



Convergence Enabled.

UBS

Global Technology and Services Conference

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New York City

David Potts – Executive Vice President & CFO
Jim Bauer, VP- Investor Relations

Safe Harbor



Statements in this presentation or made on this call, including those related to third quarter 2011 revenues and net income, gross margins, operating expenses, income taxes, outlook for full year 2011, expected sales levels, acceptance of certain ARRIS products, the general market outlook, the timing and impact of the acquisition of BigBand, 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; the BigBand acquisition is subject to various closing conditions and has the integration and other risks attendant to all acquisitions; 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 September 30, 2011. 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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Company Overview

ARRIS Company Overview...



- High Tech, pure play provider of voice, high-speed data, and video solutions to the global broadband industry
- Global Presence: Direct in 20 countries
VARs in 30 countries
- Headquarters Location: Suwanee, GA
- Customers: Worldwide
- Employees: ~1,900
- Market Cap: ~\$1.3 billion¹

Note:

1. Based on closing share price of \$10.75 on 11/3/2011

ARRIS Company Highlights...



- **Market leader in key product segments**
 - ~43% worldwide installed base of VoIP voice enabled high speed modems (EMTA)
 - #1 Worldwide Revenue Market Share*
 - ~30% worldwide installed base of cable edge routers (CMTS)
 - #2 Worldwide Revenue Market Share**

- **Profitable business with solid cash generation**

- **Product roadmap, R&D and acquisition strategy focus on enabling convergence of cable services on a unified IP platform**

* Infonetics Q2 2011

** Infonetics Q2 2011

ARRIS Products Address Virtually All MSO Needs...



ARRIS WorkAssure™ Workforce Management

- Customer Satisfaction
- Dispatch Control
- Expense Reduction
- Workforce Potential

ARRIS ServAssure™ HFC Network Surveillance and Maintenance

- Network Visibility and Management
- New Service Deployment
- Improved Service

ARRIS Professional Services

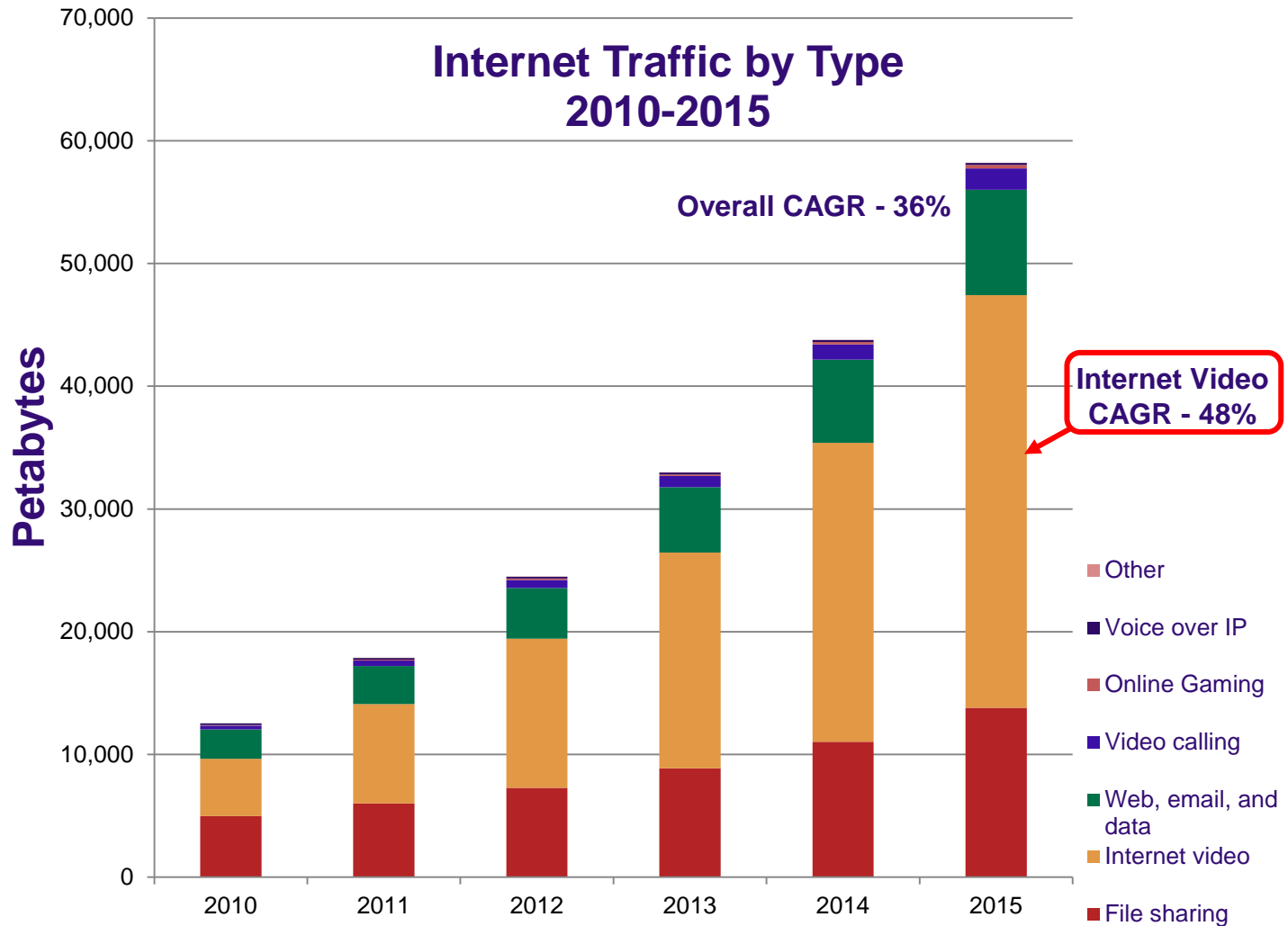
- Network Design, Network Integration, Documentation, Asset Management, Technical Services and Consulting



