

ARRIS GROUP, INC.**Preliminary EBITDA - GAAP to Adjusted Non-GAAP Reconciliation**

(in thousands)

	<u>Q2 2012</u>	<u>Q2 2011</u>	<u>YTD 2012</u>	<u>YTD 2011</u>
Earnings before tax	22,562	22,837	31,248	34,162
Depreciation	6,982	5,813	14,177	11,668
Amortization of intangibles	7,444	8,944	14,823	17,888
Interest expense	4,422	4,180	8,772	8,405
Interest income	<u>(729)</u>	<u>(886)</u>	<u>(1,484)</u>	<u>(1,664)</u>
GAAP EBITDA	40,681	40,888	67,536	70,459
GAAP EBITDA - % of Sales	11.6%	15.4%	10.4%	13.2%
Highlighted items:				
Purchase accounting impact of def revenue	663	-	1,921	-
Stock compensation expense	7,867	5,925	14,516	11,209
Acquisition costs	102	-	709	-
Restructuring	1,039	-	6,242	-
Impairment on investments	466	-	466	-
Loss of sale of product line	-	-	337	-
Total highlighted items	<u>10,137</u>	<u>5,925</u>	<u>24,191</u>	<u>11,209</u>
Adjusted Non-GAAP EBITDA	50,818	46,813	91,727	81,668
Adjusted Non GAAP EBITDA - % of Adjusted Non GAAP Sales	14.5%	17.6%	14.1%	15.3%

See the Notes to GAAP to Adjusted Non-GAAP Financial Measures