



NetScout Announces the Acquisition of the Communications Business of Danaher Corporation



October 13, 2014



Additional Information and Where You Can Find It

NetScout will file a Registration Statement on Form S-4 containing a proxy statement/prospectus of NetScout and other documents concerning the proposed acquisition with the Securities and Exchange Commission (the “SEC”). Investors are urged to read the proxy statement/prospectus when it becomes available and other relevant documents filed with the SEC because they will contain important information. Security holders may obtain a free copy of the proxy statement/prospectus (when it is available) and other documents filed by NetScout with the SEC at the SEC’s website at www.sec.gov. The proxy statement/prospectus and other documents may also be obtained for free by contacting Andrew Kramer, Vice President of Investor Relations, by telephone at 978-614-4000, by email at ir@netscout.com, or by mail at Investor Relations, NetScout Systems, Inc., 310 Littleton Road, Westford, MA 01886.

This communication is not a solicitation of a proxy from any security holder of NetScout. However, NetScout, Danaher and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from NetScout’s stockholders in connection with the proposed transaction. Information about NetScout’s directors and executive officers and their beneficial ownership of NetScout’s common stock may be found in its definitive proxy statement relating to its 2014 Annual Meeting of Shareholders filed with the SEC on July 24, 2014. This document can be obtained free of charge from the SEC website at www.sec.gov.

Safe Harbor & Non-GAAP Financial Metrics

Forward Looking Statements: Forward-looking statements in this communication are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934 and other federal securities laws. Investors are cautioned that statements in this communication, which are not strictly historical statements. Actual results could differ materially from the forward-looking statements due to known and unknown risk, uncertainties, assumptions and other factors. Such factors include the failure to obtain, delays in obtaining or adverse conditions related to obtaining shareholder or regulatory approvals; the anticipated tax treatment of the transaction and related transactions; risks relating to any unforeseen changes to or the effects on liabilities, future capital expenditures, revenue, expenses, synergies, indebtedness, financial condition, losses and future prospects; failure to consummate or delay in consummating the transaction for other reasons; our ability to retain key executives and employees; slowdowns or downturns in economic conditions generally and in the market for advanced network and service assurance solutions specifically, the Company's relationships with strategic partners, dependence upon broad-based acceptance of the Company's network performance management solutions, the presence of competitors with greater financial resources than ours and their strategic response to our products; and the ability of NetScout to successfully integrate the merged assets and the associated technology and achieve operational efficiencies.

For a more detailed description of the risk factors associated with the Company, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2014 on file with the Securities and Exchange Commission. NetScout assumes no obligation to update any forward-looking information contained in this communication or with respect to the announcements described herein.

Regulation G Disclosure: This presentation makes reference to certain non-GAAP measures such as non-GAAP revenue and non-GAAP earnings per share. These non-GAAP measures are not in accordance with GAAP, should not be considered an alternative for measures prepared in accordance with GAAP (revenue, net income and diluted net income per share), and may have limitations in that they do not reflect all of NetScout's results of operations as determined in accordance with GAAP. These non-GAAP measures should only be used to evaluate NetScout's results of operations in conjunction with the corresponding GAAP measures. The presentation of non-GAAP information is not meant to be considered superior to, in isolation from or as a substitute for results prepared in accordance with GAAP. NetScout believes these non-GAAP financial measures will enhance the reader's overall understanding of NetScout's current financial performance and NetScout's prospects for the future by providing a higher degree of transparency for certain financial measures and providing a level of disclosure that helps investors understand how the Company plans and measures its own business. NetScout believes that providing these non-GAAP measures affords investors a view of NetScout's operating results that may be more easily compared to peer companies and also enables investors to consider NetScout's operating results on both a GAAP and non-GAAP basis during and following the integration period of NetScout's acquisitions. Presenting the GAAP measures on their own would not be indicative of NetScout's core operating results. Furthermore, NetScout believes that the presentation of non-GAAP measures when shown in conjunction with the corresponding GAAP measures provide useful information to management and investors regarding present and future business trends relating to its financial condition and results of operations. NetScout management regularly uses supplemental non-GAAP financial measures internally to understand, manage and evaluate its business and to make operating decisions. These non-GAAP measures are among the primary factors that management uses in planning and forecasting. The reconciliation of these non-GAAP metrics to the comparable GAAP metrics are set forth in the accompanying tables in the index of this presentation and are available on our website at <http://ir.netscout.com>.