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Strategy

Internet Video Traffic Growing Faster than Internet in General...

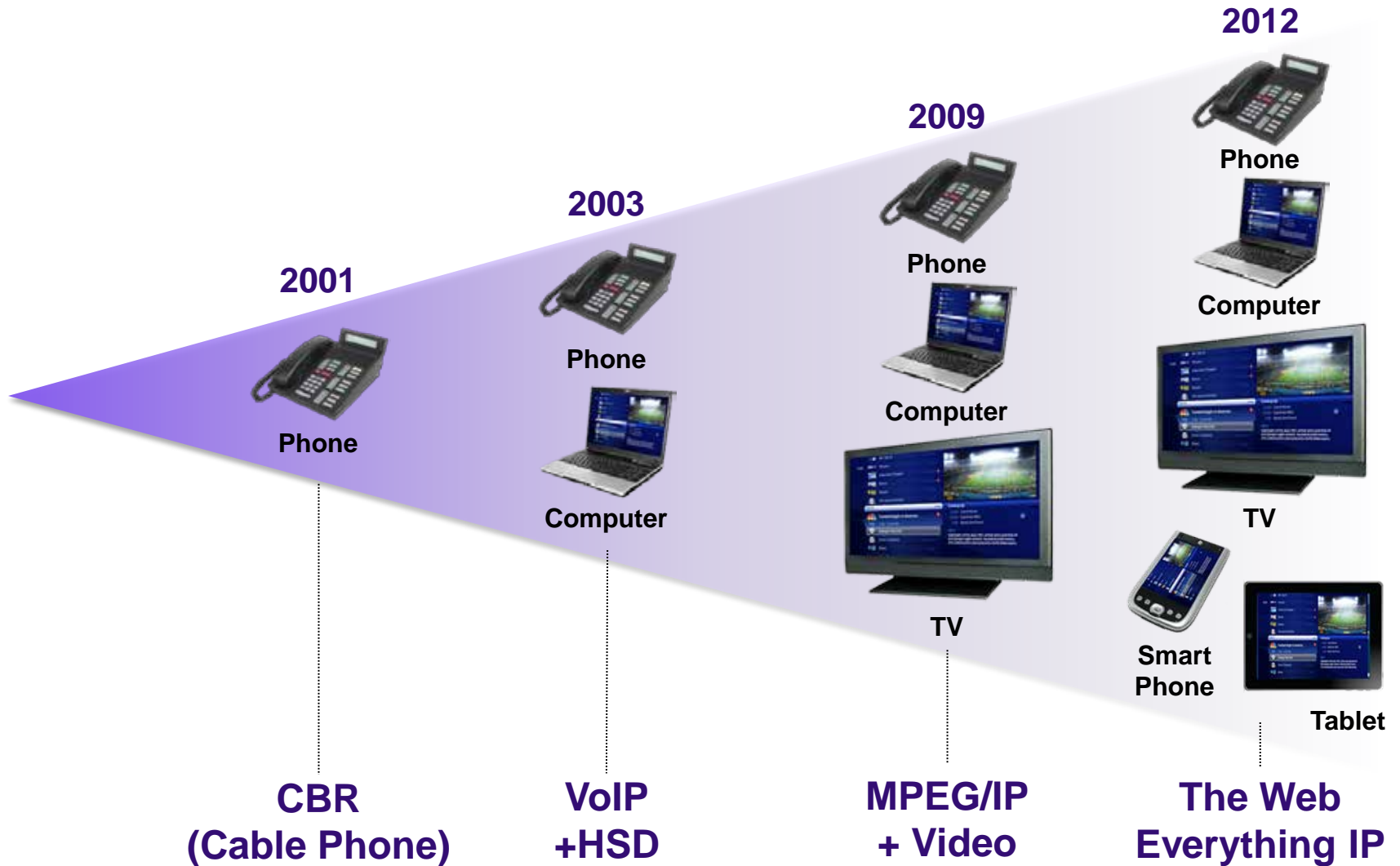


Source: Cisco Visual Networking Index, Forecast and Methodology, 2010-2015

