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Third Quarter 2012 ARRIS Earnings Conference Call

October, 24, 2012

Safe Harbor

Statements in this presentation or made on this call, including those related to fourth quarter 2012 revenues and net income, gross margins, operating expenses, income taxes, outlook for full year 2012, expected sales levels, acceptance of certain ARRIS products, the general market outlook, and industry trends, are forward-looking statements. These statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Among other things, projected results are based on preliminary estimates, assumptions and projections that management believes to be reasonable at this time, but are beyond management's control; ARRIS is dependent upon customer decisions to purchase the Company's products -- these decisions can be deferred and customers also may select competitor's products; and because the market in which ARRIS operates is volatile, actions taken and contemplated may not achieve the desired impact. Other factors that could cause results to differ from current expectations include: the uncertain current economic climate and financial markets, and their impact on our customers' plans and access to capital: the impact of rapidly changing technologies; the impact of competition on product development and pricing; the ability of ARRIS to react to changes in general industry and market conditions; rights to intellectual property and the current trend toward increasing patent litigation, market trends and the adoption of industry standards; possible acquisitions and dispositions; and consolidations within the telecommunications industry of both the customer and supplier base. These factors are not intended to be an all-encompassing list of risks and uncertainties that may affect the Company's business. Additional information regarding these and other factors can be found in ARRIS' reports filed with the Securities and Exchange Commission, including its Form 10-Q for the quarter ended June 30, 2012. In providing forward-looking statements, the Company expressly disclaims any obligation to update publicly or otherwise these statements, whether as a result of new information, future events or otherwise.

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Third Quarter 2012 Highlights & Business Outlook

Bob Stanzione
CEO & Chairman

Q3 2012 Results & Highlights

- Revenue $357.5M
  - Another record quarter
  - Up 30% vs. Q3 2011
  - All segments are up sequentially
- Gross Margin 31.3%
- Non-GAAP EPS $0.22*
- 78% Domestic, 22% International
- Stock repurchase program continued

*** See reconciliation of GAAP to Non-GAAP measures.**

Q3 2012 Results

- **Broadband Communications Systems (BCS)**
  - Revenue up 1.0% vs. Q2 2012, 39.2% vs. Q3 2011
  - Gross Margin of 31.4% with increased CPE mix
  - CPE shipments of 2.626 million units in the quarter
    - Record revenue and unit volumes
    - Unit volume up 34% vs. Q2 2012
    - >88% of CPE units were DOCSIS 3.0
    - D3.0 and embedded WiFi driving increase
    - Video Gateway Solutions
      - RDK and NDS solutions progressing
      - Additional commercial deployments of Moxi®
  - CMTS mix shift
    - 81,364 C4™ downstreams
    - Reduced upstream shipments following Q2 24U introduction

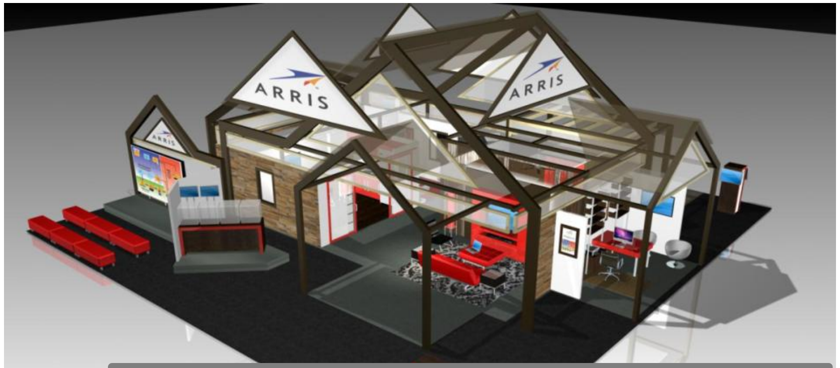
Q3 2012 Results

- **Access, Transport and Supplies (ATS)**
  - Q3 Revenue up 8.5% over Q2
  - Node split activity continues
  - Increasing shipments of Metro WiFi equipment

- **Media and Communications Systems (MCS)**
  - Q3 revenue up 5% over Q2
  - Continued growth of Linear Ad insertion

SCTE Expo New Product Introductions

- E6000 CER
  - Multiple trials ongoing
  - Leading DOCSIS capacity
  - Full redundancy
  - Well Received
    - “ARRIS Unleashes Monster CMTS”
      - *Light Reading*
    - “Comcast Cheers ARRIS CCAP Plan”
      - *Multichannel News*




