First Quarter 2012 ARRIS Earnings Conference Call

April 25, 2012

Safe Harbor

Statements in this presentation or made on this call, including those related to second 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-K for the year ended December 31, 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.

First Quarter 2012 Highlights & Business Outlook

Bob Stanzione
CEO & Chairman

Q1 2012 Results & Highlights

- Revenue $302.9M
  - Up 8% vs. Q4 2011, 13% vs. Q1 2011
- Record bookings and order backlog
- Gross Margin 36.0%
- Non-GAAP EPS $0.19*
- 75% Domestic, 25% International
- Strong cash flow
- Stock repurchase program continued
- BigBand integration complete

Off to a great start.

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

Q1 2012 Results

- **Broadband Communications Systems (BCS)**
  - Revenue up 15.4% vs. Q4 2011, 18.3% vs. Q1 2011
  - Gross Margin of 36.6% with increased CPE mix
  - 109,744 C4™downstreams, 10% over previous high
  - Moxi® Gateway
    - Very successful launch at WOW
    - Buckeye beginning commercial deployments
    - Additional operators in line for commercial deployments
  - New Gateway Platforms
    - 3rd party middleware software integrations launched
  - BigBand
    - Product/feature execution improving
    - MSP deployments underway
  - Shipped >1.6 million CPE units in the quarter
    - Up 35% vs. Q4 2011
    - 60% of CPE units were DOCSIS 3.0
    - Wi-Fi Gateways, data modem business

D3 Technology Upgrade Cycle Accelerating

xfinity

Important information regarding your XFINITY® Service.

Valued Comcast Customer
Alpharetta, GA

Subject: Important Service Announcement Regarding Your Cable Modem

Dear Valued Comcast Customer:

Our records indicate that the cable modem which you currently use for your XFINITY® Internet service may not be able to receive the full range of speeds available with XFINITY Internet.

To ensure that your modem can take advantage of all that XFINITY Internet has to offer, you will need to replace your current modem with a DOCSIS 3.0 modem.

There are several convenient modem replacement options available to you:

- Visit a retailer to purchase a new cable modem. You may visit http://mydeviceinfo.comcast.net/ for a list of modems certified to work on our network.
- Arrange to lease a cable modem by calling 1-800-XFINITY. You may have a leased modem sent to you with a self-installation kit. If you do so, no installation charges apply and there will be no shipping or handling charge. Standard installation fees apply for professional installation. Applicable equipment charges apply when leasing a modem from Comcast.

To protect our environment, please dispose of your older modem properly. Instead of disposing with household trash, you can return it to the front counter of any Comcast Payment Center or you can check with your local municipality to learn about its recycling days.

Sincerely,

Comcast

comcast.

Our guarantee is our promise to you.
Find out more at comcast.com.

To ensure that your modem can take advantage of all that XFINITY Internet has to offer, you will need to replace your current modem with a DOCSIS 3.0 modem.

Q1 2012 Results

- **Access, Transport and Supplies (ATS)**
  - Q1 impacted by seasonal softness
  - Increasing subscriber bandwidth demand drives more node splits and multi-wavelength headend optics
- **Media and Communications Systems (MCS)**
  - New WorkAssure™ release adds support for Android mobile devices
  - Linear Ad Insertion competitive displacements continue at tier 1 North America MSO's
    - ARRIS' SkyVision™ delivering ads to > 60M homes

Valuable Growing Patent Portfolio

	US	Foreign	Total
Applications Pending	268	107	375
Patents Granted	444	167	611
TOTAL	**712**	**274**	**986**

	2010	2011	2012 YTD
Applications Filed	81	92	22
Patents Granted	28	36	20

Q2 2012 Guidance

- Q2 Guidance
  - Center of revenue guidance represents 28% growth vs. Q2 2011
  - Expect mix shift to CPE and CMTS Hardware
  - Entering quarter with backlog at record level
  - Supply chain responding well

Optimistic about year as a whole

First Quarter 2012 Financial Highlights

David Potts

Chief Financial Officer

Financial Highlights – Q1 2012

(Preliminary & Unaudited)

