



2008 Letter to Stockholders

Dear Fellow Stockholders, Employees, Customers, and Friends,

Fiscal 2008 was a transformational year for NetScout. On November 1, 2007 we completed a merger between NetScout and Network General Corporation through a combined cash, stock, and debt transaction with the private equity firms Silver Lake Partners and TPG.

This merger brought together the two largest players in packet-based network and application performance management, creating a new NetScout that today leads the market with advanced technology and a deep and broad product portfolio. The new NetScout has doubled the size of our direct sales force and more than doubled our customer base and revenue run rate. Thanks to the long-standing relationships that each company had nurtured with its customers, we now have valuable, critical insight into the growing and changing IT management needs of the marketplace.

This insight, combined with our strengthened market position, is enabling us to redefine and expand our solutions to address additional aspects of IT management. Packet flow-based visibility is becoming a critical management requirement due to market-wide trends toward greater dependence on networked infrastructures to support critical, real-time business functions. We believe we are extremely well positioned to expand our value and strategic importance to our customers and to provide the sophisticated management technologies and solutions that the market will demand in the future.

In the short term, the combination of the two companies has been well received by our current and prospective customers who stand to benefit from the integration of the traditional NetScout strengths in traffic monitoring and reporting and from packet analysis, where Network General had market and technology leadership with their widely-known Sniffer brand. In our initial months as a combined company, we have demonstrated to our customers how we will protect their investment in our products and how our combined solution will offer significant advantages over other approaches, in particular by linking early warning of application performance problems with superior diagnostics in an integrated workflow. This advanced approach to avoiding downtime and performance degradation is indispensable to large networks and data centers where high data rates, virtualization, and new applications continue to increase operational complexity and make the delivery of real-time, mission critical services particularly difficult.

In fiscal 2008 and early 2009, we successfully combined organizations, which included the integration of our sales forces, as well as our systems and business processes. We will release the first integrated products in the second fiscal quarter of 2009 and continue the flow of combined product technologies throughout the year. The integration has proceeded smoothly and is almost entirely behind us. We are now focusing on taking advantage of the market opportunities which lay ahead. We are streamlining our operations and preparing for the growth and profitability that will result from the strong business platform we have been able to build so that we can continue to drive exceptional value to shareholders as well as our customers.

We believe that our strong financial performance in fiscal 2008 is an indicator of our future. The five months of merged operations combined with strong organic growth during the year increased 2008 non-GAAP revenue 77% and non-GAAP earnings per share 78%. This followed two years of compound earnings per share growth of 56%. While we do not expect to continue such outperformance as a larger company, we got off to a strong start in fiscal 2009 with good first quarter order flow and profit growth. Going forward in 2009, our outlook is tempered by the challenging economic environment. However, we are confident about our position in the IT management industry and our opportunity as a market leader in the increasingly important packet-flow based management segment.

We would like to thank our employees, customers, partners, and investors for their continued support. We look forward to sharing our future successes in the coming fiscal year.

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