Which is Why Our Vision Has Expanded...

“Everything IP, Everywhere” – in the Home and on the Go!

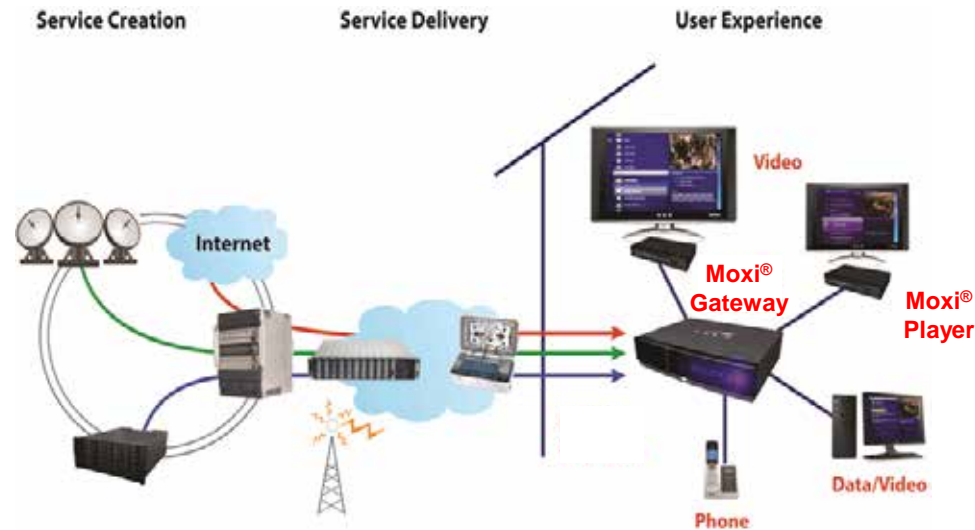
.....Our Path to Growth



IP is the Ideal Infrastructure for *Service Creation*, *Service Delivery* and *User Experience*...