The Combination – Transaction Rationale

Best-In-Class Solutions

- Comprehensive solutions addressing Enterprise and Service Provider needs
- Spans Network Performance Analytics, Service Assurance and Cyber Intelligence, with a single, cost effective instrumentation
- Next-Gen Platform providing compelling technology and value proposition

Complementary Customer Base and Global Footprint

- More global, more diverse and larger scale
- Enhances customer mindshare in a broader installed base
- Expands sales and channel presence worldwide

Financially Compelling

- Triples revenues to exceed \$1.2bn on a non-GAAP basis, continued leadership in multiple markets
- Accretive to non-GAAP earnings in the first full year of operations
- Notable synergies opportunities
- Minimal capital requirements and substantial free cash flow

Creating Value for Our Customers, Shareholders and Employees

NetScout 3.0 – A Journey We Started 3 Years Ago

Our mission is to leverage *nGeniusOne* with '**ASI Inside**'

to

Enable Enterprise and Service Providers to realize maximum benefit with minimal risk from technology advances, such as IP convergence, NFV, SDN, Virtualization, Cloud, Mobility, BYOD and the evolving Internet

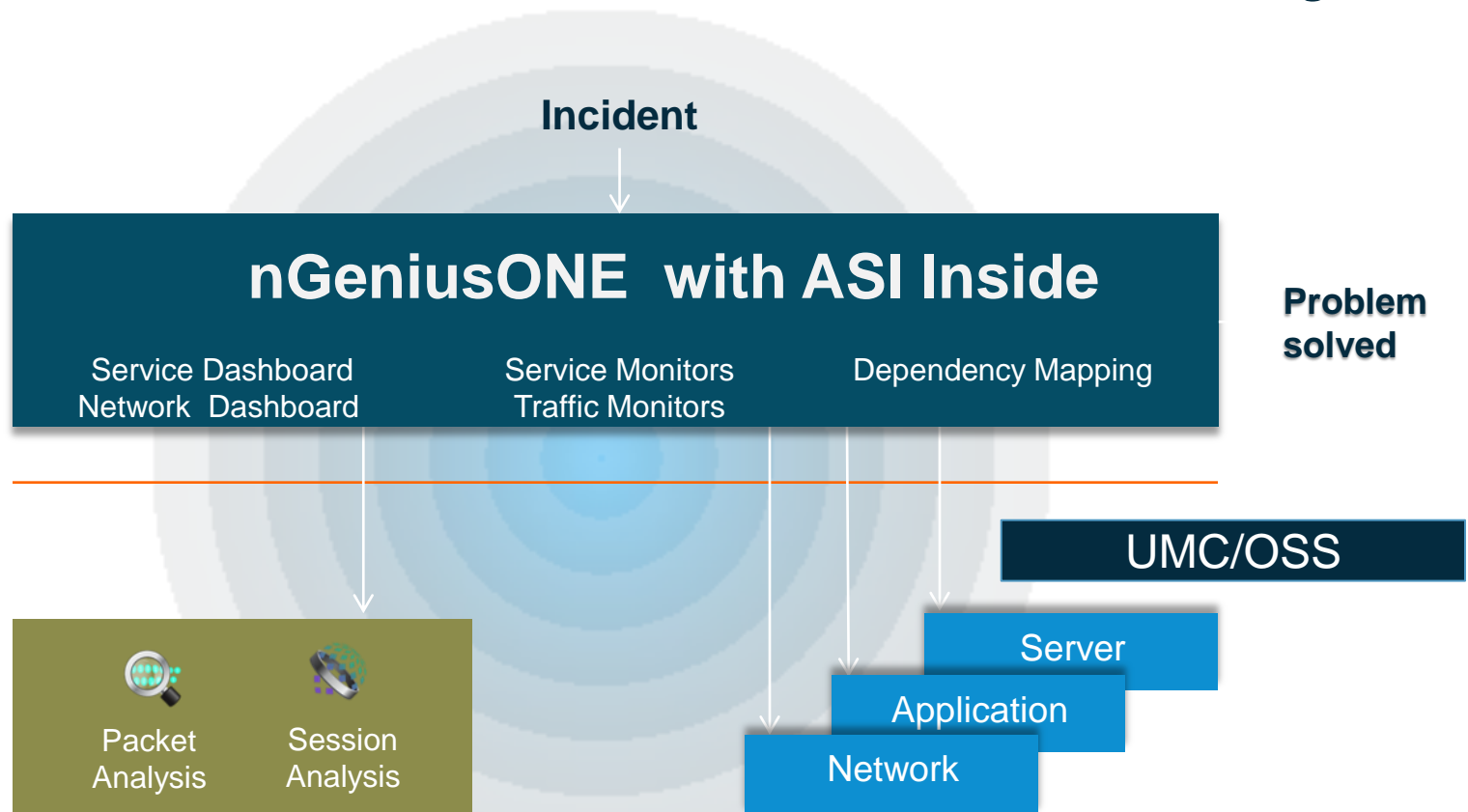
by

Proactively Monitoring and Managing the inherent complexity in a cost-effective manner

Our Value Proposition for IT Operations

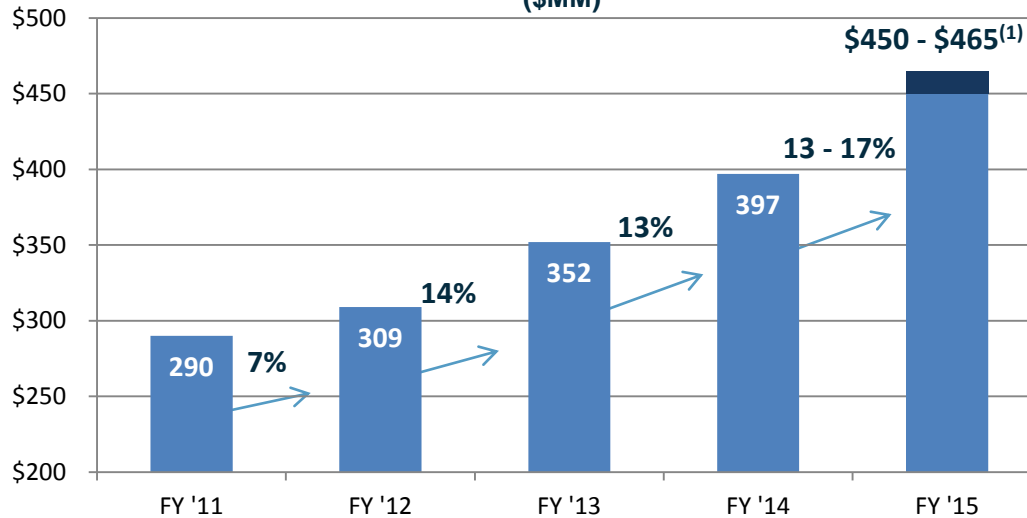
Playing Offense, Not Defense

NetScout Enables Proactive Network, Service and UC Triage



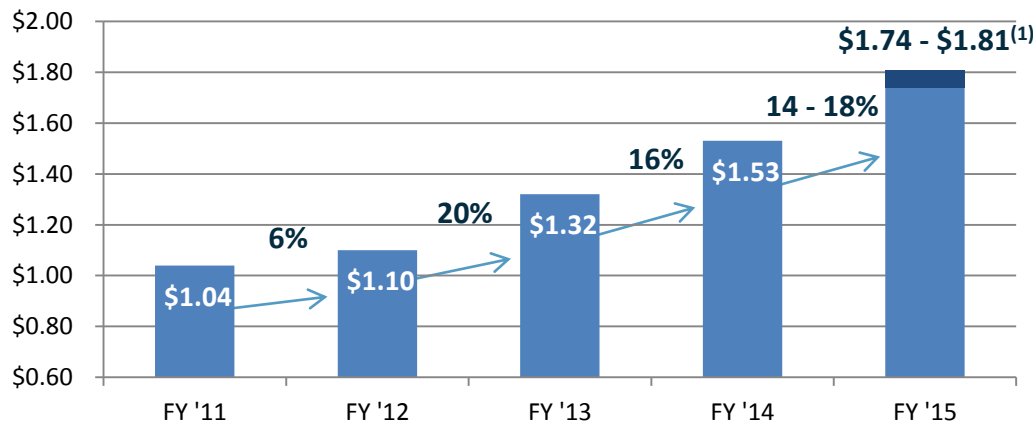
Success So Far

Non-GAAP Annual Revenue (\$MM)



