

NETSCOUT SYSTEMS INC  
Form 425  
February 10, 2015

**Filed by NetScout Systems, Inc.**

**Pursuant to Rule 425 under the Securities Act of 1933, as amended**

**and deemed filed pursuant to Rule 14a-12**

**under the Securities Exchange Act of 1934, as amended**

**Subject Company: NetScout Systems, Inc.**

**(Commission File No. 000-26251)**

**The following is a copy of a presentation posted to the website of NetScout Systems, Inc. on February 10, 2015.**

NetScout Systems, Inc.  
February 2015  
Investor Presentation

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Overview  
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**Additional Information and Where You Can Find It**

NetScout's Registration Statement on Form S-4, Proxy Statement and other documents concerning the proposed acquisition of Danaher's Communications business have been filed with the Securities and Exchange Commission (the SEC). Investors are urged to read the S-4 Registration Statement and Proxy Statement, along with other relevant documents filed with the SEC as well any amendments or supplements to those documents because they will contain important information. Security holders may obtain a free copy of the Registration Statement and Proxy Statement (when it is available) and other documents filed by NetScout with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). The Registration Statement and Proxy Statement, along with 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](mailto: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 preliminary proxy statement filed with the SEC on January 9, 2015 as amended. This document can

be  
obtained  
free  
of

charge  
from  
the  
SEC  
website

at

[www.sec.gov](http://www.sec.gov).

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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

presentation,

which

are

not

strictly

historical

statements,

including

without

limitation,

the

statements

related

to

the

timing

associated

with

completing

the

merger

with

Danaher s

communication  
business  
and  
the  
financial  
guidance  
for  
NetScout's  
fourth  
fiscal  
quarter  
and  
other  
financial  
guidance,  
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; the Company's relationships with strategic partners, dependence upon broad-based acceptance of the Company's network performance; the presence of competitors with greater financial resources than ours and their strategic response to our products, our ability to retain customers; failure to obtain, delays in obtaining or adverse conditions related to obtaining shareholder or regulatory approvals; the anticipated costs of related transactions; risks relating to any unforeseen changes to or the effects on liabilities, future capital expenditures, revenue and financial condition, losses and future prospects; failure to consummate or delay in consummating the transaction for other reasons.



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 Registration Statement on Form S-4, Annual Report on Form 10-K for the year ended December 31, 2014 and Quarterly Reports on Form 10-Q for the quarters ended June 30, 2014, September 30, 2014 and December 31, 2014, as filed with the Securities and Exchange Commission. NetScout assumes no obligation to update any forward-looking information contained in 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 (such as 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 with GAAP. These non-GAAP measures should only be used to evaluate NetScout's results of operations in conjunction with GAAP. The presentation of non-GAAP information is not meant to be considered superior to, in isolation from or as a substitute for GAAP. NetScout believes these non-GAAP financial measures will enhance the reader's overall understanding of NetScout's business 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 GAAP and non-GAAP basis during and following the integration period of NetScout's acquisitions. Presenting the GAAP measures indicative of NetScout's core operating results. Furthermore, NetScout believes that the presentation of non-GAAP measures corresponding GAAP measures provide useful information to management and investors regarding present and future business condition and results of operations. NetScout management regularly uses supplemental non-GAAP financial measures internal to 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  
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website  
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<http://ir.netscout.com>.



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NetScout Today

NASDAQ: NTCT

Market Cap: \$1.5B (as of 2/6/15)

\* non-GAAP

Market leader in performance management  
and analytics

Expertise and scale to serve two markets:  
Enterprise and Service Provider

30 years of focus and experience in IP-  
based networks

International footprint with sales, support,  
and services in over 30 countries

1,000+ employees worldwide

FY 14 results:

Revenue: \$397M

EPS: \$1.53

FCF: \$95M+

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NetScout Investment Highlights

Market leader

in network and application

performance management

Award-winning solutions based on proprietary software:

ASI

enabling

real-time

intelligence

and analytics

Working with leading service provider and

enterprise

customers

to

achieve

ROI

and

manage

risk

through

operational

intelligence

gained from NetScout analytics

Financial strength

built on profitability and cash

flow arising from increasing revenue within

scalable infrastructure

Capitalizing on attractive growth opportunities

being

shaped

by

today's

IT

trends

Announced

transformational

acquisition  
of  
Danaheer's Communications Business  
Total  
Revenue  
(non-GAAP, \$ in millions)  
Earnings  
Per Share  
(non-GAAP)  
Free  
Cash  
Flow  
(non-GAAP, \$ in  
millions)



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Powerful Long-Term Technology Trends

Mobility

Cloud &

Virtualization

Cyber Security

Big Data

Requires real-time, reliable, scalable analytics and intelligence

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Source: Ericsson Mobility Report, May 2014  
Carrier Trends Driving Future Growth  
Service Providers:

Monetize their investment and retain customers

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Enterprise Trends Driving Future Growth

Enterprises:

Uptime  
and  
user  
experience  
with  
cost-effective  
delivery



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With a loyal customer base and partnership focused  
on solving today's complexities

With a loyal customer base and partnership focused  
on solving today's complexities

Powered by NetScout SoftwareTechnology:

Structured Data (ASI), Analytics (nGeniusONE)



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Revenue and EPS Performance

Strong operating leverage drives EPS growth

Non-GAAP, in millions except EPS

Non-GAAP, in millions except EPS

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Cumulative Free Cash Flow Generation

Non-GAAP, in millions

Non-GAAP, in millions

Investing in product development while  
generating strong free cash flow

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Proven  
Track  
Record

for  
Successful  
Integration

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Increase Total Addressable Market:

Cyber Intelligence, Customer Experience and  
Business Intelligence

Expand Go-to-Market Activities:

Geography coverage and product specialist

Create Platform and Scale:

Trusted partner for innovation and reliability  
generating increasing returns

NTCT Strategy: Unified Platform for SP s and Enterprise

Extend leadership in Performance Analytics and Operational  
Intelligence



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Increased Total Addressable Market:

Solutions for Cyber (Arbor), Customer  
Experience (Newfield Wireless), Business  
Intelligence, (Arantech)

Expanded Go-to-Market Activities:

Cross sell opportunities and increased  
international presence

Platform and Scale Creation:

Strategically positioned for increased innovation  
within Service Providers and Enterprise

Acquiring DHR Communications Business Accelerates

NetScout: at the heart of the major computing trends of the  
next decade

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Go-to-Market

More global and diverse

Broader sales and

channel presence

worldwide

More customers and

more touch points within

the customer

Increased customer

mindshare

Best-In-Class

Solutions

Broader portfolio for

service providers

Extends reach into the

mid-tier enterprise

market

Jump-starts our entry

into Cyber Intelligence,

RAN optimization, BI

Next-Gen platform and

software

Financially Compelling

\$1.2B+ revenue base\*

positioned for growth

Accretive to non-GAAP

earnings<sup>1</sup>

Year 2 run-rate cost

synergies of ~5% of total

combined cost base\*

Continued prudent cost

control

\*

Non-GAAP

1

First full year of combined operations

Doubles our total

addressable market to

\$8B+

Furthering our strategic

capabilities to our

customers

Increasing operating

margins and cash flow

Strategic Rationale for the Transaction

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Revenue growth

-

Larger and more accessible TAM

-

Expanded sales presence

-

Attractive cross-selling opportunities

Scalable infrastructure

-

Synergies (above and below the line)

-

Continued prudent cost controls

-

Tax efficiencies from international operations

Capital investment efficiencies

-

Product development

-

Capital allocation (share repatriation)

Compelling Financial Opportunity

Scale produces earnings and cash flow along with continuing revenue growth

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Network Performance

Management

Application Performance

Management

Cyber Security & Intelligence

SECTORS

FORECAST

Advanced Analytics

(Business Intelligence)