ARRIS Cable Edge Portfolio
E6000 - C4 - MSP- C4c

- Seven New Touchstone Data and Telephony Gateways
  - Tailored to specific operator needs based on ARRIS leadership
  - Advanced home networking including Dual-band Wi-Fi and MoCA
  - Near Gigabit per second of DOCSIS 3.0 downstream data capacity

Q4 2012 Guidance

- Q4 Guidance
  - Center of revenue guidance represents 24% growth vs. Q4 2011
  - Center of adjusted EPS guidance represents 33% growth vs. Q4 2011
  - Mix vs. Q3 2012 favors higher margin CMTS
  - Entering quarter with good backlog and healthy order flow

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Third Quarter 2012 Financial Highlights

David Potts

Chief Financial Officer

Financial Highlights – Q3 and September 2012 YTD (Preliminary & Unaudited)

	Q3 2011	Q2 2012	Q3 2012	Sept YTD 2011	Sept YTD 2012	H/(L)
Sales - $M [(1)] [(2)]	274.4	349.3	357.5	807.6	1,009.7	202.1
Gross Margin - $M	100.1	118.5	112.0	304.0	339.4	35.4
Gross Margin - %	36.5%	33.9%	31.3%	37.6%	33.6%	(4.0) pts
EPS - GAAP	0.11	0.13	0.15	0.34	0.33	(0.01)
Adjusted EPS - Non-GAAP [(1)]	0.21	0.25	0.22	0.60	0.66	0.06
Cash, Short-term & Long-term Marketable Securities - $M	590.6	576.3	571.2	590.6	571.2	(19.4)
Cash Provided by Operating Activities - $M	24.5	30.6	6.7	52.3	72.6	20.3
Shares Repurchases - $M	17.1	15.2	10.4	74.7	51.9	(22.8)
Debt Retirement (face value) - $M	5.0	0.0	0.0	5.0	0.0	(5.0)
Weighted average common shares - diluted - M	121.2	115.1	116.3	123.5	116.3	(7.2)
Backlog - $M	155.3	251.9	185.8	155.3	185.8	30.5
Book-to-Bill	1.00	0.93	0.82	0.83	1.04	0.21

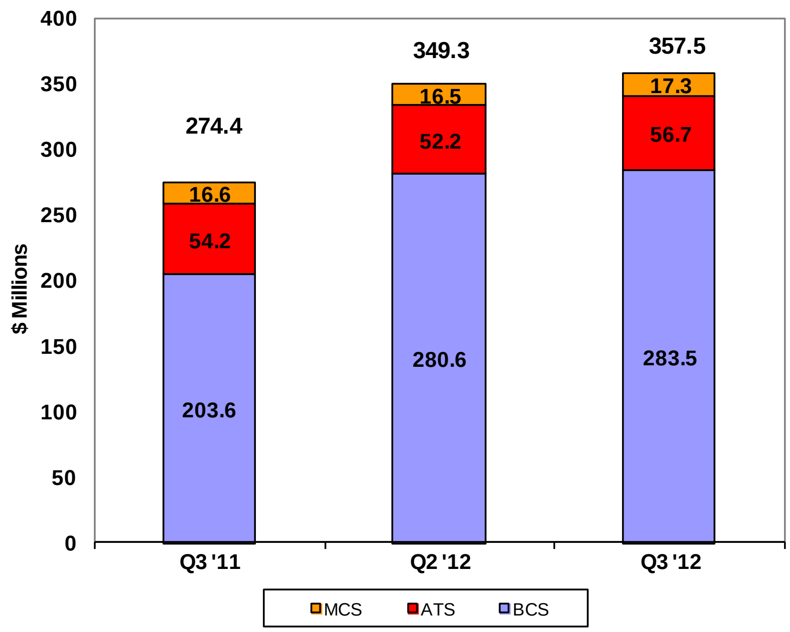
(1) See reconciliation of GAAP to Non-GAAP measures.

