NETSCOUT™

Q4 & FY 2017 Conference Call

NETSCOUT SYSTEMS, INC.
May 4, 2017

Agenda

- Introduction & Safe Harbor
  - Andrew Kramer, Vice President of Investor Relations
- CEO Perspective
  - Anil Singhal, President and CEO
- COO Update: Customer Use Cases & Business Initiatives
  - Michael Szabados, Chief Operating Officer
- Financial Review and Fiscal Year 2018 Outlook
  - Jean Bua, EVP and CFO

Safe Harbor

Forward Looking Statements: 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, including without limitation, the statements related to the Company's financial guidance, estimated expenses, expected financial performance and realization of synergies, statements regarding future demand for the Company's products by specific customers or by customers in general, statements related to operational and product-related integration initiatives, statements related to new and modified products and solutions, and the timing of introduction and the capabilities and market acceptance of such products and solutions, statements related to the Company's future spending, expense management and share repurchase activity, statements regarding the Company's ability to improve profitability with respect to development plans, expected future revenue and profitability associated with recent software-only deals, statements regarding go-to-market and other initiatives, statements regarding shifts in the market and in customer actions, expectations and demand for products, including the Company's ability to gain traction based on these changes and statements regarding future and ongoing strategic partnerships and development plans, constitute forward-looking statements which involve risks and uncertainties. Actual results could differ materially from the forward-looking statements due to known and unknown risk, uncertainties, assumptions and other factors. Such factors include slowdowns or downturns in economic conditions generally and in the market for advanced network and service assurance solutions specifically; the volatile foreign exchange environment; 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 we have and their strategic response to our products; changes in the various factors impacting the Company's decisions regarding timing and volume of stock repurchases; our ability to retain key executives and employees; lower than expected demand for the Company's products and services; and the ability of NetScout to successfully complete the integration of 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, 2016 and subsequent Quarterly Reports on Form 10-Q, which are 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.

Non-GAAP Financial Metrics

Regulation G Disclosure: This presentation makes reference to certain non-GAAP measures such as non-GAAP total revenue, non-GAAP product revenue, non-GAAP service revenue, non-GAAP income from operations, non-GAAP net income, non-GAAP diluted net income per share, non-GAAP gross margin, non-GAAP operating margin, non-GAAP EPS and free cash flow. Non-GAAP revenue (total, product and service) eliminates the GAAP effects of acquisitions by adding back revenue related to deferred revenue revaluation, as well as revenue impacted by the amortization of intangible assets. Non-GAAP income from operations includes the aforementioned revenue adjustments and also removes expenses related to the amortization of acquired intangible assets, stock-based compensation, and certain expenses relating to acquisitions including inventory fair value adjustments, depreciation costs, compensation for post-combination services and business development and integration costs. Non-GAAP operating margin is calculated based on the non-GAAP financial metrics discussed above. Non-GAAP net income includes the aforementioned items related to non-GAAP income from operations, net of related income tax effects. Non-GAAP diluted net income per share also excludes these expenses as well as the related impact of all these adjustments on the provision for income taxes. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures included in the appendix. These non-GAAP measures are not in accordance with GAAP, should not be considered an alternative for measures prepared in accordance with GAAP (revenue, gross and operating margin, net income, cash flow from operations and diluted earnings 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. In addition, this presentation provides additional non-GAAP pro forma details to provide a comparison between fiscal years 2016 and 2017 assuming the transaction had been completed on April 1, 2015 (the first day of fiscal year 2016) so that investors can better understand recent performance trends as well as gain greater context for the Company's fiscal year 2017 guidance. 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.

CEO Perspective

Anil Singhal

Co-Founder, President and Chief Executive Officer

Q4 and FY'17 Performance

Non-GAAP ($ in millions)	Q4 FY'16 3/31/16	Q4 FY'17 3/31/17	FY'16 (Pro Forma) 3/31/16	FY'17 (Reported) 3/31/17
Revenue	$308.7	$327.2	$1,198.7	$1,199.8
Gross Margin	74.8%	75.2%	75.0%	75.2%
Operating Margin	22.4%	27.5%	21.0%	23.0%
EPS	$0.44	$0.65	$1.75	$1.92

- Total FY'17 non-GAAP revenue essentially unchanged from FY'16
- Delivered 2nd consecutive year of non-GAAP operating margin improvement of 200 bps
- Continued to solidify our market and technological leadership in both verticals
- Fully integrated key Danaher Communications Business assets and made excellent progress on our new product cycle

Pro forma results assume the acquisition of the Danaher Communications Business was completed on April 1, 2015.
See Appendix for GAAP-Non-GAAP and GAAP-Non-GAAP Pro Forma Reconciliations.