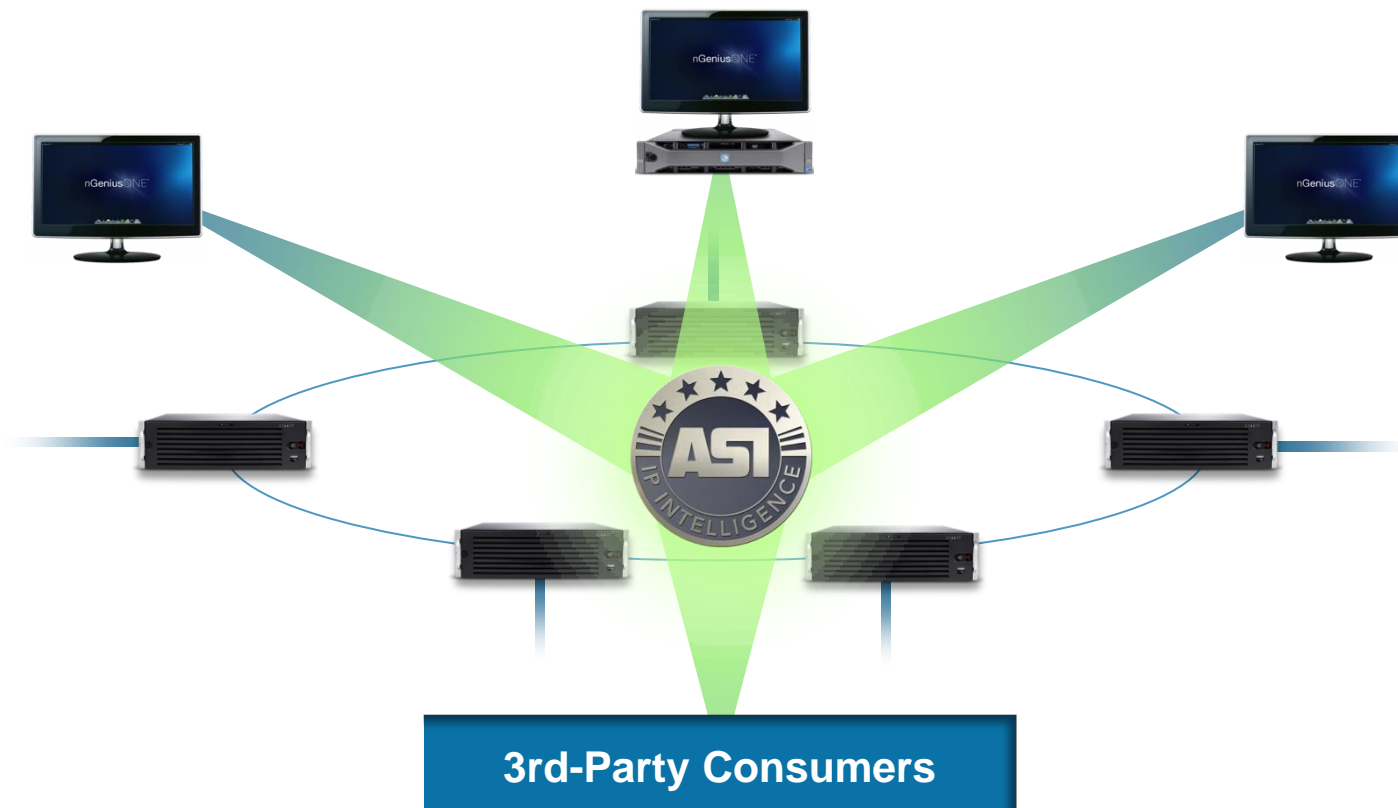
- Strong, Consistent and Profitable Growth
- NetScout 3.0 Timeline:
 - **Conceived**, November 2011
 - **nG1 FCS**, July 2013
 - **ASI Patent**, December 2013
 - Broad customer adoption
- Guidance for FY15: 18% - 23% product revenue growth⁽¹⁾

Non-GAAP EPS



⁽¹⁾ Guidance provided on July 17, 2014..

Building the ASI Sensor Network For Next Generation Big Data Analytics



Big Data, BI and Cyber Security Strategy



IT Management Industry is Prime for Transformation

NetScout is leading the way...