(2) Excludes $1.8M in Q1 2012, $0.7M in Q2 2012, $0.5M in Q3 2012 of Non-GAAP BBND Sales

Sales – Q3 2012

(Preliminary & Unaudited)

Sales by Segment



Domestic / International Sales ($M)

		Q3 '11	Q2 '12	Q3 '12
Domestic	- $M	181.7	257.7	278.8
	- %	66.2%	73.8%	78.0%
International	- $M	92.7	91.6	78.7
	- %	33.8%	26.2%	22.0%

Significant Customers ($M)

	Q3 '11	Q2 '12	Q3 '12
Time Warner Cable and Affiliates	36.2	75.3	69.0
Comcast and Affiliates	80.2	96.2	117.7

Non GAAP BigBand Sales and Gross Margin Adjustments (1) & (2)

		Q2 '12	Q3 '12
Sales	- $M	0.7	0.5
Gross Margin	- $M	0.7	0.5

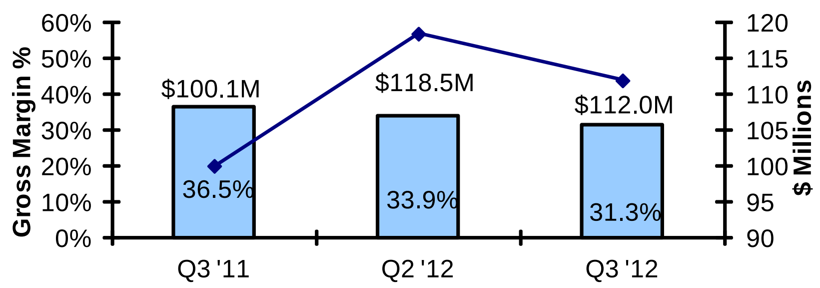
(1) Revenue and gross margin impact of "fair valuing" BigBand deferred revenue that BigBand would have recorded but ARRIS cannot as a result of purchase accounting

(2) See reconciliation of GAAP to Non-GAAP measures

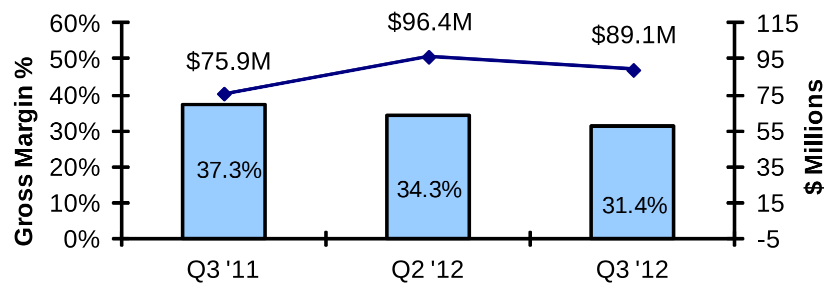
Gross Margin – Q3 2012

(Preliminary & Unaudited)

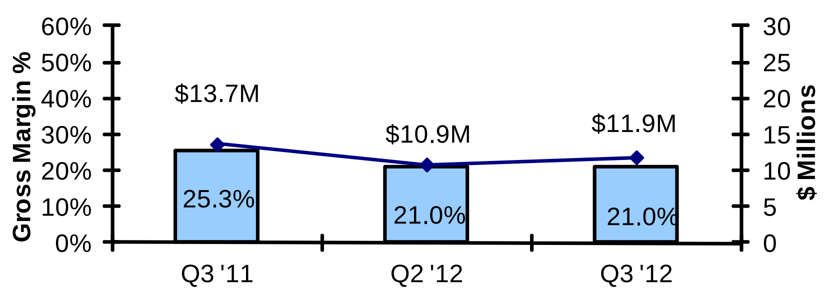
ARRIS Consolidated Gross Margin (1)(2)



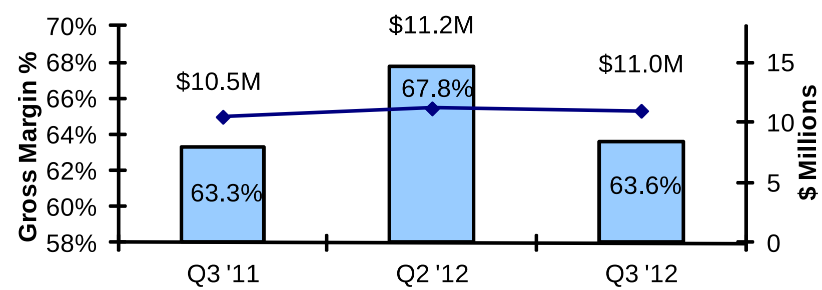
BCS Gross Margin (1)(2)



