

ARRIS GROUP, INC.
PRELIMINARY SUPPLEMENTAL SALES & NET INCOME RECONCILIATION
(in thousands, except per share data) (unaudited)

	Q4 2011	YTD 2011
	Amount	Amount
Sales	\$ 281,076	\$ 1,088,685
Highlighted items:		
Purchase accounting impacts of deferred revenue	4,332	4,332
Sales excluding highlighted items	<u>\$ 285,408</u>	<u>\$ 1,093,017</u>

	Q4 2011		YTD 2011		Q4 2010		YTD 2010	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income (loss)	\$ (59,629)	\$ (0.51)	\$ (17,662)	\$ (0.15)	\$ 11,321	\$ 0.09	\$ 64,128	\$ 0.50
Highlighted items:								
<i>Impacting gross margin:</i>								
Purchase accounting impacts of deferred revenue	3,126	0.03	3,126	0.03	-	-	-	-
Stock compensation expense	521	-	2,040	0.02	492	-	1,897	0.01
<i>Impacting operating expenses:</i>								
Acquisition costs	2,730	0.02	3,205	0.03	-	-	-	-
Restructuring	3,391	0.03	4,360	0.04	(8)	-	65	-
Amortization of intangible assets	6,817	0.06	33,649	0.27	8,944	0.07	35,957	0.28
Goodwill and intangibles impairment	88,633	0.74	88,633	0.72	-	-	-	-
Stock compensation expense	4,586	0.04	20,014	0.16	5,277	0.04	19,930	0.15
<i>Impacting other (income) / expense:</i>								
Non-cash interest expense	2,941	0.02	11,545	0.09	2,777	0.02	11,325	0.09
Impairment of investment	3,000	0.03	3,000	0.02	-	-	-	-
Loss on retirement of debt	-	-	19	-	5	-	(373)	-
<i>Impacting income tax expense:</i>								
Adjustments of income tax valuation allowances and other	3,032	0.03	(2,885)	(0.02)	1,058	0.01	889	0.01
Tax impact related to goodwill and intangibles impairment	(25,584)	(0.21)	(25,584)	(0.21)	-	-	-	-
<i>Tax related to highlighted items above, except goodwill and intangibles impairment</i>	(8,553)	(0.07)	(23,757)	(0.19)	(6,503)	(0.05)	(24,311)	(0.19)
Total highlighted items	84,640	0.71	117,365	0.96	12,042	0.10	45,379	0.35
Net income excluding highlighted items	<u>\$ 25,011</u>	<u>\$ 0.21</u>	<u>\$ 99,703</u>	<u>\$ 0.81</u>	<u>\$ 23,363</u>	<u>\$ 0.19</u>	<u>\$ 109,507</u>	<u>\$ 0.85</u>
Weighted average common shares - basic ⁽¹⁾		117,316		120,157				128,271
Weighted average common shares - diluted ⁽²⁾		119,609		122,555		125,758		

⁽¹⁾ Basic shares used for 2011 as losses were reported for those periods and the inclusion of dilutive shares would be antidilutive

⁽²⁾ Non-GAAP net income for 2011 is positive and, therefore, the diluted shares used in this calculation include the effect of options

See Notes to GAAP to Adjusted Non-GAAP Financial Measures