- **Massive infrastructure refresh during the last decade**
 - Internet, iPhone, Mobility, BYOD
 - Cloud, Virtualization, SDN
 - Voice, Cable, IP Convergence
 - 10G, 100G...
- **Missing holistic management**
 - Current solutions offer limited capability (component management), ineffective deployment and poor quality data feeds into 'Big Data' analytics

'Good Data With Good Analytics' is the winning strategy

Significantly Increasing Our TAM

\$10B

NPM	\$1B
Packet Flow Switches	\$.5B
Service Provider	\$1B
APM	\$2B
Unified Communications	\$.5B
Cyber	\$1B
BI	\$2B
Cloud	\$2B



What is Needed to Maximize This Opportunity?

Leadership

- Entrepreneurship with Experience, Passion, Staying Power
- Compelling Technology and Value Proposition

Go To Market Expertise

- Better Market access in Enterprise and SP
- Broader Installed base
- Broader capabilities across Security, RAN, BI and PFS

Scale, Scope and Reach



























- Scale, Size and Mindshare to match those of potential Competitors, Challengers and Embedded/Legacy Solutions

Today's Acquisition Accelerates NetScout's 3.0 Journey...

- Danaher's Communication business built a successful franchise over the last 10 years
 - Comprising of more than 12 technology companies, organized into 3 business units: TekComms, Arbor Networks, Fluke Networks
 - \$800M+ in combined annual revenues
 - Track record of organic development complemented by strategic M&A

Danaher / Communications Business Overview

Danaher – \$19B Revenue, \$50B Market Cap (1)

Environmental	Water Quality	  
	Gilbarco Veeder-Root	  
Test & Measurement	Communications	  
	Instruments	 
Dental	Dental Products and Services	  
		 
Life Sciences & Diagnostics	Diagnostics	 
	Life Sciences	  
Industrial Technologies	Product ID	 
	Motion	 
		 

TekComms – Better Access to Service Providers

- HQ: Plano, Texas
- Leading provider of SP network monitoring solutions
- 125+ SP customers
- 4,000+ probes deployed worldwide, monitoring 500,000+ calls per second

Arbor Networks – Jump Starting our Cyber Security Initiative

- HQ: Burlington, MA
- Leading provider of network DDoS attack detection and mitigation for SP and Enterprise networks
- 300+ SP customers
- Analyzes over 80TB/second of traffic worldwide

Fluke Networks – Broader Access in Enterprise

- HQ: Everett, WA
- Leading provider of network deployment and installation tools for SP and Enterprise installers
- 1,000s of customers

(1) 2013 revenue per company filings. Approximate market cap as of October 10, 2014..

Transaction Overview

Structure and Consideration

- NetScout to acquire Danaher's Communications Group
- NetScout to issue 62.5 million shares, valued at approximately \$2.6 billion ⁽¹⁾
- Structured as Reverse Morris Trust

Ownership ⁽²⁾

- Danaher shareholders: 59.5%
- NetScout shareholders: 40.5%

Management

- NetScout CEO and other executives to continue in their respective roles

Board of Directors

- Current NetScout Board to remain in place
- Anil Singhal to continue as Chairman of the Board
- James A. Lico, EVP of Danaher, to join the Board, expanding it to 8 directors

Headquarters

- Westford, MA

Closing Conditions

- Transaction anticipated to close in first 6 months of NetScout's FY 2016, subject to NetScout shareholder and regulatory approvals, and receipt by Danaher of a ruling by the U.S. Internal Revenue Service and opinions of counsel regarding certain tax matters

⁽¹⁾ Based on NetScout's closing share price on October 10, 2014.

⁽²⁾ Includes estimated RSUs to be issued to SpinCo employees.

The Combination – Financial Highlights



For the 12 months ended
March 31, 2014



DANAHER



For the 12 months ended
December 31, 2013
(Unaudited)

(\$ in millions)

Revenue	\$397	\$836
Non-GAAP Operating Income	\$101	\$199
% Non-GAAP Margin	25%	24%

- Ownership: NetScout shareholders ~40%; Danaher shareholders ~60%
- Accretive in the first year of operation on a non-GAAP basis
- Guidance updated after transaction close
- Liquidity and capital deployment

The Combination – Value Creation

For Our Customers

A partner that is better equipped to meet our customers' near and long-term requirements

- Broader range of best-in-class solutions to address a range of complex IT management challenges – networking & security, monitoring & troubleshooting
- Extensive sales, service and support
- Proven experience in integrating acquired product lines

For Our Shareholders

Participation in the continued success of a strong, growth-oriented market leader

- Accelerates NetScout's growth strategy
- Benefits of synergies
- Accretive in first year of combined operations