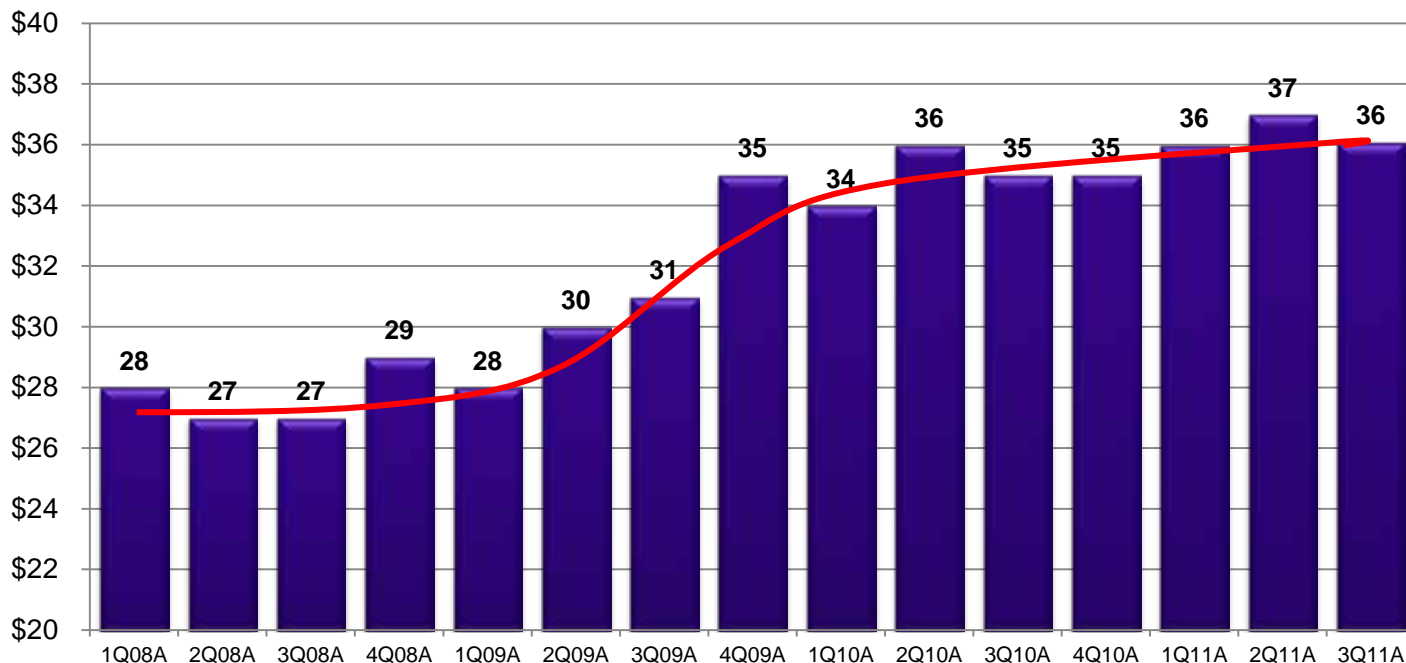
- Network simplicity - one protocol across the network
- Customer content demand across 3 screens (TV, PC, Mobile)
- Significantly enhanced network throughput
- Open interfaces foster faster deployment
- Offers access to growing Internet advertising market
- Simplified device infrastructure within the home provides a new market entry



Ramped R&D Investment in Response to Emerging Growth Opportunities



ARRIS R&D Quarterly Investment (\$M)



**~\$143 Million of R&D past twelve months
While Remaining Solidly Profitable**

Increased R&D Investment Now Bearing Fruit...



- **Moxi® Whole Home Video Gateway**
 - Whole Home Solution
 - Hybrid legacy/IPTV
- **Entirely refreshed C4 product line**
 - Double the density
 - 32D Downstream Card (Software upgradeable)
 - 24U Upstream Card
 - Two new software releases
 - IP V6
 - Upstream Channel Bonding
- **E6000 Converged Edge Router**
 - Radical new concept in high density edge routers
 - Platform for the next decade
- **Completely revamped CPE product line**
 - Voice enabled
 - Wi-Fi enabled
 - Embedded routing
- **Ethernet Passive Optical Network (PON) - Fiber to the Home**
- **New Video on Demand software suite**
- **New Assurance software suite**



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BigBand Acquisition

BigBand Transaction Summary...



- Offer Price:**
 - **\$2.24 in Cash per BigBand share or ~\$172 million**
 - **~\$53 million net of cash on hand¹**

- Form:**
 - **Tender Offer**

- Support Agreements:**
 - **Unanimous BigBand Board Recommendation**
 - **Voting Agreement with two largest BigBand shareholders (~32% ownership)**

- Closing Conditions:**
 - **Majority shareholder acceptance in tender offer period**
 - **Customary Regulatory Approval**

- Target Closing:**
 - **Late 2011**

- Key Metrics:**
 - **Neutral/Accretive (non-GAAP) by mid-2012**
 - **Estimated \$18M transaction and transition costs**
 - **~\$20M in cash tax benefit from NOLs over time**

1. BigBand cash on hand estimated to be \$119 M

Strategic Rationale...