Total Addressable Market

Market Forecast Sources: IDC, 2014, see appendix for specific report citations

REVENUE SYNERGIES

Generating 10%+ Annual Revenue

Positioned to offer service  
provider customers best-in-  
class service assurance  
solutions (troubleshooting plus  
monitoring)

Complementary offerings for  
the service provider market in  
adjacent areas

Enterprise cross-selling arising  
from a larger, more diverse  
and global customer base  
along with a broader range of  
offerings

Accelerate adoption of Arbor's  
cyber security solutions in the  
enterprise while leveraging  
Arbor's existing footprint for  
new NetScout security offering  
that is expected to be brought  
to market in 2015

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Operating leverage and strong free cash flow growth:

Return non-GAAP gross margin to prior levels in the high-70%

Drive additional synergies across a range of functional areas

Continue fiscal discipline across a scalable infrastructure

Potential for incremental EPS gains:

Tax efficiencies

Capital deployment strategies

Generating Earnings and Cash Flow

Operating targets attained

assuming ~10% annual revenue

growth

Current Operating

Targets

Post-Acquisition

5-Year Operating

Targets

Gross Margin

78

81%

75

78%+

Operating Margin

24

27%

26%

31%+

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Confidential Business Information

Announced on October 13, 2014

NetScout to acquire most of Danaher's Communications business\*

Structured as Reverse Morris Trust

DHR shareholders receive 62.5 million NetScout shares, valued at  
approximately \$2.3 billion

1

DHR shareholders will own approximately 59.5% of NetScout, NTCT  
shareholders will own approximately 40.5% on a fully diluted basis

NetScout senior management team to lead combined company; NetScout board  
of directors to include DHR EVP Jim Lico

Expected to close during the first half of NetScout's FY16, subject to approval by  
NetScout shareholders, regulatory approvals and other conditions

\*

Includes

TekComms,

Arbor

Networks,

VSS

Monitoring

and

Enterprise

Network

Solutions

( ENS )

of

FNET,

excludes

Data

Communications

Installer

( DCI )

and

Communications

Service

Providers ( CSP ) portfolios of FNET

1

Based on NTCT closing stock price of \$37.35 on 2/6/15

Transaction Structure

Danaher to spin-off or split-off (to be determined at later date) its Communications business to DHR Shareholders

The separation is immediately followed by a merger with NetScout

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Strategy:

Continued leadership in the major computing trends over the next decade

Helping our customers achieve ROI and manage risk through the operational intelligence gained from our analytics

Fundamentals:

Visionary leadership

Cutting edge technology: ASI and nGeniusONE

Brand recognition through market leadership

Scalable infrastructure requiring limited future investment

Solid cash flow and investment position

Proven track record of leadership and financial strength.



Thank You

Appendix: Non-GAAP Measure Reconciliation

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Non-GAAP Measure Reconciliation:

Revenue, EPS and Free Cash Flow

Free Cash Flow

(\$ in millions)

YTD Q3 FY'15

Operating Cash Flow

57.3

\$

Purchase of Fixed Assets & Intangible Assets

(8.8)

\$

Free Cash Flow

48.5

\$

(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

\$

Deferred revenue fair value adjustment / Impact of accounting change

(797)

312

1,215

558

Non-GAAP Revenue

289,743

\$

308,991

\$  
351,765  
\$  
397,205  
\$  
GAAP Gross profit  
229,179  
\$  
243,007  
\$  
276,542  
\$  
312,134  
\$  
Deferred 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

232,714

\$

248,399

\$

283,348

\$

317,028

\$

GAAP Income from operations

58,065

\$

53,683

\$

64,529

\$

78,014

\$

Deferred 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

70,349

\$

74,867

\$

88,605

\$

101,005

\$

GAAP Net income

37,265

\$

32,428

\$

40,609

\$  
49,106  
\$  
Deferred revenue fair value adjustment / Impact of accounting change  
(797)

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)

(4,668)

(7,700)