For Our Employees

A place where your work contributes directly to our success

- Experienced and proven leadership
- Compatible engineering-centric, entrepreneurial cultures
- Professional growth and development
- Participate in company's future success

THANK YOU

GAAP-Non-GAAP Reconciliations

(In thousands, except per share data)

	For the Fiscal Years Ended			
	March 31,			
	2011	2012	2013	2014
GAAP Revenue	\$290,540	\$308,679	\$350,550	\$396,647
Defered revenue fair value adjustment	132	312	1,215	558
Non-GAAP Revenue	<u>\$290,672</u>	<u>\$308,991</u>	<u>\$351,765</u>	<u>\$397,205</u>
GAAP Gross profit	\$229,179	\$243,007	\$276,542	\$312,134
Defered revenue fair value adjustment	132	312	1,215	558
Inventory fair value adjustment	-	-	453	-
Share-based compensation expense (1)	352	419	577	969
Amortization of acquired intangible assets (2)	3,980	4,651	4,547	3,333
Compensation for post combination services (4)	-	10	14	34
Non-GAAP Gross profit	<u>\$233,643</u>	<u>\$248,399</u>	<u>\$283,348</u>	<u>\$317,028</u>
GAAP Income from operations	\$ 58,065	\$ 53,683	\$ 64,529	\$ 78,014
Defered revenue fair value adjustment	132	312	1,215	558
Inventory fair value adjustment	-	-	453	-
Share-based compensation expense (1)	6,439	8,702	9,580	12,930
Amortization of acquired intangible assets (2)	5,887	6,782	7,424	6,765
Business development and integration expense (3)	755	4,347	1,618	523
Compensation for post combination services (4)	-	438	2,721	2,215
Restructuring charges	-	603	1,065	-
Non-GAAP Income from operations	<u>\$ 71,278</u>	<u>\$ 74,867</u>	<u>\$ 88,605</u>	<u>\$101,005</u>
GAAP Net income	\$ 37,265	\$ 32,428	\$ 40,609	\$ 49,106
Defered revenue fair value adjustment	132	312	1,215	558
Inventory fair value adjustment	-	-	453	-
Share-based compensation expense (1)	6,439	8,702	9,580	12,930
Amortization of acquired intangible assets (2)	5,887	6,782	7,424	6,765
Business development and integration expense (3)	755	4,715	1,618	523
Compensation for post combination services (4)	-	438	2,721	2,215
Loss on extinguishment of debt (5)	-	603	-	-
Income tax adjustments (6)	(5,021)	(7,700)	(8,671)	(7,879)
Restructuring charges	-	690	1,065	-
Non-GAAP Net income	<u>\$ 45,457</u>	<u>\$ 46,970</u>	<u>\$ 56,014</u>	<u>\$ 64,218</u>
GAAP Diluted Net income per share	\$ 0.87	\$ 0.76	\$ 0.96	\$ 1.17
Share impact of non-GAAP adjustments identified above	0.19	0.34	0.36	0.36
Non-GAAP Diluted net income per share	<u>\$ 1.06</u>	<u>\$ 1.10</u>	<u>\$ 1.32</u>	<u>\$ 1.53</u>
Shares used in computing non-GAAP diluted net income per share	42,973	42,750	42,322	41,955
(1) Share-based compensation expense included in these amounts is as follows:				
Cost of product revenue	\$ 134	\$ 192	\$ 235	\$ 228
Cost of service revenue	218	227	342	741
Research and development	1,651	2,486	2,944	4,361
Sales and marketing	2,527	3,052	3,035	3,791
General and administrative	1,909	2,745	3,024	3,809
Total share-based compensation expense	<u>\$ 6,439</u>	<u>\$ 8,702</u>	<u>\$ 9,580</u>	<u>\$ 12,930</u>
(2) Amortization expense related to acquired software and product technology included in these amounts is as follows:				
Cost of product revenue	\$ 3,980	\$ 4,651	\$ 4,547	\$ 3,333
Operating expenses	1,907	2,131	2,877	3,432
Total amortization expense	<u>\$ 5,887</u>	<u>\$ 6,782</u>	<u>\$ 7,424</u>	<u>\$ 6,765</u>
(3) Business development and integration expense included in these amounts is as follows:				
Cost of service revenue	-	10	-	-
Research and development	-	1,545	15	-
Sales and marketing	-	346	10	-
General and administrative	755	2,446	1,593	523
Other income (expense), net	-	368	-	-