Recent Non-GAAP Financial Results and FY'18 Guidance

Non-GAAP ($ in millions)	FY'15 (Pro Forma) 3/31/15	FY'16 (Pro Forma) 3/31/16	FY'17 (Reported) 3/31/17	FY'18 (Non-GAAP Guidance) 3/31/18
Revenue	$1,169.4	$1,198.7	$1,199.8	Relatively unchanged from FY'17
Gross Margin	74.4%	75.0%	75.2%	~77%
Operating Margin	18.8%	21.0%	23.0%	~25%
EPS	$1.52	$1.75	$1.92	Mid single digit to high single digit % growth over FY'17

- Increased non-GAAP operating margin by more than 400 basis points over the past two years and anticipate an additional 200 basis points of operating margin expansion in FY'18
- Attractive growth opportunities in enterprise service assurance and cybersecurity
- Expect that high-single digit to low double-digit growth in the enterprise will mitigate an anticipated decline in the service provider vertical
- Goal: resume top-line growth in FY19 and beyond, while continuing to enjoy further gross margin and operating margin expansion

Pro forma results assume the acquisition of the Danaher Communications Business was completed on April 1, 2014.
See Appendix for GAAP-Non-GAAP and GAAP-Non-GAAP Pro Forma Reconciliations

Delivering on an Exciting New Product Cycle

01

Smart Data via Next-Generation Instrumentation

Lower Cost, Agile, Scalable, Software-based
Easy to deploy, use and manage
Real Time Actionable Intelligence

02

Superior Analytics

Most Insightful
High Integrity & Value
Clearly Differentiated

Outlook

- FY'18 anticipated to be another good year of improved profitability and EPS growth
- Expect successful adoption of our new software platform will help increase gross margins and be the primary driver for operating margin gains in FY'18
- Consistent with prior years, the majority of revenue and profits is expected in the second half of FY'18

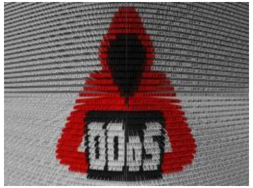
COO Update

Michael Szabados
Chief Operating Officer

COO Highlights

- Go-to-market activity

- Customer wins and use cases
  - Service Provider
  - Enterprise
  - DDoS



Financial Review
Fiscal Year 2018 Outlook

Jean Bua
Executive Vice President and Chief Financial Officer

Q4 FY'17 Results

(in millions except EPS and % data)	Q4 FY'16 GAAP Reported 3/31/16	Q4 FY'17 GAAP Reported 3/31/17	% Change	Q4 FY'16 Non-GAAP Reported 3/31/16	Q4 FY'17 Non-GAAP Reported 3/31/17	% Change
Revenue:						
Product	$ 195.8	$ 210.1	7.3%	$ 200.3	$ 213.7	6.7%
Service	$ 90.1	$ 108.9	20.8%	$ 108.4	$ 113.5	4.7%
Total revenue	**$ 285.9**	**$ 318.9**	**11.6%**	**$ 308.7**	**$ 327.2**	**6.0%**
Cost of revenue	$ 100.9	$ 92.9	-7.9%	$ 77.7	$ 81.2	4.5%
Gross profit	**$ 185.0**	**$ 226.0**	**22.1%**	**$ 231.0**	**$ 246.0**	**6.5%**
Gross profit margin	**64.7%**	**70.9%**		**74.8%**	**75.2%**	
Operating expenses	$ 190.0	$ 187.4	-1.4%	$ 161.9	$ 156.1	-3.6%
Income from operations	**$ (4.9)**	**$ 38.7**		**$ 69.1**	**$ 89.9**	30.1%
margin	**-1.7%**	**12.1%**		**22.4%**	**27.5%**	
Net income (loss)	**$ (3.6)**	**$ 22.3**		**$ 42.9**	**$ 60.6**	41.2%
Diluted net income per share	**$ (0.04)**	**$ 0.24**		**$ 0.44**	**$ 0.65**	**47.7%**