(8,671)

(7,879)

Restructuring charges

-

690

1,065

-

Non-GAAP Net income

44,881

\$

46,970

\$

56,014

\$

64,218

\$

GAAP Diluted Net income per share

0.87

\$

0.76

\$

0.96

\$

1.17

\$  
Share impact of non-GAAP adjustments identified above  
0.17  
  
0.34  
  
0.36  
  
0.36  
  
Non-GAAP Diluted net income per share  
1.04  
\$  
1.10  
\$  
1.32  
\$  
1.53  
\$  
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

6,439

\$

8,702

\$

9,580

\$

12,930

\$

(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

5,887

\$

6,782

\$

7,424

\$

6,765

\$

(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

-

-

Total business development and integration expense

755

\$

4,715

\$

1,618

\$

523

\$

(4) Compensation for post combination services included in these amounts is as follows:

Cost of product revenue

-

-

10

23

Cost of service revenue

-

-

4

11

Research and development

-

438

1,670

902

Sales and marketing

-

-

64

153

General and administrative

-

-

973

1,126

Total compensation for post combination services

-

\$

438

\$

2,721

\$

2,215

\$

Loss on extinguishment of debt included in this amount is as follows:

Interest and other income (expense), net

-

\$

690

\$

-

\$

-

\$

(6) Total income tax adjustment is as follows:

Tax effect of non-GAAP adjustments above at 38%

(5,021)

(8,452)

(9,149)

(8,737)

Tax impact of non-GAAP reconciling items in loss jurisdictions

-

752

478

858

Total income tax adjustments

(5,021)

\$

(7,700)

\$

(8,671)

\$

(7,879)

\$

NetScout Systems, Inc.

Reconciliation of Current GAAP to Current and Historical Non-GAAP Financial Measures

(In thousands, except per share data)

Three Months Ended

September 30,

2014

2013

2014

2014

2013

GAAP Revenue

122,833

\$

110,428

\$

103,599

\$

334,284

\$

284,330

\$

Deferred revenue fair value adjustment

-

140

-

18

419

Non-GAAP Revenue

122,833

\$

110,568

\$

103,599

\$

334,302

\$

284,749

\$

GAAP Gross profit

95,851

\$

86,826

\$  
 82,004  
 \$  
 263,111  
 \$  
 224,102  
 \$  
 Deferred revenue fair value adjustment  
 -  
 140  
 -  
 18  
 419  
 Share-based compensation expense (1)  
 379  
 256  
 407  
 1,074  
 740  
 Amortization of acquired intangible assets (2)  
 905  
 837  
 923  
 2,762  
 2,480  
 Compensation for post combination services (4)  
 2  
 8  
 9  
 19  
 25  
 Non-GAAP Gross profit  
 97,137  
 \$  
 88,067  
 \$  
 83,343  
 \$  
 266,984  
 \$  
 227,766  
 \$  
 GAAP Income from operations  
 27,939  
 \$  
 27,264  
 \$  
 18,644  
 \$  
 66,185



\$  
 52,029  
 \$  
 Deferred revenue fair value adjustment  
 -  
 140  
 -  
 18  
 419  
 Share-based compensation expense (1)  
 4,150  
 3,217  
 4,495  
 11,947  
 9,959  
 Amortization of acquired intangible assets (2)  
 1,726  
 1,697  
 1,779  
 5,301  
 5,051  
 Business development and integration expense (3)  
 4,698  
 78  
 1,477  
 6,175  
 482  
 Compensation for post combination services (4)  
 312  
 530  
 545  
 1,393  
 1,685  
 Non-GAAP Income from operations  
 38,825  
 \$  
 32,926  
 \$  
 26,940  
 \$  
 91,019  
 \$  
 69,625  
 \$  
 GAAP Net income  
 17,629  
 \$  
 17,294  
 \$  
 11,233