	Q1 2011	Q4 2011	Q1 2012
Sales - $M [1] [2]	267.4	281.1	302.9
Gross Margin - $M	96.9	106.5	108.9
Gross Margin - %	36.3%	37.9%	36.0%
EPS - GAAP	0.09	(0.47)	0.05
Adjusted EPS - Non-GAAP [1]	0.16	0.21	0.19
EBITDA - % of Sales GAAP [1]	11.1%	9.7%	8.9%
Adjusted EBITDA - % of Sales Non GAAP [1]	13.0%	14.5%	13.0%
Cash, Short-term & Long-term Marketable Securities - $M	619.6	561.1	567.2
Cash (Used In) Provided by Operating Activities - $M	(3.6)	60.9	35.9
Shares Repurchases - $M	0.0	34.4	26.3
Weighted average common shares - diluted - M[3]	125.7	117.3	117.6
Backlog - $M	177.5	148.5	277.7
Book-to-Bill	1.14	0.98	1.43

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

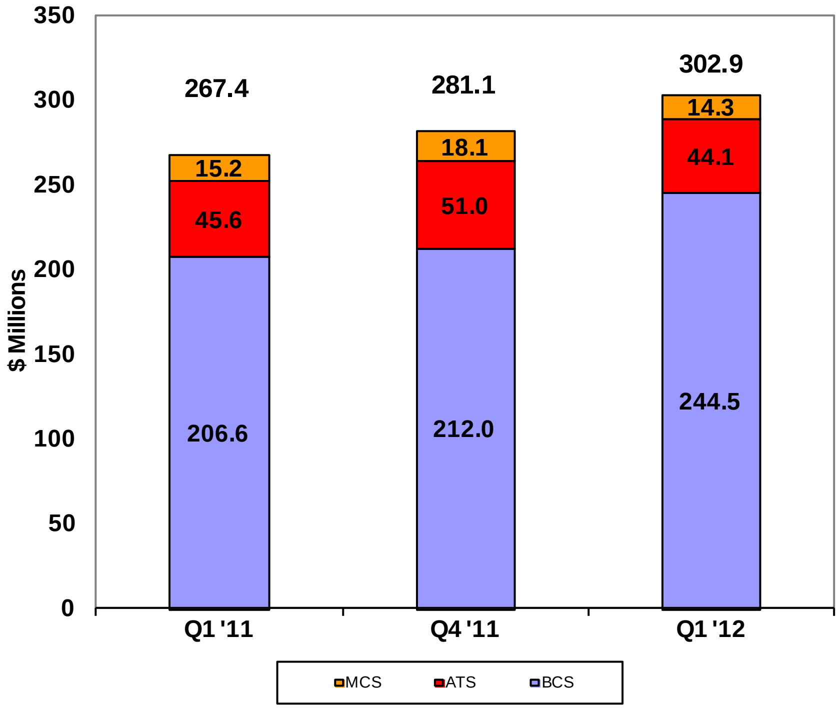
(2) Excludes $4.3M in Q4 2011 and $1.8M in Q1 2012 of Non-GAAP BBND Sales

(3) Basic shares used for Q4 2011 as losses were reported for those periods and the inclusion of dilutive shares would be antidilutive

Sales – Q1 2012

(Preliminary & Unaudited)

Sales by Segment



Domestic / International Sales ($M)

		Q1 '11	Q4 '11	Q1 '12
Domestic	- $M	189.9	195.2	227.5
	- %	71.0%	69.4%	75.1%
International	- $M	77.6	85.9	75.4
	- %	29.0%	30.6%	24.9%

Significant Customers ($M)

	Q1 '11	Q4 '11	Q1 '12
Time Warner Cable and Affiliates	42.7	57.8	44.6
Comcast and Affiliates	72.9	66.5	81.8