See Appendix for GAAP-Non-GAAP Reconciliations

FY’17 Full Year Results

(in millions except EPS and % data)	FY'16 GAAP Reported 3/31/16	FY’17 GAAP Reported 3/31/17	FY’16 Non-GAAP Pro Forma* 3/31/16	FY’17 Non-GAAP Reported 3/31/17	% Change
Revenue:					
Product	$ 633.4	$735.5	$ 761.4	$ 753.8	-1.0%
Service	$ 322.0	$426.6	$ 437.3	$ 446.1	2.0%
Total revenue	**$ 955.4**	$1,162.1	**$ 1,198.7**	**$ 1,199.8**	0.1%
Cost of revenue	$ 328.4	$346.1	$ 299.8	$ 298.0	-0.6%
Gross profit	**$ 627.0**	$816.0	**$ 898.8**	**$ 901.8**	0.3%
Gross profit margin	**65.6%**	**70.2%**	**75.0%**	**75.2%**	
Operating expenses	$ 652.5	$753.9	$ 647.7	$ 626.4	-3.3%
Income from operations	**$ (25.6)**	$62.1	**$ 251.1**	**$ 275.4**	9.7%
Income from operations margin	**-2.7%**	**5.3%**	**21.0%**	**23.0%**	
Net income (loss)	**$ (28.4)**	$33.3	**$ 162.2**	**$ 178.5**	
Diluted net income per share	**$ (0.35)**	**$0.36**	**$ 1.75**	**$ 1.92**	

Certain numbers may not total due to rounding

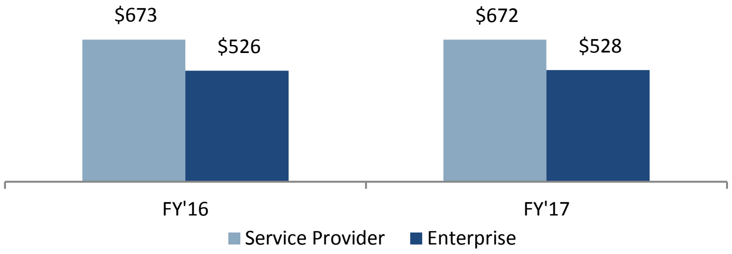
** Pro forma results assume the acquisition of the Danaher Communications Business was completed on April 1, 2015.*

See Appendix for GAAP-Non-GAAP and GAAP-Non-GAAP Pro Forma Reconciliations.

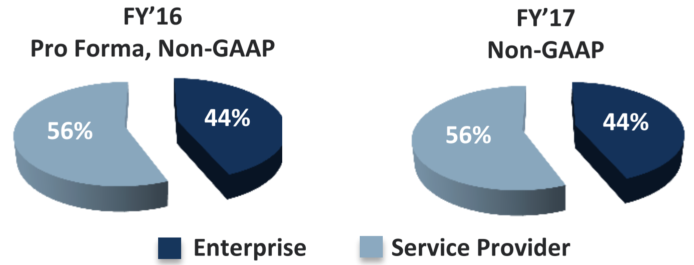
FY’17 Non-GAAP Revenue Trends: Customer Verticals

Total Non-GAAP Revenue by Customer Segment

($ in millions)



Total Non-GAAP Revenue Composition by Customer Segment



Service Provider

- 10% decline in service assurance revenue due to the delayed spending by one tier-one provider
- Service assurance grew by ~25% excluding this service provider’s revenue from both years
- Cybersecurity revenue grew by ~40%

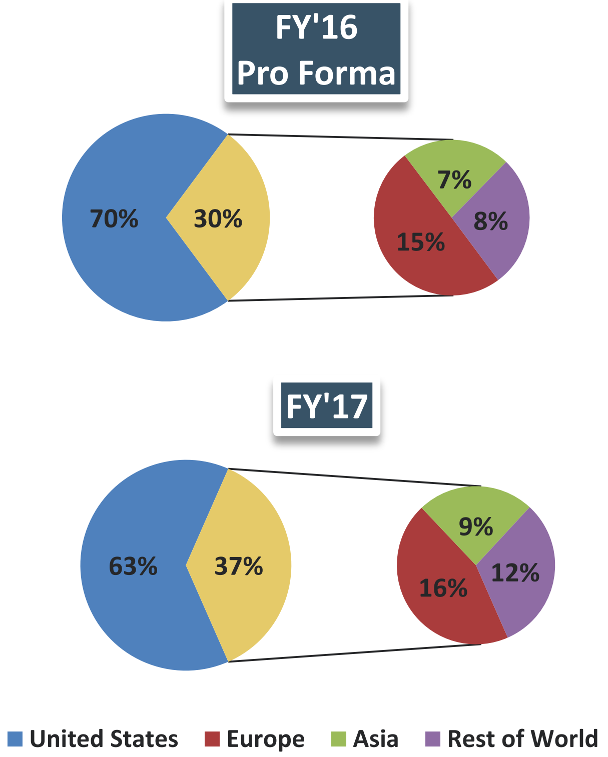
Enterprise

- 5% nGeniusONE growth and 14% growth at Arbor offset declines within the former Fluke product lines
- nGeniusONE strength in all major verticals and non-Federal government sectors

See Appendix for GAAP-Non-GAAP and GAAP-Non-GAAP Pro Forma Reconciliations.