Leverageable Product and Market Position

- Leader in Broadcast Video services
- Inventor of delivery of Switched Digital Video services
- Key Supplier to both cable and telco service providers

Roadmap Synergies and Time-to-Market

- Market expansion with combination of ARRIS E6000 Converged Edge Router and BigBand MSP Video Processing and QAM platform; will lead to increased share of CCAP opportunity
- Introduction and deployment of high density Media Services Platform underway with lead customers
- Unique IPTV Ad Splicing technology in deployment at AT&T; applicable to adjacent markets

Intellectual Property and Video DNA

- Rich patent portfolio, 70+ granted or in process
- Carrier class Video and Networking R&D team with deep roots in developing industry first technologies and products

Customer and Segment Diversification

- Key Supplier to Verizon FIOS TV and AT&T Advanced Advertising
- Increasing technology and product synergies as cable operators migrate networks from MPEG to IP

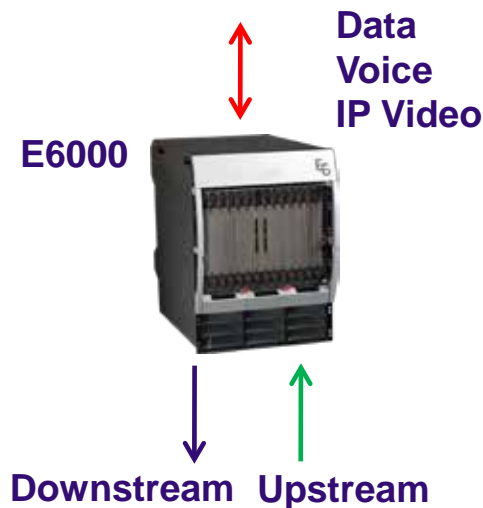
ARRIS and BigBand...



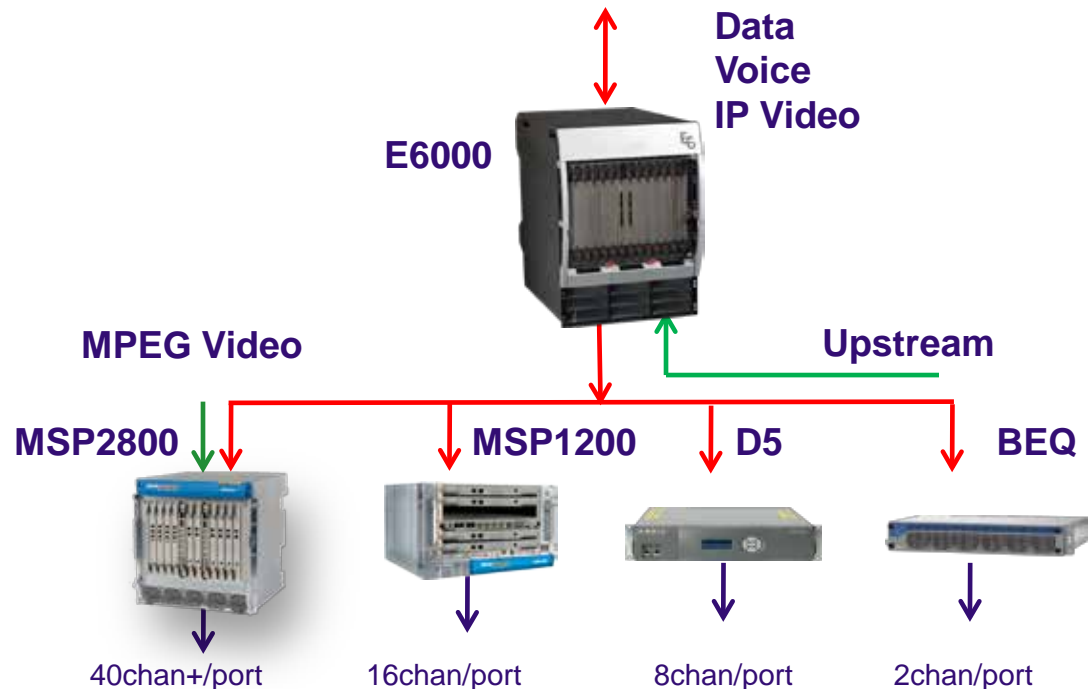
CCAP Acceleration and Market Expansion

- Deployment of ultra-dense MSP EdgeQAM will complement full CCAP E6000 migration leading to increased market-share
 - Provides option for Modular CCAP architecture to meet all network needs
- MSP Platform provides additional innovative video processing capabilities

CCAP - Integrated



CCAP - Modular



ARRIS and BigBand...

