our investment in leading technology and sales force delivery has laid a foundation for faster growth and greater profitability. Customer enthusiasm for our products has validated our strategy to continue to drive innovation in the packet flow space, where our company has a substantial technology and market advantage. With this strategy, NetScout will continue to solve the most challenging performance problems, improving performance and uptime of the highest value applications and services in key industries. We believe fervently in this vision, which has motivated us for many years and created potential for even greater success. We look forward to continuing to lead our market with indispensable business solutions based on on-going technological advances in the future.

We would like to thank our employees, customers, partners, and investors for their continued support. We look forward to sharing our future successes with all of you in the coming fiscal year. I would also like to personally thank my co-founder and partner, Narendra Popat, who retired in 2007, for his 24 years of hard work, leadership, and perseverance that has enabled our company to realize its potential.

Sincerely,

A handwritten signature in black ink, appearing to read "Anil K. Singhal".

ANIL K. SINGHAL
*President, Chief Executive Officer and
Chairman of the Board*