\$  
 40,338  
 \$  
 32,430  
 \$  
 Deferred revenue fair value adjustment  
 -  
 140  
 -  
 18  
 419  
 Share-based compensation expense (1)  
 4,150  
 3,217  
 4,495  
 11,947  
 9,959  
 Amortization of acquired intangible assets (2)  
 1,726  
 1,697  
 1,779  
 5,301  
 5,051  
 Business development and integration expense (3)  
 4,698  
 78  
 1,477  
 6,175  
 482  
 Compensation for post combination services (4)  
 312  
 530  
 545  
 1,393  
 1,685  
 Income tax adjustments (5)  
 (3,909)  
 (1,941)  
 (2,908)  
 (8,727)  
 (6,034)  
 Non-GAAP Net income  
 24,606  
 \$  
 21,015  
 \$  
 16,621  
 \$  
 56,445  
 \$

43,992  
 \$  
 GAAP Diluted Net income per share  
 0.42  
 \$  
 0.41  
 \$  
 0.27  
 \$  
 0.97  
 \$  
 0.77  
 \$  
 Share impact of non-GAAP adjustments identified above  
 0.17  
 0.09  
 0.13  
 0.38  
 0.28  
 Non-GAAP Diluted net income per share  
 0.59  
 \$  
 0.50  
 \$  
 0.40  
 \$  
 1.35  
 \$  
 1.05  
 \$  
 Shares used in computing non-GAAP diluted net income per share  
 41,536  
 41,884  
 41,652  
 41,679  
 41,969  
 (1)  
 Share-based compensation expense included in these amounts  
 is as follows:  
 Cost of product revenue  
 85  
 \$  
 62  
 \$  
 93  
 \$  
 238  
 \$  
 174  
 \$

Cost of service revenue

294

194

314

836

566

Research and development

1,455

1,157

1,490

3,971

3,316

Sales and marketing

1,221

944

1,235

3,419

2,952

General and administrative

1,095

860

1,363

3,483

2,951

Total share-based compensation expense

4,150

\$

3,217

\$

4,495

\$

11,947

\$

9,959

\$

(2)

Amortization expense related to acquired software and product technology included in these amounts is as follows:

Cost of product revenue

905

\$

837

\$

923

\$

2,762

\$

2,480

\$

Operating expenses

821  
860  
856  
2,539  
2,571  
Total amortization expense

1,726

\$

1,697

\$

1,779

\$

5,301

\$

5,051

\$

(3)

Business development and integration expense included in these amounts is as follows:

General and administrative

4,698

78

1,477

6,175

482

Total business development and integration expense

4,698

\$

78

\$

1,477

\$

6,175

\$

482

\$

(4)

Compensation for post combination services included in these amounts is as follows:

Cost of product revenue

1

5

6

13

17

Cost of service revenue

1

3

3

6

8

Research and development

211

209

215

631

703

Sales and marketing

14

39

37

90

115

General and administrative

85

274

284

653

842

Total compensation for post combination services

312

\$

530

\$

545

\$

1,393

\$

1,685

\$

(5)

Total income tax adjustment is as follows:

Tax effect of non-GAAP adjustments above at 38%

(4,136)

\$

(2,149)

\$

(3,153)

\$

(9,437)

\$

(6,685)

\$

Tax impact of non-GAAP reconciling items in loss jurisdictions

227

208

245

710

651

Total income tax adjustments

(3,909)

\$

(1,941)

\$

(2,908)

\$

(8,727)

\$

(6,034)

\$

Three Months Ended

Nine Months Ended

December 31,

December 31,

24  
NetScout  
Systems  
Overview  
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2015  
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Non-GAAP Measure Reconciliation:  
NetScout and DCB Historical Information

12-months

6-months

12-months

6-months

12-months

6-months

FY2014

FY2015

CY2013

CY2014

FY2014

FY2015

Revenue:

Product

234,268

\$

122,319

\$

623,632

\$

230,271

\$

857,900

\$

352,590

\$

Service

162,379

89,132

211,259

113,032

373,638

202,164

Total GAAP revenue

396,647

211,451

834,891

343,303

1,231,538

554,754

Non-GAAP Adjustments

558

18

558

18

Total Non-GAAP revenue

397,205

211,469

834,891

343,303

1,232,096

554,772

Cost of revenue:

Product

51,219

26,705

195,077

86,502

246,296

113,207

Service  
33,294

17,486

48,043

25,551

81,337

43,037

Total GAAP cost of revenue  
84,513

44,191

243,120

112,053

327,633

156,244

Non-GAAP Adjustments  
(4,336)

(2,569)

(9,344)

(5,021)

(13,680)

(7,590)

Total Non-GAAP cost of revenue  
80,177

41,622

233,776

107,032

313,953

148,654

Gross profit - GAAP

312,134

167,260

591,771

231,250

903,905

398,510

Non-GAAP Adjustments

4,894

2,587

9,344

5,021

14,238

7,608

Gross profit - Non-GAAP

317,028

169,847

601,115

236,271

918,143

406,118

Operating expenses:

Research and development

70,454

38,008

147,553

82,185

218,007

120,193

Sales and marketing

129,611

69,468

276,896

133,095

406,507

202,563

General and administrative

30,623

19,820

30,623

19,820

Impairment of intangible assets

31,063

31,063

-

Amortization of acquired intangible assets

3,432

1,718

19,661

8,274

23,093

9,992

Total operating expenses - GAAP

234,120

129,014

475,173

223,554

709,293

352,568

Non-GAAP Adjustments

(18,097)

(11,361)

(73,130)

(17,422)

(91,227)

(28,783)

Total operating expenses - Non-GAAP

216,023

117,653

402,043

206,132

618,066

323,785

Income from operations - GAAP

78,014

38,246

116,598

7,696

194,612

45,942

Non-GAAP Adjustments

22,991

13,948

82,474

22,443

105,465

36,391

Income from operations - Non-GAAP

101,005

52,194

199,072

30,139

300,077

82,333

Interest and other expense, net

(158)

(674)

(158)

(674)

Income before income tax expense

77,856

37,572

116,598

7,696

194,454

45,268

Income tax expense - GAAP

28,750

14,863

32,792

2,311

61,542

17,174

Non-GAAP Adjustments

(7,879)

(4,818)

(40,068)

(8,720)

(47,947)

(13,538)

Income tax expense - Non-GAAP

36,629

19,681

72,860

11,031

109,489

30,712

Net income - GAAP

49,106

\$

22,709

\$

83,806



\$  
5,385  
\$  
132,912  
\$  
28,094  
\$  
Non-GAAP Adjustments  
15,112  
  
9,130  
  
42,406  
  
13,723  
  
57,518  
  
22,853  
  
Net income - Non-GAAP  
64,218  
  
31,839  
  
126,212  
  
19,108  
  
190,430  
  
50,947  
  
WSO - diluted  
41,955  
  
41,732  
  
62,500  
  
62,500  
  
104,455  
  
104,232  
  
Diluted net income per share - GAAP  
1.17  
\$  
0.54

\$  
1.27  
\$  
0.27  
\$  
Diluted net income per share - Non-GAAP  
1.53  
\$  
0.76  
\$  
1.82  
\$  
0.49  
\$  
DHR Communications  
Combined Proforma  
NTCT

25  
NetScout  
Systems  
Overview  
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February  
2015  
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2014 2018 Forecast and 2013 Vendor Shares, July 2014

IDC, Worldwide Application Performance Management Software

2014 2018 Forecast, September 2014

IDC, Worldwide Advanced and Predictive Analytics Software 2014

2018 Forecast and 2013 Vendor Shares, July 2014

IDC, Worldwide DDoS Prevention Products and Services 2014 2018

Forecast, September 2014

IDC, Worldwide Threat Intelligence Security Services 2014 2018

Forecast:

"Iterative

Intelligence"

Threat

Intelligence

Comes

of

Age,

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International Data Corporation Research

26

Supporting Slides

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