FY'17 Revenue Trends: Geographic Mix
(GAAP, in millions)

	Q4 FY'17 Reported 3/31/17	YTD FY'17 Reported 3/31/17	FY'16 Pro Forma*
Total Revenue	**$318.9**	**$1,162.1**	**$1,129.4**
United States	**$196.8**	**$734.2**	**$794.7**
International	**$122.1**	**$427.9**	**$334.8**
Europe	**$50.7**	**$190.6**	**$167.0**
Asia	**$25.6**	**$102.4**	**$75.7**
Rest of World	**$45.8**	**$135.0**	**$92.1**



* *Pro forma results assume the acquisition of the Danaher Communications Business was completed on April 1, 2015*

See appendix for reconciliation of FY '16 pro forma GAAP revenue

Balance Sheet Highlights & Free Cash Flow
(in millions)

(Unaudited)	FY'17 3/31/17
*Cash and Securities**	$ 464.7
Accounts Receivable, Net	$ 294.4
Inventories	$ 40.0
Total Debt	$ 300.0
Total Deferred Revenue	$ 397.2
Total Stockholders' Equity	$ 2,436.3

* Cash and securities defined as cash, cash equivalents and short-term and long-term marketable securities

Free Cash Flow

	Q1 FY'17 6/30/16	Q2 FY'17 9/30/16	Q3 FY'17 12/31/16	Q4 FY'17 3/31/17	FY'17* 3/31/17
Operating Cash Flow	$ 37.7	$ 15.9	$ 78.3	$ 95.9	$ 227.8
Purchase of Fixed Assets & Intangible Assets	$ (9.5)	$ (8.5)	$ (6.1)	$ (8.1)	$ (32.1)
Free Cash Flow	$ 28.2	$ 7.4	$ 72.2	$ 87.8	$ 195.7

* includes items related to the acquisition of the Danaher Communications Business totaling approximately $30 million.

* Certain numbers may not total due to rounding.

Financial Profile

	FY'17 3/31/17	TARGET
Cash position	$ 465	Not to exceed $500
Liquidity	3.1x	2x - 3x EBITDA
Gross leverage	1.0x	1x - 2x EBITDA

Liquidity calculated as available credit under the Company's senior secured credit facility plus cash and securities divided by the 12-month trailing adjusted non-GAAP EBITDA

As defined in the Company's senior secured credit facility, gross leverage is calculated as total debt plus contingent liabilities divided by the 12-month trailing adjusted non-GAAP EBITDA.

FY 2018 Guidance
(in billions except EPS)

GAAP	FY'17	FY'18 Guidance (on a % basis compared with FY'17)
Revenue	$1.163	Low single-digit growth
EPS (diluted)	$0.41	~110% to ~160% growth

Non-GAAP	FY'17	FY'18 Guidance (on a % basis compared with FY'17)
Revenue	$1.2	Relatively unchanged
EPS (diluted)	$1.92	Mid-single to high single-digit % growth

Assumptions

* Expect that solid revenue growth in enterprise will be offset by a decline in service provider
* ~40% of total revenue anticipated in 1H18
* Opportunity to drive improved gross margins
* Targeting operating profitability margin of 25%
* Plan to maintain relatively flat operating costs
* Tax rate expected in the 33% to 34% range
* Interest & other expense of $10 million to $12 million for FY'18
* ~93 million diluted shares outstanding

See Appendix for GAAP-Non-GAAP Reconciliations.