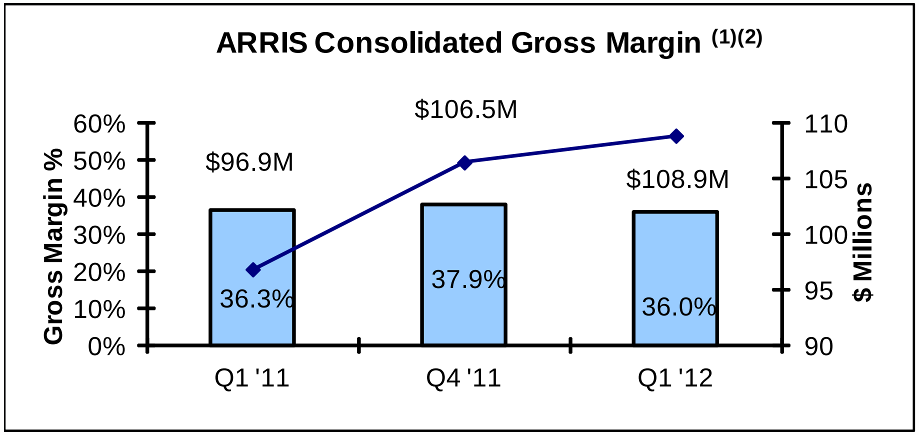
Non GAAP BigBand Sales and Gross Margin (1) & (2)

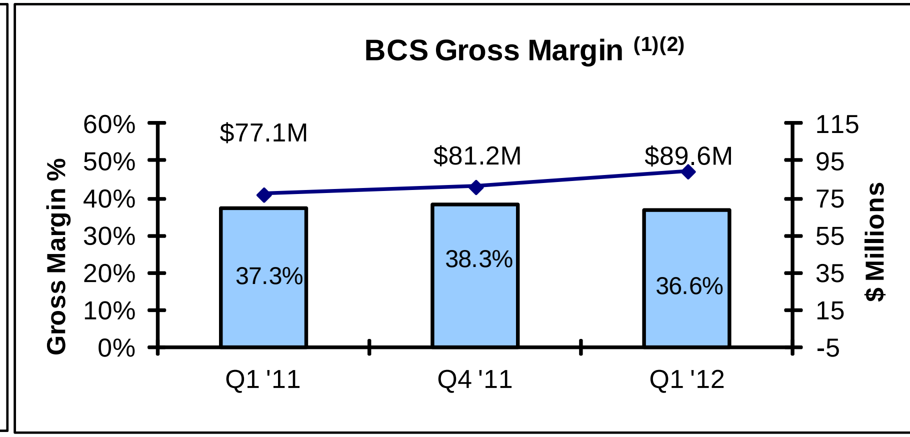
		Q4 '11	Q1 '12
Sales	- $M	4.3	1.8
Gross Margin	- $M	3.1	1.3

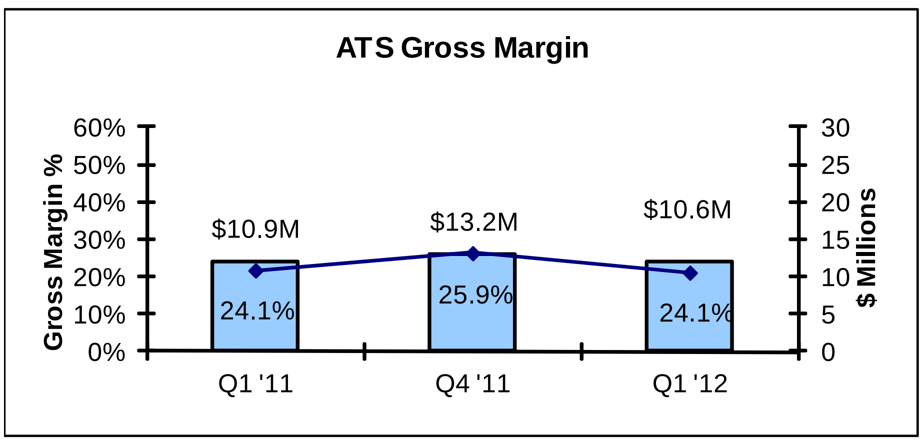
(1) Revenue and gross margin impact of "fair valuing" BigBand deferred revenue that BigBand would have recorded but ARRIS cannot as a result of purchase accounting
(2) See reconciliation of GAAP to Non-GAAP measures