Operating Plan Ready to Implement



1. Return To Profitability Neutral/Accretive (non-GAAP) by mid-2012

- Optimize cost structure based on run-rate sales levels
- Synergies from reduced public company costs, sales force optimization, infrastructure savings, and supply chain economies of scale
- Tax savings from NOL's
- Modest engineering and R&D program alignment

2. Return to Growth

- Bolster and expand core customer relationships
- Accelerate MSP QAM revenues through ARRIS sales relationships
- Expand BigBand EdgeQAM and BMR installed base and service streams
- Accelerate telco and international expansion of BigBand and ARRIS products

3. Combined Engineering Talent – Strategic Leadership

- Accelerate delivery of CCAP-related functionality
- Establish ARRIS as leader in targeted ad insertion and next-generation IP Video streaming ad placement and processing
- Leverage Switched Digital Video info delivery of IP Video



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Financial Highlights

Q3 2011 Results & Highlights



- **Revenue \$274.4M**
- **Gross Margin 36.5%**
- **Non-GAAP EPS \$0.21**
- **66% Domestic, 34% International**
- **Stock repurchase program continued**
- **BigBand**

Q3 2011 Results



- **Broadband Communications Systems (BCS)**
 - Revenues flat quarter over quarter
 - Mix shift toward CPE, particularly Moxi[®] Gateways
 - Reduced % Gross Margin
 - Shipped ~1.4 million CPE units in quarter
 - 53% of CPE units DOCSIS 3.0
 - Continued progress on Moxi[®] Gateway product
 - Accelerating sales in Q3 and good outlook for Q4
 - In addition to two announced customers, in various stages of trials with six new customers
 - C4[™] CMTS shipments 73,686 downstream ports
 - Second highest in history
 - Solid QAM sales in the third quarter

Q3 2011 Results



- **Access, Transport and Supplies (ATS)**
 - ATS revenues up ~16% sequentially
 - Gross margin improvement
 - Strong Professional and Commercial Services
 - Growing interest in Metro Wi-Fi solutions worldwide
- **Media and Communications Systems (MCS)**
 - Revenues slightly down sequentially while GM percentage up 6% points
 - Continued new deployments of Assurance products
 - New VOD Wins at two North America Tier 2 MSOs

Q4 2011 Guidance...



- Revenue: \$270M - \$290M
- Adjusted (Non-GAAP) EPS: \$0.18 - \$0.22⁽¹⁾
- GAAP EPS: \$0.08 - \$0.12
- Does not include impact of BigBand acquisition
 - Anticipate ~\$(0.01) to \$(0.03) Non-GAAP EPS impact
- ~28% tax rate assumed
- 120.5M diluted shares assumed