Upcoming Investor Events

Date	Event	Location
May 9, 2017	Jefferies Technology Conference	Miami, FL
May 17, 2017	Needham & Co. Emerging Tech Conference	NYC
May 23, 2017	JP Morgan TMT Conference	Boston, MA
May 24, 2017	B. Riley & Co. Institutional Investor Conference	Santa Monica, CA
May 31, 2017	Craig-Hallum Institutional Investor Conference	Minneapolis, MN
June 7, 2017	Stephens Inc. Spring Investment Conference	NYC
June 8, 2017	Baird Consumer, Technology & Services Conference	NYC
June 9, 2017	Citi Small & Mid Cap Conference	NYC

Appendix

FY 2018 Guidance: GAAP to Non-GAAP Reconciliation
(in millions except EPS)

Unaudited

	FY'17	FY'18
GAAP revenue	$1,162.1	Low single-digit growth over FY'17
Deferred service revenue fair value adjustment	$ 19.5	~$7 million to ~$9 million
Deferred product revenue fair value adjustment	$ 6.8	~$2 million to ~$4 million
Amortization of intangible assets	$ 11.4	~$8 million to ~$10 million
Non-GAAP revenue	$1,199.8	Relatively flat versus FY'17

	FY'17	FY'18
GAAP Net Income	$ 33.3	~110% to ~160% growth over FY'17
Deferred service revenue fair value adjustment	$ 19.5	~$7 million to ~$9million
Deferred product revenue fair value adjustment	$ 6.8	~$2 million to ~$4 million
Amortization of intangible assets	$ 123.6	~$110 million to ~$112 million
Share-based compensation expenses	$ 39.2	~$45 million to ~$47 million
Business development expenses	$ 12.1	~$1 million to ~$3 million
New accounting standard implementation	$ -	~$1 million to ~$2 million
Compensation for post-combination services	$ 5.1	-
Acquisition-related depreciation expense	$ 3.1	-
Restructuring costs	$ 4.0	-
Other income	$ (0.4)	-
Total Adjustments	$ 212.9	~$166 million to ~$177 million
Related impact of adjustments on income tax	$ (67.7)	(~$55 million to ~$60 million)
Non-GAAP Net Income	$ 178.5	Mid-single to high single-digit growth over FY'17
GAAP Net Income Per Share (diluted)	$ 0.36	~110% to ~160% growth over FY'17
Non-GAAP Net Income Per Share (diluted)	$ 1.92	Mid-single to high single-digit growth over FY'17
Average Weighted Shares Outstanding (diluted)	92.9	92.9

Certain numbers may not total due to rounding.

Total Revenue Composition
(in millions)

	Q4 FY'16 Non-GAAP	Q4 FY'17 Non-GAAP	Q4 FY'17 GAAP	FY'16 Pro Forma Non-GAAP	FY'17 Non-GAAP	FY'17 GAAP
Total Revenue	$308.7	$327.2	$318.9	*$1,198.7*	*$1,199.8*	$1,162.1
Product Revenue	*$200.3*	*$213.7*	*$210.1*	*$761.4*	*$753.8*	*$735.5*
Service Revenue	*$108.4*	*$113.5*	*$108.9*	*$437.3*	*$446.1*	*$426.6*

Certain numbers may not total due to rounding

GAAP to Non-GAAP, Pro Forma Detailed Reconciliation: FY'15 Revenue, FY'16 and FY'17 Revenue

(Unaudited) (In millions)	FY15 x-DHR	FY15 NTCT (Reported)	FY15 Pro Forma	FY16 x-DHR	FY16 NTCT (Reported)	FY16 Pro Forma	FY17 NTCT
Revenue (GAAP)	$ 715.8	$ 453.7	$ 1,169.4	$ 174.1	$ 955.4	$ 1,129.5	$ 1,162.1
Product deferred revenue fair value adjustment	-	-	-	-	10.2	10.2	6.8
Service deferred revenue fair value adjustment	-	0.0	0.0	-	51.6	51.6	19.5
Delayed transfer entity adjustment (1)	-	-	-	-	0.6	0.6	-
Amortization of acquired intangible assets (3)	-	-	-	-	6.7	6.7	11.4
Total Adjustments	-	0.0	0.0	-	69.2	69.2	37.7
Non-GAAP Revenue	**$ 715.8**	**$ 453.7**	**$ 1,169.4**	**$ 174.1**	**$ 1,024.6**	**$ 1,198.7**	**$ 1,199.8**

** Pro forma results assume the acquisition of the Danaher Communications Business was completed on April 1, 2014*
** Certain numbers may not total due to rounding*

GAAP to Non-GAAP, Pro Forma Detailed Reconciliation: FY'15, FY'16 and FY'17 Gross Profit

