

Dear Fellow Shareholders,

I write this letter with a sense of pride and appreciation as ARRIS continues to evolve and strengthen, building on our past success while looking towards our promising future. We have successfully navigated major industry changes created by consolidation throughout our ecosystem and have turned technology disruptions into new opportunities. The breadth of our portfolio positions us to be able to provide solutions in practically all aspects of the network, connecting people and devices to services in a simple and secure way wherever they are.

We ended 2017 on a very high note, exceeding the profitability goals we set for the year with a record profit in the fourth quarter, and closing on the acquisition of Ruckus Networks. We gained share outside the U.S. with our international business increasing by 15% year over year. ARRIS's technical acumen was evident as we added over 940 patents to the ARRIS intellectual property portfolio. And, the ARRIS team tirelessly executed on our operating plans and delivered on our vision of 'Redefining Connectivity.'

The Ruckus acquisition is a foundational building block of our vision. In addition to expanding our wireless technology expertise, the Ruckus portfolio addresses a wide range of new Enterprise customers and our traditional Service Provider customers. Diversification and growth in Enterprise is a key part of our strategy, with a laser focus on sectors such as hospitality, education, public venues, smart cities, and local/national governments. We see great opportunities to grow across each of these segments while leveraging product synergies with the traditional ARRIS portfolio.

In our Network and Cloud segment, we continue to lead the industry with cable access Internet technology. Our Service Provider customers are investing aggressively to expand broadband capacity to keep pace with the ~30 - 50% growth in data consumption. Multi-year construction and densification projects have accelerated as fiber networks grow deeper into the network and bandwidth demands multiply.

The E6000 CCAP Edge Routing program reached an important milestone with the introduction and deployment of our second-generation line card technology, doubling the capacity of the current platform and positioning ARRIS as the clear leader in gigabit internet technology. Our flexible capacity licensing model enables operators to gracefully add capacity to the E6000, while also implementing newer technologies such as DOCSIS® 3.1. In 2017, we benefited from a strong mix of capacity licenses and fiber optic transmission equipment. And, the ability of our platform to evolve into a Distributed Access Architecture allows our customers to invest with confidence knowing they will remain on the leading edge of network capability.

In our Customer Premises Equipment segment, we expanded our Broadband portfolio with a full range of DOCSIS, fiber, copper, and wireless devices along with new home networking and Wi-Fi technologies. Our video CPE portfolio also continued to play a key role in some of the world's largest new product launches. Upgrade cycles to support capabilities such as high quality 4K video, video over Wi-Fi, and IPTV are being led by ARRIS. We know the way people consume media is evolving. They want to be constantly connected to the Internet wherever they are, and they want the whole experience to be seamless on any device – it's a challenge ARRIS is uniquely positioned to meet.

We continue to invest aggressively. In 2017, we invested \$539M in R&D to develop new products and create valuable intellectual property. We invested ~\$800M in the acquisition of Ruckus which immediately expands our wireless and Wi-Fi portfolios. And, of course, we also recognize ARRIS itself is a great investment and we used nearly \$200M of our free cash flow in 2017 to re-purchase shares.

Looking forward, we see opportunities to continue to grow our share of spend with our traditional Service Provider customers by expanding our sales in markets outside the U.S. and leveraging the Ruckus portfolio across all segments. Ruckus prospects in the Enterprise markets look bright, and I am particularly excited about the potential of new markets like LTE small cell, IoT, and Smart Cities. We will succeed by continuing to put our customers and employees first while pursuing innovation, streamlining operations, increasing productivity, and generating profitable growth.

I want to close by thanking the thousands of dedicated ARRIS employees worldwide, and extending a warm welcome to all our new Ruckus customers, channel partners, and employees. Together, we will continue to redefine connectivity to power a smarter, simpler, more connected world.



Bruce McClelland, CEO

