



ARRIS Group Inc.

Raymond James Institutional Investors
Conference

Bob Stanzione, Chairman/CEO

Bob Puccini, Investor Relations

March 4, 2013

Safe Harbor

Statements in this presentation or made in this meeting, including those related to the outlook for 2013 and beyond, the completion of the acquisition of Motorola Home, expected revenues and net income, gross margins, operating expenses, income taxes, 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 products; and because the market in which ARRIS operates is volatile and 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; successful completion of the Motorola Home acquisition process, including receipt of regulatory approvals; ARRIS' ability to successfully integrate Motorola Home's opportunities, technology, personnel, and operations, 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 10K for the year ended December 31, 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.

ARRIS Overview

High tech, leading provider of voice, high-speed data, and video solutions to the global broadband industry

Quick Facts

- \$1.354B Revenue 4 quarters ended 12/31/12
- Market Cap: ~\$1.7 B¹
- \$84M Cash from Operating Activities last 4 quarters
- Headquarters: Suwanee, GA
- ~2,100 Employees

Key Highlights

- Profitable business with solid cash generation
- Significant organic investment and focused M&A
- Technological strength in key product categories
- Strong customer relationships based on close collaborations
- #1 Worldwide share of voice over IP high speed modems²
- #2 Worldwide share of cable edge routers (CMTS)³

Flagship Product Portfolio

Network Infrastructure



C4 CMTS



E6000 Converged Edge Router

Customer Premises Equipment



Voice & Data

Wi-Fi Routers

Triple Play

1. Based on closing share price on 12/31/2012

2. Source: Infonetics 3Q'12 Reports

3. Source: Infonetics 4Q'12 Reports

ARRIS 2012 Highlights

- Full year results
 - Revenues up 24% to \$1.354 billion
 - Non-GAAP EPS up 15% to \$0.93¹
- R&D investment has produced a strong pipeline of new products
 - Launch of E6000 Cable Edge Router
 - Expanded Video Gateway portfolio
 - Over 8.4 million CPE devices shipped, on strength of new DOCSIS 3.0 Wi-Fi enabled devices
- Share buyback \$52 million
- Motorola Home acquisition

¹ See reconciliation of GAAP to Non-GAAP measures.

ARRIS Relative Stock Performance

	1 Year	3 Years	5 Years
ARRIS	38.1%	30.7%	49.7%
NASDAQ Composite	13.6%	38.0%	11.2%
S&P 500 (TR)	16.0%	10.9%	1.6%
S&P Midcap Communications Equip	-10.0%	7.0%	20.0%

R&D, M&A, Shareholder Friendly Allocation of Capital has
Rewarded Shareholders

Based on 12/31/12, 12/31/11, 12/31/09, and 12/31/07 closing values

ARRIS Strategy

- Grow our current businesses into a more complete portfolio including a strong video product suite. Continue to invest in the evolution toward enabling true network convergence onto an all IP platform
- Continue to expand our product/service portfolio through internal developments, acquisitions and partnerships
- Expand our international business and begin to consider opportunities in markets other than cable
- Continue to invest in and evolve the ARRIS talent pool to implement the above
- Maintain a strong capital structure, mindful of our 2013 debt maturity, share repurchase opportunities and other capital needs including M&A

Combination with Motorola Home is a substantial leap forward in executing this strategy

ARRIS to Acquire Motorola Home



~\$4.7B annual revenues (4 quarters ended 9/30/12)

~35% international sales mix

~7,000 employees worldwide

Improved customer diversification

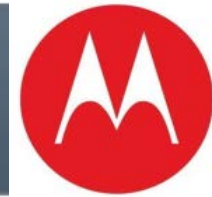
Expanded Intellectual Property portfolio



**Strengthens ARRIS as a Strategic Supplier
to the Broadband Industry**

Motorola Home Overview

Positioned at the Forefront of IP Transformation
in the Home and the Network



Quick Facts

- Headquartered in Horsham, PA, with a global presence including 18 major sites
- ~5,000 employees
- 500+ customers in 70 countries
- ~\$3.4B Revenue 4 quarters ended 12/31/12
- 50+ years of leading the industry evolution

Key Highlights

- Recognized industry leader with record of innovation
- Global, broad and deep customer relationships with major Telcos and MSOs
- Comprehensive product suite for entire video delivery value chain
- Proven technical and product leadership
- Strong cash flow generation and long-term growth opportunities

Flagship Product Portfolio

Converged Experiences



Providing a range of user-oriented multiscreen, home solutions, and integration solutions