(Unaudited) (In millions)	FY15 x-DHR	FY15 NTCT (Reported)	FY15 Pro Forma	FY16 x-DHR	FY16 NTCT (Reported)	FY16 Pro Forma	FY17 NTCT
Gross Profit (GAAP)	**$ 494.1**	**$ 359.1**	**$ 853.2**	$ 116.8	$ 627.0	$ 743.7	$ 816.0
Product deferred revenue fair value adjustment	-	-	-	-	10.2	10.2	6.8
Service deferred revenue fair value adjustment	-	0.0	0.0	-	51.6	51.6	19.5
Inventory fair value adjustment	-	-	-	-	28.6	28.6	-
Delayed transfer entity adjustment	-	-	-	-	0.5	0.5	-
Share-based compensation expense	-	1.5	1.5	-	3.3	3.3	4.9
Amortization of acquired intangible assets	10.3	3.6	14.0	2.5	51.9	54.4	53.5
Business development and integration expense	-	-	-	-	1.4	1.4	0.4
Compensation for post combination services	-	0.0	0.0	-	4.1	4.1	0.6
Acquisition related depreciation expense	-	-	-	-	0.3	0.3	0.2
Other	1.8	-	1.8	0.7	-	0.7	-
Total Adjustments	$ 12.1	$ 5.2	$ 17.3	$ 3.2	152.0	$ 155.2	$ 85.8
Gross Profit (Non-GAAP)	**$ 506.3**	**$ 364.3**	**$ 870.5**	**$ 120.0**	**$ 779.0**	**$ 898.9**	**$ 901.8**
Gross Profit Margin (Non-GAAP)	**70.7%**	**80.3%**	**74.4%**	**68.9%**	**76.0%**	**75.0%**	**75.2%**

** Pro forma results assume the acquisition of the Danaher Communications Business was completed on April 1, 2014.*

** Certain numbers may not total due to rounding.*

GAAP to Non-GAAP, Pro Forma Detailed Reconciliation: FY'15, FY'16 and FY'17 Operating Profit

(Unaudited) (In millions)	FY15 x-DHR	FY15 NTCT (Reported)	FY15 Pro Forma	FY16 x-DHR	FY16 NTCT (Reported)	FY16 Pro Forma	FY17 NTCT
Income from Operations (GAAP)	**$ 39.3**	**$ 96.8**	**$ 136.1**	**$ (4.3)**	**$ (25.6)**	**$ (29.9)**	**$ 62.1**
Product deferred revenue fair value adjustment	-	-	-	-	10.2	10.2	6.8
Service deferred revenue fair value adjustment	-	0.0	0.0	-	51.6	51.6	19.5
Inventory fair value adjustment	-	-	-	-	28.6	28.6	-
Delayed transfer entity adjustment	-	-	-	-	0.4	0.4	-
Share-based compensation expense	4.8	16.6	21.3	1.1	28.4	29.5	39.2
Amortization of acquired intangible assets	16.0	7.0	23.0	6.3	84.2	90.6	123.6
Business development and integration expense	-	12.0	12.0	-	29.4	29.4	12.1
Compensation for post combination services	-	1.4	1.4	-	35.1	35.1	5.1
Restructuring charges	-	-	-	1.8	0.5	2.3	4.0
Acquisition related depreciation expense	23.9	-	23.9	-	3.9	3.9	3.1
Other	2.5	-	2.5	(0.6)	-	(0.6)	-
Total adjustments	$ 47.2	$ 37.0	84.2	$ 8.7	$ 272.3	$ 281.0	$ 213.3
Non-GAAP Income from Operations	**$ 86.5**	**$ 133.7**	**$ 220.3**	**$ 4.4**	**$ 246.8**	**$ 251.1**	**$ 275.4**
Non-GAAP Income from Operations Margin	**12.1%**	**29.5%**	**18.8%**	**2.5%**	**24.1%**	**21.0%**	**23.0%**

** Pro forma results assume the acquisition of the Danaher Communications Business was completed on April 1, 2014.*

** Certain numbers may not total due to rounding.*

GAAP to Non-GAAP, Pro Forma Detailed Reconciliation: FY'15, FY'16 and FY'17 Net Income Per Share (Diluted)

(Unaudited) (In millions, except net income per share - diluted)	FY 15 Pro Forma	FY 16 Pro Forma	FY17 Reported
Non-GAAP Income from Operations	**$ 220.3**	**$ 251.1**	**$ 275.4**
Interest and other expense, net - Non-GAAP	(10.3)	(10.3)	(10.3)
Income before income tax benefit - Non-GAAP	210.0	240.8	265.1
Income tax expense - Non-GAAP	68.6	78.6	86.6
Net income - Non-GAAP	141.4	162.2	178.5
Net income per share (diluted) - Non-GAAP	$ 1.52	$ 1.75	$ 1.92
Weighted average common shares oustanding (diluted) - Non-GAAP	92.8	92.8	92.8

Pro forma results assume the acquisition of the Danaher Communications Business was completed on April 1, 2014.