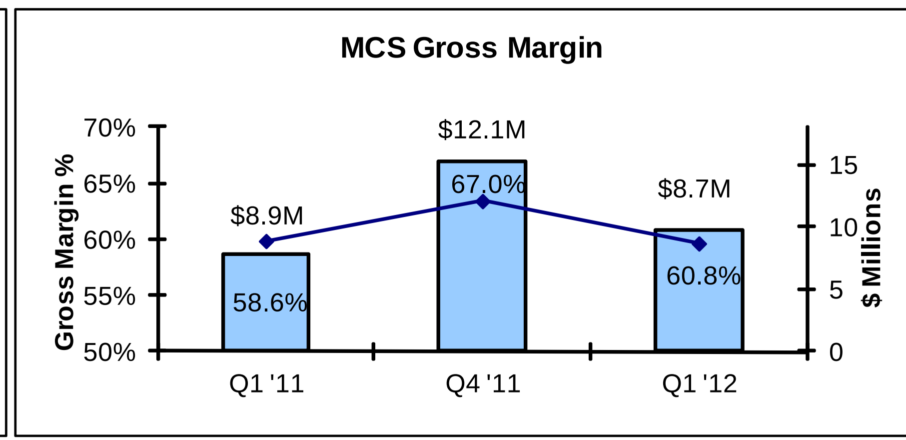
Gross Margin – Q1 2012

(Preliminary & Unaudited)









(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

Operating Expenses – Q1 2012

(Preliminary & Unaudited)

		Q1 2011	Q4 2011	Q1 2012
R&D	$M	36.1	37.8	44.1
	% of Sales	13.5%	13.4%	14.6%
SG&A	$M	36.8	40.8	39.6
	% of Sales	13.8%	14.5%	13.1%
Operating Expenses	**$M**	**72.9**	**78.6**	**83.7**
	% of Sales	**27.3%**	**28.0%**	**27.6%**
Restructuring	$M	-	3.4	5.2
	% of Sales	0.0%	1.2%	1.7%
Acquisition Costs & Other	$M	-	2.8	0.9
	% of Sales	0.0%	1.0%	0.3%
Goodwill / Intangibles	$M	-	88.6	-
Impairment	% of Sales	0.0%	31.5%	0.0%
Amortization of	$M	8.9	6.8	7.4
Intangibles	% of Sales	3.3%	2.4%	2.4%
Total	**$M**	**81.8**	**180.2**	**97.2**
	% of Sales	**30.6%**	**64.1%**	**32.1%**

Balance Sheet & Cash Flow Highlights – Q1 2012

(Preliminary & Unaudited)

	Q1 11	Q2 11	Q3 11	Q4 11	Q1 12
Cash & short-term investments - $M	619.6	591.5	575.0	518.8	514.3
Long-term marketable securities - $M	0.0	0.0	15.6	42.3	52.9
Total - $M	619.6	591.5	590.6	561.1	567.2
Cash provided by (used in) operating activities - $M	(3.6)	31.4	24.5	60.9	35.9
Cash used for acquisitions	0.0	0.0	0.0	162.4	0.0
Cash / marketable securities acquired	0.0	0.0	0.0	109.3	0.0
Net cash used for acquisition	0.0	0.0	0.0	53.1	0.0
Cash used to retire 2013 convertible debt - $M	0.0	0.0	5.0	0.0	0.0
Cash used for share repurchases - $M	0.0	57.6	17.1	34.4	26.3
Accounts receivable, net - $M	150.0	152.4	165.8	152.4	183.4
DSOs	47	52	53	52	51
Inventory, net - $M	105.8	113.0	116.8	115.9	105.1
Turns	6.6	5.8	6.1	6.0	7.0
2013 convertible debt at face value- $M	237.1	237.1	232.1	232.1	232.1
2013 convertible debt at book value- $M	205.4	208.3	206.8	209.8	212.8