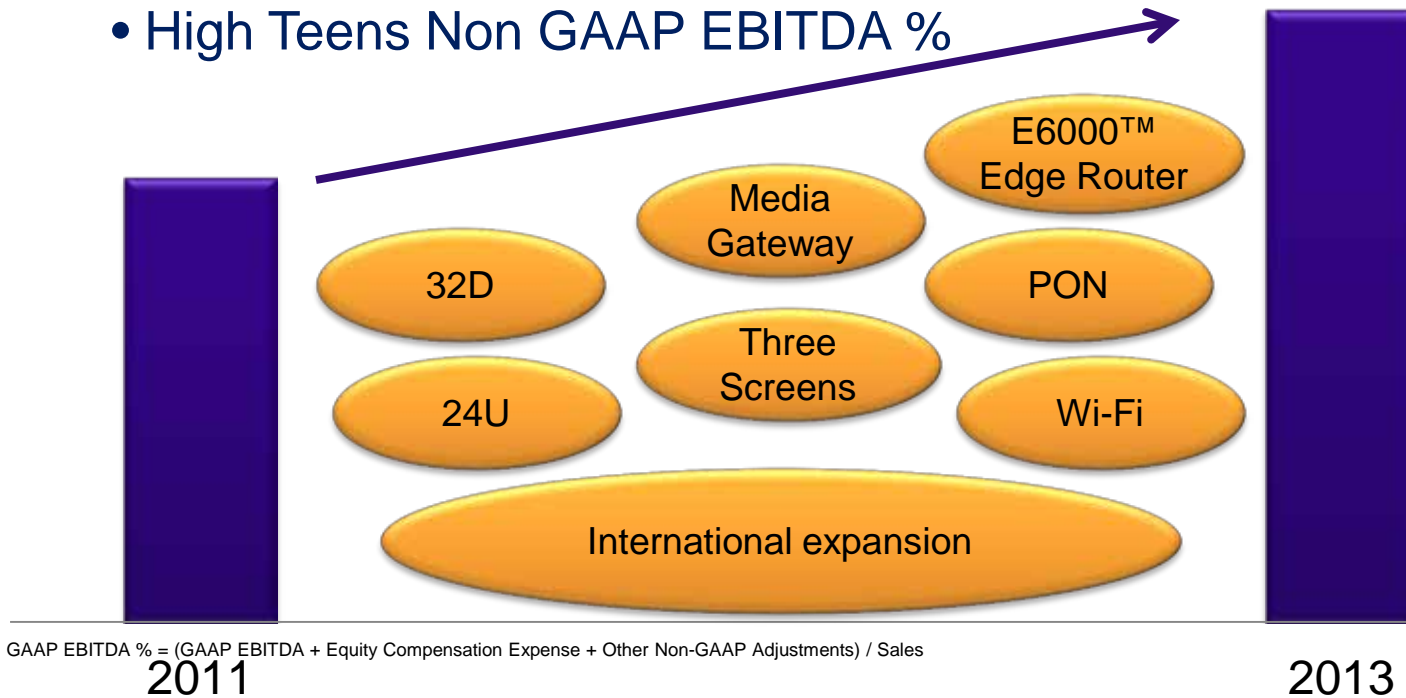
(1) See reconciliation of GAAP to Non-GAAP measures

Excellent Opportunities for Growth...



Goals:

- 10%+ Revenue CAGR
- High Teens Non GAAP EBITDA %



Non GAAP EBITDA % = (GAAP EBITDA + Equity Compensation Expense + Other Non-GAAP Adjustments) / Sales

**Growth Will Drive Operating Leverage
and EPS Expansion**

In Summary, Our Vision has Expanded and Our Strategy is Solid



- Invest in High Growth Opportunities
- Expand and Diversify Portfolio to Achieve Long Term Growth
 - Organic – Moxi[®], C4 Refresh, E6000
 - Acquisition – BigBand[®]
- Customer Diversification
- Focus on Execution



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Questions and Answers?

EPS Guidance Reconciliation



Estimated GAAP EPS	\$0.08 - \$0.12
Reconciling Items	
Amortization of Intangibles (after tax)	\$0.05
Stock Compensation Expense (after tax)	\$0.03
Non-Cash Interest - Convertible Debt (after tax)	\$0.02
Subtotal	<u>\$0.10</u>
Estimated Adjusted (Non-GAAP) EPS	<u><u>\$0.18 - \$ 0.22 ⁽¹⁾</u></u>

(1) Excludes impact of BigBand acquisition

See the GAAP to Non-GAAP EPS reconciliation for a discussion regarding these adjustments and management's reasoning for providing this Non-GAAP financial measure.

GAAP EPS / Adjusted EPS Reconciliation

Q3 2011

(Preliminary & Unaudited)



(in thousands, except per share data)