Non-GAAP Adjustments include revenue related to deferred revenue revaluation, revenue affected by the timing of the delayed transfer of certain acquired foreign entities, revenue impacted by the amortization of intangible assets, expenses related to the amortization of acquired intangible assets, stock-based compensation, certain expenses relating to acquisitions including inventory fair value adjustments, depreciation costs, compensation for post-combination services, business development, integration, and restructuring costs.

FY15 and FY16 Pro Forma EPS results based on applying FY17 interest and other expense, net, FY17 income tax rate and FY17 weighted average common shares outstanding - diluted to each year's respective non-GAAP income from operations

Certain numbers may not total due to rounding.

GAAP to Non-GAAP Reconciliation: Q4 FY'17, Q4 FY'16 and Q3 FY'17 Revenue

NETSCOUT SYSTEMS, INC.
Reconciliation of Current GAAP to Current and Historical Non-GAAP Financial Measures
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Three Months Ended December 31, 2016
Product Revenue (GAAP)	$ 210,059	$ 195,792	$ 192,010
Product deferred revenue fair value adjustment	797	2,100	1,514
Delayed transfer entity adjustment (1)	-	-	-
Amortization of acquired intangible assets (3)	2,842	2,361	2,851
Non-GAAP Product Revenue	$ 213,698	$ 200,253	$ 196,375
Service Revenue (GAAP)	$ 108,861	$ 90,095	$ 110,182
Service deferred revenue fair value adjustment	4,678	18,309	4,797
Non-GAAP Service Revenue	$ 113,539	$ 108,404	$ 114,979
Revenue (GAAP)	$ 318,920	$ 285,887	$ 302,192
Product deferred revenue fair value adjustment	797	2,100	1,514
Service deferred revenue fair value adjustment	4,678	18,309	4,797
Delayed transfer entity adjustment (1)	-	-	-
Amortization of acquired intangible assets (3)	2,842	2,361	2,851
Non-GAAP Revenue	$ 327,237	$ 308,657	$ 311,354

GAAP to Non-GAAP Reconciliation: Q4 FY'17, Q4 FY'16 and Q3 FY'17 Gross Profit, Income from Operations and Net Income

NETSCOUT SYSTEMS, INC.
Reconciliation of Current GAAP to Current and Historical Non-GAAP Financial Measures
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Three Months Ended December 31, 2016
Gross Profit (GAAP)	$ 226,003	$ 185,036	$ 220,514
Product deferred revenue fair value adjustment	797	2,100	1,514
Service deferred revenue fair value adjustment	4,678	18,309	4,797
Inventory fair value adjustment	-	6,380	-
Delayed transfer entity adjustment (1)	-	-	-
Share-based compensation expense (2)	1,116	933	1,270
Amortization of acquired intangible assets (3)	13,140	17,158	13,816
Business development and integration expense (4)	217	501	91
Compensation for post-combination services (5)	-	476	27
Acquisition related depreciation expense (6)	44	103	43
Non-GAAP Gross Profit	$ 245,995	$ 230,996	$ 242,072
Income (Loss) from Operations (GAAP)	$ 38,651	$ (4,922)	$ 33,362
Product deferred revenue fair value adjustment	797	2,100	1,514
Service deferred revenue fair value adjustment	4,678	18,309	4,797
Inventory fair value adjustment	-	6,380	-
Delayed transfer entity adjustment (1)	-	-	-
Share-based compensation expense (2)	8,918	7,967	10,461
Amortization of acquired intangible assets (3)	30,635	27,630	31,331
Business development and integration expense (4)	3,185	5,765	2,252
Compensation for post-combination services (5)	238	4,549	256
Restructuring charges	2,271	-	(199)
Acquisition related depreciation expense (6)	555	1,365	556
Non-GAAP Income from Operations	$ 89,928	$ 69,143	$ 84,330
Net Income (Loss) (GAAP)	$ 22,310	$ (3,616)	$ 21,245
Product deferred revenue fair value adjustment	797	2,100	1,514
Service deferred revenue fair value adjustment	4,678	18,309	4,797
Inventory fair value adjustment	-	6,380	-
Share-based compensation expense (2)	8,918	7,967	10,461
Amortization of acquired intangible assets (3)	30,635	27,630	31,331
Business development and integration expense (4)	3,185	5,765	2,252
Compensation for post-combination services (5)	238	4,549	256
Restructuring charges	2,271	-	(199)
Acquisition related depreciation expense (6)	555	1,365	556
Loss on extinguishment of debt (7)	-	-	-
Other income	(426)	-	-
Income tax adjustments (8)	(12,584)	(27,544)	(17,006)
Non-GAAP Net Income	$ 60,577	$ 42,905	$ 55,207
Diluted Net Income (Loss) Per Share (GAAP)	$ 0.24	$ (0.04)	$ 0.23
Share impact of non-GAAP adjustments identified above	0.41	0.48	0.37
Non-GAAP Diluted Net Income Per Share	$ 0.65	$ 0.44	$ 0.60
Shares used in computing non-GAAP diluted net income per share	92,801	96,776	92,402