ATS Gross Margin



MCS Gross Margin



(1) Excludes gross margin impact of "fair valuing" BigBand deferred revenue at close that BigBand would have recorded but ARRIS cannot as a result of purchase accounting
(2) See reconciliation of GAAP to Non-GAAP measures

Operating Expenses – Q3 and September 2012 YTD (Preliminary & Unaudited)

		Q3 2011	Q2 2012	Q3 2012
R&D	$M	36.1	42.9	43.0
	% of Sales	13.1%	12.0%	12.0%
SG&A	$M	35.2	40.1	37.9
	% of Sales	12.8%	11.2%	10.6%
Operating Expenses	$M	71.3	83.0	80.9
	% of Sales	25.9%	23.2%	22.6%
Restructuring	$M	1.0	1.0	0.2
	% of Sales	0.4%	0.3%	0.1%
Acquisition Costs & Other	$M	0.5	0.1	0.0
	% of Sales	0.2%	0.0%	0.0%
Amortization of	$M	8.9	7.5	7.7
Intangibles	% of Sales	3.2%	2.1%	2.2%
Total	$M	81.7	91.6	88.8
	% of Sales	29.7%	25.6%	24.9%

		Sept YTD 2011	Sept YTD 2012	H(L)
R&D	$M	108.7	130.0	21.3
	% of Sales	13.5%	12.9%	(0.6) pts
SG&A	$M	107.9	117.5	9.6
	% of Sales	13.4%	11.6%	(1.8) pts
Operating Expenses	$M	216.6	247.5	30.9
	% of Sales	26.8%	24.5%	(2.3) pts
Restructuring	$M	1.0	6.4	5.4
	% of Sales	0.1%	0.6%	0.5 pts
Acquisition Costs & Other	$M	0.5	1.1	0.6
	% of Sales	0.1%	0.1%	0.0 pts
Amortization of	$M	26.8	22.6	(4.2)
Intangibles	% of Sales	3.3%	2.2%	(1.1) pts
Total	$M	244.9	277.6	32.7
	% of Sales	30.3%	27.5%	(2.8) pts

Balance Sheet & Cash Flow Highlights – Q3 2012

(Preliminary & Unaudited)

	Q3 11	Q4 11	Q1 12	Q2 12	Q3 12
Cash & short-term investments - $M	575.0	518.8	514.3	539.6	548.4
Long-term marketable securities - $M	15.6	42.3	52.9	36.7	22.8
Total - $M	590.6	561.1	567.2	576.3	571.2
Cash provided by operating activities - $M	24.5	60.9	35.3	30.6	6.7
Cash used for BigBand acquisition - $M	-	162.4	-	-	-
BigBand Cash / marketable securities acquired - $M	-	109.3	-	-	-
Net cash used for BigBand acquisition - $M	-	53.1	-	-	-
Cash used to retire 2013 convertible debt - $M	5.0	-	-	-	-
Cash used for share repurchases - $M	17.1	34.4	26.3	15.2	10.4
Accounts receivable, net - $M	165.8	152.4	183.4	179.4	171.1
DSOs	53	52	51	47	45
Inventory, net - $M	116.8	115.9	105.1	102.4	137.5
Turns	6.1	6.0	7.0	8.9	8.2
2013 convertible debt at face value- $M	232.1	232.1	232.1	232.1	232.1
2013 convertible debt at book value- $M	206.8	209.8	212.8	215.8	218.9

Q4 2012 Guidance

- **Revenue $345M - $365M**
- **Adjusted (Non-GAAP) EPS $0.26 - $0.30[1]**
- **GAAP EPS $0.13- $0.17**
- **~ 33.7% tax rate assumed**
- **116.5M diluted shares assumed**

(1) See reconciliation of GAAP to Non-GAAP measures

GAAP to Adjusted Non-GAAP EPS Guidance Reconciliation

	Q4 2012 EPS Guidance
Estimated GAAP EPS	$ 0.13 -$ 0.17
Reconciling Items (after tax):	
Amortization of Intangibles	0.04
Stock Compensation Expense	0.04
Non-Cash Interest - Convertible Debt	0.02
Early Pension Payout	0.03
Subtotal	0.13
Estimated Adjusted (Non-GAAP) EPS	$ 0.26 -$ 0.30

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

GAAP EPS/Adjusted EPS Reconciliation Q3 2012

(Preliminary & Unaudited)