Q2 2012 Guidance

- **Revenue $330M - $350M**
- **Adjusted (Non-GAAP) EPS $0.20 - $0.24[(1)]**
- **GAAP EPS $0.10 - $0.14**
- **~ 33.5% tax rate assumed**
- **116M diluted shares assumed**

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

GAAP to Adjusted Non-GAAP EPS Guidance Reconciliation

	Q2 2012 EPS Guidance
Estimated GAAP EPS	$0.10 - $0.14
Reconciling Items:	
Amortization of Intangibles (after tax)	$0.04
Stock Compensation Expense (after tax)	$0.04
Non-Cash Interest - Convertible Debt (after tax)	$0.02
Subtotal	$0.10
Estimated Adjusted (Non-GAAP) EPS	$0.20 -$ 0.24

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

GAAP EPS/Adjusted EPS Reconciliation Q1 2012

(Preliminary & Unaudited)

	Q1 2011		Q4 2011			Q1 2012	
	Amount	Per Diluted Share	Amount	Per Diluted Share		Amount	Per Diluted Share
Net income (loss)	$ 11,564	$ 0.09	$ (59,629)	$ (0.51)		$ 5,799	$ 0.05
Highlighted items:							
Impacting gross margin:							
Purchase accounting impacts of deferred revenue	-	-	3,126	0.03		1,258	0.01
Stock compensation expense	437	-	521	-		750	0.01
Impacting operating expenses:							
Acquisition costs	-	-	2,730	0.02		607	0.01
Restructuring	-	-	3,391	0.03		5,203	0.04
Amortization of intangible assets	8,944	0.07	6,817	0.06		7,379	0.06
Goodwill and intangibles impairment	-	-	88,633	0.74		-	-
Loss of sale of product line	-	-	-	-		337	-
Stock compensation expense	4,847	0.04	4,586	0.04		5,899	0.05
Impacting other (income) / expense:							
Non-cash interest expense	2,832	0.02	2,941	0.02		2,999	0.03
Impairment of investment	-	-	3,000	0.03		-	-
Impacting income tax expense:							
Adjustments of income tax valuation allowances and other	(3,583)	(0.03)	3,032	0.03		-	-
Tax impact related to goodwill and intangibles impairment	-	-	(25,584)	(0.21)		-	-
Tax related to highlighted items above	(5,024)	(0.04)	(8,553)	(0.07)		(8,121)	(0.07)
Total highlighted items	8,453	0.07	84,640	0.71		16,311	0.14
Net income excluding highlighted items	$ 20,017	$ 0.16	$ 25,011	$ 0.21		$ 22,110	$ 0.19
Weighted average common shares - basic				117,316	(1)		
Weighted average common shares - diluted		125,732		119,609	(2)		117,597

(1) Basic shares used for Q4 2011 as losses were reported for those periods and the inclusion of dilutive shares would be antidilutive
(2) Non-GAAP net income for Q4 2011 is positive and , therefore, the diluted shares used int his calculation incdlue the effect of options

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.

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.

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.

GAAP EBITDA/Adjusted EBITDA Reconciliation

(Preliminary & Unaudited)

(in thousands)

	Q1 2011	Q4 2011	Q1 2012
Earnings (loss) before tax	11,325	(78,341)	8,686
Depreciation	5,855	6,589	7,195
Amortization of intangibles	8,944	6,817	7,379
Goodwill & intangible impairment	-	88,633	-
Interest expense	4,225	4,258	4,350
Interest income	(778)	(715)	(755)
GAAP EBITDA	29,571	27,241	26,855
GAAP EBITDA - % of Sales	11.1%	9.7%	8.9%
Highlighted items:			
Stock compensation expense	5,284	5,108	6,649
Acquisition costs	-	2,730	607
Restructuring	-	3,391	5,203
Impairment on investments	-	3,000	-
Loss of sale of product line	-	-	337
Total highlighted items	5,284	14,229	12,796
Adjusted Non-GAAP EBITDA	34,855	41,470	39,651
Adjusted Non GAAP EBITDA - % of Adjusted Non GAAP Sales	13.0%	14.5%	13.0%

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