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Network Instruments' Strong Growth Continues at 26 Percent for 2006

GigaStor™ Drives Fifth Consecutive Year of More Than 24 Percent Revenue Growth

Minneapolis, MN – January 16, 2007 – Minneapolis, MN – Network Instruments®, a leading provider of innovative analysis solutions for in-depth network intelligence and continuous availability, today announced that total company revenue for 2006 increased by 26 percent over 2005. This marks the fifth consecutive year of annual revenue growth above 24 percent. The surge in company sales has been fueled by significant competitive wins, the introduction of new retrospective analysis appliances, and growth in new markets.

Competitive Wins

By providing integrated support for 10 Gigabit (10GbE), Fibre Channel, and NetFlow and sFlow® technologies, Network Instruments Observer® and GigaStor became the choice for many enterprise-organizations who switched analysis platforms during 2006.

"In managing network access to over 30,000 users across Wisconsin, Network Instruments provided us with the most comprehensive solutions available," said Bill Lundgren, lead enterprise network engineer for Aurora Health Care. "I use Observer and GigaStor for handling daily network issues as well as troubleshooting complex tasks, like deploying and monitoring the performance of our VoIP and wireless networks. Network Instruments offered us greater flexibility and better performance than our past analysis tools."

Other major customer wins from 2006 included: Akron Children's Hospital, ESPN, Fair Issac, Norfolk Southern, Norwich Union, Richardson Electronics, Rogers, Sara Lee, T.D. Ameritrade, Toronto Stock Exchange (TSX), Total Oil, Toyota, and Univision.

New Products

The increase in sales revenue was driven by many factors including customers purchasing the GigaStor™ appliance, which provides a new method for efficiently solving network problems and assists organizations with performing network forensics and maintaining compliance. Newly emerging retrospective network analysis (RNA) solutions, like the GigaStor, are invaluable for capturing terabytes worth of network communications and providing a window into the past for troubleshooting sporadic network performance.

Companies use retrospective analysis appliances to store days, weeks, and even months worth of packet-level data for comprehensive historical analysis. Using GigaStor's unique time-based navigator, IT staffs quickly sort through massive amounts of traffic to find the policy violation or anomalous traffic.

During 2006, several key enhancements made GigaStor the RNA solution of choice for large enterprises:

- Increased hard drive storage to 12 TB
- Ability to write directly to a SAN
- Integrated support for 10 Gigabit (10 GbE)
- Support and analysis of WAN links
- Support and analysis for Fibre Channel

In addition to GigaStor, Network Instruments provided support for new topologies and technologies across the Observer® product family, including support for 10 GbE, NetFlow and sFlow technologies, and Fibre Channel.

Network Instruments also introduced several new network hardware solutions including:

- Gen2™ Capture Card Support 10 GbE and Fibre Channel. The Gen2 card is optimal for high-speed analysis performing functions such as filtering and statistics acceleration on the card, allowing the appliance to focus on delivering real-time Expert analysis.
- Fibre Channel Observer Suite System (FOSS). The self-contained, portable FOSS allows engineers, while in the field, to monitor and analyze SANs that reside on Fibre Channel links.
- Aggregator nTAP™. New Aggregator nTAP with an industry-leading 512 MB buffer provides visibility to both sides of a full-duplex data stream and aggregates them into a single flow. Unlike a SPAN port, the Aggregator nTAP will not block error packets.

Market Expansion, Customer Acquisition, and Partnerships

Beyond increasing revenue and product offerings, Network Instruments expanded its market presence through the growth of regional offices, acquisition of new customers, and key strategic alliances.

A new regional office was opened in Seattle in order to serve an increase of customers in the northwest United States. In addition, an office was opened in the greater Washington, D.C. area to support the government sector.

In August 2006, Network Instruments acquired Sunbelt Software's LanHound™ customers. Network Instruments acquisition increased the company's user base as LanHound customers successfully transitioned to Observer.

In an important move to provide end-to-end performance monitoring and root cause analysis in a single offering, Network Instruments announced its partnership with NetQoS®, a provider of network performance management solutions. The move will provide users with a single proven solution for complete network analysis. For Network Instruments, it was a natural fit that allows the company to better and uniquely address the needs of the enterprise analysis market.

"The year has been outstanding not only in terms of the growth that we achieved this year, but for the steps that we took to ensure that Network Instruments remains a leading analysis solution in the future," said Douglas Smith. "By integrating support for 10 Gigabit, Fibre Channel, and NetFlow technologies, we're well positioned to handle the network and application management needs of enterprise. Our partnership with NetQoS gives us the ability to deliver an end-to-end solution unequalled in the market."

Product Pricing

Although Network Instruments added new enhancements to Observer and new remote monitoring options, pricing for Observer, Expert Observer and Observer Suite remained unchanged. Expert Observer, with over 70 VoIP-specific metrics, MultiHop Analysis, and Stream Reconstruction, is \$2,895. Observer Suite, with a SNMP console and Web Reporting, is \$3,995. Aggregator nTAPs start at \$1,495, the FOSS begins at \$17,995, and the GigaStor begins at \$20,000 for a two-port configuration. A product evaluation and additional information about Observer, GigaStor, and Network Instruments are available at www.networkinstruments.com.

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About Network Instruments

Network Instruments provides in-depth network intelligence and continuous network availability through innovative analysis solutions. Enterprise network professionals depend on Network Instruments' Observer product line for unparalleled network visibility to efficiently solve network problems and manage deployments. By combining a powerful management console with high-performance analysis appliances, Observer simplifies problem resolution and optimizes network and application performance. The company continues to lead the industry in ROI with its advanced Distributed Network Analysis (NI-DNA™) architecture, which successfully integrates comprehensive analysis functionality across heterogeneous networks through a single monitoring interface. Network Instruments is headquartered in Minneapolis with sales offices worldwide and distributors in over 50 countries. For more information about the company, products, technology, NI-DNA, becoming a partner, and NI University please visit www.networkinstruments.com.