(in thousands, except per share data)	Q1 2012 Amount	Q1 2012 Per Diluted Share	Q2 2012 Amount	Q2 2012 Per Diluted Share	Q3 2012 Amount	Q3 2012 Per Diluted Share	YTD 2012 Amount	YTD 2012 Per Diluted Share
Sales	$ 302,901		$ 349,327		$ 357,432		$ 1,009,660	
Highlighted items:								
Purchase accounting impacts of deferred revenue	1,771	0.02	663	0.01	546	-	2,980	0.03
Sales excluding highlighted items	$ 304,672		$ 349,990		$ 357,978		$ 1,012,640	

	Q1 2012 Amount	Q1 2012 Per Diluted Share	Q2 2012 Amount	Q2 2012 Per Diluted Share	Q3 2012 Amount	Q3 2012 Per Diluted Share	YTD 2012 Amount	YTD 2012 Per Diluted Share
Net income	$ 5,799	$ 0.05	$ 15,001	$ 0.05	$ 17,864	$ 0.05	$ 38,664	$ 0.05
Highlighted items:								
Impacting gross margin:								
Purchase accounting impacts of deferred revenue	1,258	0.01	663	0.01	546	-	2,467	0.02
Stock compensation expense	750	0.01	809	0.01	808	0.01	2,367	0.02
Impacting operating expenses:								
Acquisition costs	607	0.01	102	-	30	-	739	0.01
Restructuring	5,203	0.04	1,039	0.01	213	-	6,455	0.06
Amortization of intangible assets	7,379	0.06	7,444	0.06	7,742	0.07	22,565	0.19
Loss of sale of product line	337	-	-	-	-	-	337	0.00
Stock compensation expense	5,899	0.05	7,058	0.06	5,870	0.05	18,827	0.16
Impacting other (income) / expense:								
Non-cash interest expense	2,999	0.03	3,058	0.03	3,120	0.03	9,177	0.08
Impairment of investment	-	-	466	-	-	-	466	-
Impacting income tax expense:								
Adjustments of income tax valuation allowances and other	-	-	-	-	(4,183)	(0.04)	(4,183)	(0.04)
Tax related to highlighted items above	(8,121)	(0.07)	(6,749)	(0.06)	(6,362)	(0.05)	(21,232)	(0.18)
Total highlighted items	16,311	0.14	13,890	0.12	7,784	0.07	37,985	0.33
Net income excluding highlighted items	$ 22,110	$ 0.19	$ 28,891	$ 0.25	$ 25,462	$ 0.22	$ 76,463	$ 0.66
Weighted average common shares - diluted		117,597		115,111		116,346		116,348

	Q1 2011 Amount	Q1 2011 Per Diluted Share	Q2 2011 Amount	Q2 2011 Per Diluted Share	Q3 2011 Amount	Q3 2011 Per Diluted Share	YTD 2011 Amount
Sales	$ 267,436		$ 265,799		$ 274,374		$ 807,609
Highlighted items:							
Purchase accounting impacts of deferred revenue	-	-	-	-	-	-	-
Sales excluding highlighted items	$ 267,436		$ 265,799		$ 274,374		$ 807,609

	Q1 2011 Amount	Q1 2011 Per Diluted Share	Q2 2011 Amount	Q2 2011 Per Diluted Share	Q3 2011 Amount	Q3 2011 Per Diluted Share	YTD 2011 Amount	YTD 2011 Per Diluted Share
Net income (loss)	$ 11,564	$ 0.09	$ 16,690	$ 0.13	$ 13,713	$ 0.11	$ 41,967	$ 0.34
Highlighted items:								
Impacting gross margin:								
Stock compensation expense	437	-	557	-	525	-	1,519	0.01
Impacting operating expenses:								
Acquisition costs	-	-	-	-	475	-	475	-
Restructuring	-	-	-	-	969	0.01	969	0.01
Amortization of intangible assets	8,944	0.07	8,944	0.07	8,944	0.07	26,832	0.22
Stock compensation expense	4,847	0.04	5,368	0.04	5,213	0.04	15,428	0.12
Impacting other (income) / expense:								
Non-cash interest expense	2,832	0.02	2,889	0.02	2,883	0.02	8,604	0.07
Loss on retirement of debt	-	-	-	-	19	-	19	-
Impacting income tax expense:								
Adjustments of income tax valuation allowances and other	(3,583)	(0.03)	-	-	(2,334)	(0.02)	(5,917)	(0.05)
Tax related to highlighted items above	(5,024)	(0.04)	(4,915)	(0.04)	(5,265)	(0.04)	(15,204)	(0.12)
Total highlighted items	8,453	0.07	12,843	0.10	11,429	0.09	32,725	0.26
Net income excluding highlighted items	$ 20,017	$ 0.16	$ 29,533	$ 0.24	$ 25,142	$ 0.21	$ 74,692	$ 0.60
Weighted average common shares - diluted		125,732		123,711		121,237		123,549

