



Letter to Stockholders

Notice of 2005 Annual Meeting and Proxy Statement

2005 Annual Report on Form 10-K

2005 Annual Report to Stockholders

Dear Fellow Stockholders, Employees, Customers and Friends,

Fiscal 2005 marked a turning point in NetScout's performance. We delivered robust top line growth of 19 percent and significantly improved profitability as our strategy of consolidating the performance management market gained momentum. Building on this success, we launched a record number of new products, further extended our market lead with our unique High Definition Performance Management technology and unfolded our automated analytics strategy, based on our acquisition of Quantiva, Inc.

In the enterprise market several major trends are increasing the demand for our solutions. First, the accelerating deployment of Voice and Video over IP is driving the need for sharper visibility and tighter control to maintain service levels without impacting other business-critical networked applications. Second, the emergence of multi-tier and web services-based applications requires faster and more consistent delivery over an increasingly complex infrastructure. Third, leading enterprise management systems vendors are driving to implement their vision of the adaptive, self-managing information infrastructure, with initiatives such as "On-Demand Computing" and the "Adaptive Enterprise." A common requirement among these trends is the acute, up-to-the-second understanding of all application activities on the network, whether the business services are delivered as expected, or whether there are any exceptions or anomalies, and what their root cause is. Our current *nGenius*[®] Performance Management products and strategy put NetScout in the best position in the industry to address these growing needs.

In 2005 we made a successful entry into the wireless telecommunications carrier market segment. Wireless carriers are deploying "third generation" networks delivering converged voice, data and video services over IP, requiring the same monitoring and management as large-scale mission-critical enterprise networks. Their adoption of IP-based network technology to provide services is creating new business opportunities for our products.

We continue to set ambitious goals for NetScout, building on our past accomplishments. From the foundation of our new High Definition Performance Management technology, which allows unprecedented detail in application traffic visibility on an enterprise scale, we are further expanding our capabilities with Quantiva's automated analytics, helping users avoid or rapidly recover from business service disruptions. These new capabilities will allow us to expand our footprint in enterprise IT by serving new groups of users and also support our stepped-up efforts to build strategic partnerships with leading enterprise management systems vendors. In addition, we continue to expand our sales presence to take advantage of emerging markets in Asia and robust vertical market opportunities in government and telecommunications. With these initiatives, a strong strategic direction and favorable market trends, we expect to continue the pace of revenue and profit growth we achieved during fiscal 2005 into fiscal 2006.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Anil K. Singhal", written over a horizontal line.

Anil K. Singhal
President and Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Narendra V. Popat", written over a horizontal line.

Narendra V. Popat
Chairman of the Board