	Q1 2011		Q2 2011		Q3 2011		YTD 2011	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income	\$ 11,564	\$ 0.09	\$ 16,690	\$ 0.13	\$ 13,713	\$ 0.11	\$ 41,967	\$ 0.34
Highlighted items:								
<i>Impacting gross margin:</i>								
Stock compensation expense	437	-	557	-	525	-	1,519	0.01
<i>Impacting operating expenses:</i>								
Acquisition costs, restructuring and other	-	-	-	-	1,444	0.01	1,444	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
<i>Impacting other (income) / expense:</i>								
Non-cash interest expense	2,832	0.02	2,889	0.02	2,883	0.02	8,604	0.07
Loss (gain) on retirement of debt	-	-	-	-	19	-	19	-
<i>Impacting income tax expense:</i>								
Adjustments of income tax valuation allowances, research & development credits and other	(3,583)	(0.03)	-	-	(2,335)	(0.02)	(5,918)	(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	11,428	0.09	32,724	0.26
Net income excluding highlighted items	\$ 20,017	\$ 0.16	\$ 29,533	\$ 0.24	\$ 25,141	\$ 0.21	\$ 74,691	\$ 0.60
Weighted average common shares - diluted		125,732		123,711		121,237		123,549

	Q1 2010		Q2 2010		Q3 2010		YTD 2010	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income	\$ 18,991	\$ 0.15	\$ 19,774	\$ 0.15	\$ 14,042	\$ 0.11	\$ 52,807	\$ 0.41
Highlighted items:								
<i>Impacting gross margin:</i>								
Stock compensation expense	433	-	481	-	491	-	1,405	0.01
<i>Impacting operating expenses:</i>								
Acquisition costs, restructuring and other	52	-	21	-	-	-	73	-
Amortization of intangible assets	9,022	0.07	9,021	0.07	8,970	0.07	27,013	0.21
Stock compensation expense	4,088	0.03	5,271	0.04	5,294	0.04	14,653	0.11
<i>Impacting other (income) / expense:</i>								
Non-cash interest expense	2,883	0.02	2,884	0.02	2,781	0.02	8,548	0.07
Loss (gain) on retirement of debt	-	-	(115)	-	(263)	-	(378)	-
<i>Impacting income tax expense:</i>								
Adjustments of income tax valuation allowances, research & development credits and other	1,222	0.01	(351)	-	(1,040)	(0.01)	(169)	-
Tax related to highlighted items above	(5,505)	(0.04)	(6,170)	(0.05)	(6,133)	(0.05)	(17,808)	(0.14)
Total highlighted items	12,195	0.09	11,044	0.09	10,100	0.08	33,337	0.26
Net income excluding highlighted items	\$ 31,186	\$ 0.24	\$ 30,818	\$ 0.24	\$ 24,142	\$ 0.19	\$ 86,144	\$ 0.67
Weighted average common shares - diluted		129,975		129,717		127,638		129,103

With respect to stock compensation expense, ARRIS records non-cash compensation expense related to grants of options and restricted stock. Depending upon the size, timing and the terms of the grants, this non-cash compensation expense may vary significantly. With respect to amortization of intangibles, the intangibles being amortized relate to our acquisitions. The acquisition costs, restructuring, and other reflect items that, although they or similar items might recur, are of a nature and magnitude that identifying them separately provides investors with a greater ability to project ARRIS' future performance. With respect to the convertible debt non-cash interest, ARRIS records non-cash interest expense related to the 2013 convertible debt. Disclosing the non-cash piece provides investors with the information regarding interest that will not be paid out in cash. In both 2011 and 2010, income tax expense adjustments were recorded for state valuation allowances and research and development tax credits.

In assessing operating performance and preparing budgets and forecasts, ARRIS' management considers performance after making these adjustments and believes that providing investors with the same information provides greater transparency and insight into management's analysis.

GAAP Operating Income / Adjusted Operating Income Reconciliation

(Preliminary & Unaudited)



(in thousands)	Q3 2011	Q3 2010	Sept YTD 2011	Sept YTD 2010
Operating Income as reported	\$ 18,451	\$ 23,966	\$ 59,032	\$ 92,160
Operating Income as a % of sales	6.7%	8.7%	7.3%	11.2%
Highlighted Items:				
Stock compensation expense	5,738	5,785	16,947	16,059
Acquisition costs, restructuring and other	1,444	-	1,444	73
Amortization of intangible assets	8,944	8,969	26,832	27,013
Operating Income excluding highlighted items	34,577	38,720	104,255	135,305
Operating Income excluding highlighted items as a % of sales	12.6%	14.1%	12.9%	16.5%

See the GAAP to Non-GAAP EPS reconciliation for a discussion regarding these adjustments and management's reasoning for providing this Non-GAAP financial measure.