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

Notes to GAAP/Adjusted Non-GAAP Financial Measures

(Preliminary & Unaudited)

The Company reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP" or referred to herein as "reported"). However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing our ongoing performance. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the factors management uses in planning for and forecasting future periods. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the Company's reported results prepared in accordance with GAAP. Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effects:

Purchase Accounting Impacts Related to Deferred Revenue: In connection with our acquisition of BigBand, business combination rules require us to account for the fair values of arrangements for which acceptance has not been obtained, and post contract support in our purchase accounting. The non-GAAP adjustment to our sales and cost of sales is intended to include the full amounts of such revenues. We believe the adjustment to these revenues is useful as a measure of the ongoing performance of our business. We have historically experienced high renewal rates related to our support agreements and our objective is to increase the renewal rates on acquired post contract support agreements; however, we cannot be certain that our customers will renew our contracts.

Stock-Based Compensation Expense: We have excluded the effect of stock-based compensation expenses in calculating our non-GAAP operating expenses and net income measures. Although stock-based compensation is a key incentive offered to our employees, we continue to evaluate our business performance excluding stock-based compensation expenses. We record non-cash compensation expense related to grants of options and restricted stock. Depending upon the size, timing and the terms of the grants, the non-cash compensation expense may vary significantly but will recur in future periods.

Acquisition Costs: We have excluded the effect of acquisition related and other expenses and the effect of restructuring expenses in calculating our non-GAAP operating expenses and net income measures. We incurred significant expenses in connection with our recent acquisition of BigBand, which we generally would not have otherwise incurred in the periods presented as part of our continuing operations. Acquisition related expenses consist of transaction costs, costs for transitional employees, other acquired employee related costs, and integration related outside services. We believe it is useful to understand the effects of these items on our total operating expenses.

Restructuring Costs: We have excluded the effect of restructuring charges in calculating our non-GAAP operating expenses and net income measures. Restructuring expenses consist of employee severance, abandoned facilities, and other exit costs. We believe it is useful to understand the effects of these items on our total operating expenses.

Loss on Sale of Product Line: We have excluded the effect of a loss on the sale of a product line in calculating our non-GAAP operating expenses and net income measures. We believe it is useful to understand the effects of these items on our total operating expenses.

Amortization of Intangible Assets: We have excluded the effect of amortization of intangible assets in calculating our non-GAAP operating expenses and net income measures. Amortization of intangible assets is non-cash, and is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

Early Pension Payout: In an effort to reduce volatility and administrative expense in connection with the Company's pension plan, we have offered certain participants an opportunity to voluntarily elect an early payout of their pension benefits. We anticipate recording a charge in the fourth quarter of 2012 of approximately $3 million, dependant upon the actual number of participants who elect the payout option. We intend to exclude this charge in our fourth quarter Non-GAAP measures, as this is a one-time charge that is not considered by management in their review of financial results.

Non-Cash Interest on Convertible Debt: We have excluded the effect of non-cash interest in calculating our non-GAAP operating expenses and net income measures. We record the accretion of the debt discount related to the equity component non-cash interest expense. We believe it is useful to understand the component of interest expense that will not be paid out in cash.

Impairment of Investment: We have excluded the effect of an other-than-temporary impairment of a cost method investment in calculating our non-GAAP financial measures. We believe it is useful to understand the effect of this non-cash item in our other expense (income).

Loss (Gain) on Retirement of Debt: We have excluded the effect of the loss (gain) on retirement of debt in calculating our non-GAAP financial measures. We believe it is useful for investors to understand the effect of this non-cash item in our other expense (income).

Income Tax Expense: We have excluded the tax effect of the non-GAAP items mentioned above. Additionally, we have excluded the effects of certain tax adjustments related to state valuation allowances, research and development tax credits and provision to return differences.