GAAP to Non-GAAP Reconciliation: Q4 FY'17, Q4 FY'16 and Q3 FY'17 Itemization

NETSCOUT SYSTEMS, INC.
Reconciliation of Current GAAP to Current and Historical Non-GAAP Financial Measures - Continued
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,		Three Months Ended December 31,	Twelve Months Ended March 31,	
	2017	2016	2016	2017	2016
(1) Delayed transfer entity adjustment included in these amounts is as follows:					
Product revenue	$ -	$ -	$ -	$ -	$ 633
Cost of product revenue	-	-	-	-	(98)
Sales and marketing	-	-	-	-	(152)
Other income (expense)	-	-	-	-	(383)
Total delayed transfer entity adjustment	$ -	$ -	$ -	$ -	$ -
(2) Share-based compensation expense included in these amounts is as follows:					
Cost of product revenue	$ 218	$ 180	$ 255	$ 934	$ 645
Cost of service revenue	898	753	1,015	3,956	2,601
Research and development	2,401	2,564	3,456	12,362	9,205
Sales and marketing	3,119	2,364	3,367	12,823	8,725
General and administrative	2,282	2,106	2,368	9,114	7,175
Total share-based compensation expense	$ 8,918	$ 7,967	$ 10,461	$ 39,189	$ 28,351
(3) Amortization expense related to acquired software and product technology, tradenames, customer relationships included in these amounts is as follows:					
Total revenue adjustment	$ 2,842	$ 2,361	$ 2,851	$ 11,439	$ 6,746
Cost of product revenue	10,298	14,797	10,965	42,016	45,127
Operating expenses	17,495	10,472	17,515	70,141	32,373
Total amortization expense	$ 30,635	$ 27,630	$ 31,331	$ 123,596	$ 84,246
(4) Business development and integration expense included in these amounts is as follows:					
Cost of product revenue	$ 108	$ 501	$ 91	$ 289	$ 1,307
Cost of service revenue	109	-	-	109	94
Research and development	21	-	11	32	256
Sales and marketing	271	24	7	312	1,465
General and administrative	2,676	5,240	2,143	11,341	26,312
Total business development and integration expense	$ 3,185	$ 5,765	$ 2,252	$ 12,083	$ 29,434
(5) Compensation for post-combination services included in these amounts is as follows:					
Cost of product revenue	$ -	$ 194	$ 1	$ 156	$ 664
Cost of service revenue	-	282	26	396	3,484
Research and development	184	1,470	219	1,964	13,780
Sales and marketing	54	1,717	6	1,786	10,979
General and administrative	-	886	4	774	6,211
Total compensation for post-combination services	$ 238	$ 4,549	$ 256	$ 5,076	$ 35,118
(6) Acquisition related depreciation expense included in these amounts is as follows:					
Cost of product revenue	$ 27	$ 55	$ 27	$ 139	$ 156
Cost of service revenue	17	48	16	101	137
Research and development	343	937	344	2,047	2,671
Sales and marketing	54	150	54	321	420
General and administrative	114	175	115	528	514
Total acquisition related depreciation expense	$ 555	$ 1,365	$ 556	$ 3,136	$ 3,898
(7) Loss on extinguishment of debt included in these amounts is as follows					
Interest and other income/(expense), net	$ -	$ -	$ -	$ -	$ 55
Total loss on extinguishment of debt	$ -	$ -	$ -	$ -	$ 55
(8) Total income tax adjustment included in these amounts is as follows:					
Tax effect of non-GAAP adjustments above	$ (12,584)	$ (27,544)	$ (17,006)	$ (67,662)	$ (86,263)
Tax impact of non-GAAP reconciling items in loss jurisdictions		-	-	-	-
Total income tax adjustments	$ (12,584)	$ (27,544)	$ (17,006)	$ (67,662)	$ (86,263)

Thank You