Network Infrastructure Solutions



Delivering next-gen broadband solutions

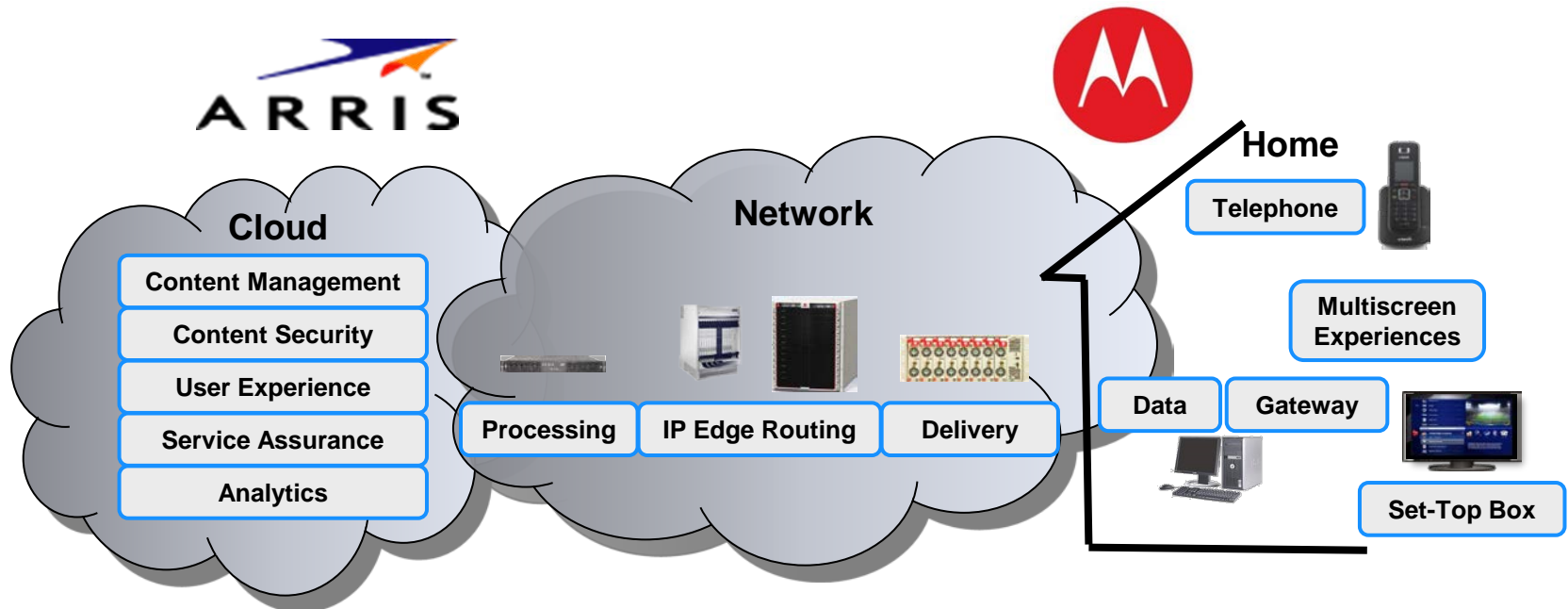
Home Devices



Enabling rich media experiences and IP services

Complementary ARRIS/Motorola Solution Set

- Products and service offerings across all major categories
- Well positioned in key product areas
- Increased intellectual property and video DNA



Key Transaction Terms

- Transaction Structure:**
- Acquisition of 100% of the shares of Motorola Home
 - Acquisition of approximately 1,000 patents, and license to a wide array of Motorola Mobility patents
 - Provisions to cap potential liability from certain existing IP infringement litigation, including TiVo
- Transaction Consideration:**
- Total consideration to Google of \$2,350 million (cash-free / debt-free, normalized net working capital basis)
 - \$2,200 million cash consideration: funded with existing cash on hand and new acquisition financing
 - 21.3 million shares
 - \$300 million equity based on share price of \$14.11 (20 day-trading trailing closing average)
 - Half to Google as part of the consideration
 - Half to Comcast to fund a portion of the consideration
 - New equity issued to be passive investment in common stock, subject to customary standstill provisions
- Source of Financing:**
- \$2,175 million aggregate financing commitment received from Bank of America Merrill Lynch and Royal Bank of Canada
 - ~\$1,100 million 5 year Term Loan A
 - ~\$825 million 7 year Term Loan B
 - ~\$250 million revolving credit facility (unfunded at close)
- Closing Conditions:**
- Customary regulatory approvals
- Expected Closing:**
- Q2 2013

Financially Compelling Transaction

- Accelerates revenue scale and growth profile
 - Pro forma Revenues of \$4.8 billion for the trailing four quarters ended December 31, 2012
 - Significant R&D scale enhances growth potential

- Meaningful synergy potential
 - Expect ~\$100M - \$125M annual cost synergies
 - Run-rate synergy potential to be achieved within ~12 months

- Significant shareholder value creation
 - Immediately accretive to Non-GAAP EPS¹
 - Post-Integration Non-GAAP EPS >\$2.00²
 - Post-Integration Free Cash Flow >\$300M²

1. Non-GAAP EPS exclude stock based compensation, amortization of acquired intangibles, acquisition costs, restructuring

2. See Target Annual Model Post-Integration

ARRIS + Motorola Home Customer Diversification

More Diversified Customer Base



Top 5 customers ~ 50% of Revenue*
Telco customers ~20% Revenue*

* Trailing 4 quarters ended September 30, 2012

ARRIS and Motorola Home, Compelling Combination



Well-established industry players and strong management teams

Profitable track records with proven cash generation;
stronger potential with combination

Stable and growing industry with strong and well-financed customer-base
who are very supportive of the combination

Robust consumer demand driving ongoing need for
customers to invest in our products

Will accelerate innovation to meet customers' rapidly changing technological
requirements

Conservative financial policies; responsible use of debt
and intention to rapidly de-lever

The New ARRIS...

Significant Earnings Accretion

Enhanced Relevance in the Marketplace

Rapid Debt Pay Down

Increased Customer Diversification and Installed Base

Increase Intellectual Property and Video DNA



Thank You



GAAP EPS/Adjusted EPS Reconciliation Q4 2012

(Preliminary & Unaudited)

(in thousands, except per share data)

	Q4 2011		Q3 2012		Q4 2012		YTD 2011		YTD 2012	
	Amount		Amount		Amount		Amount		Amount	
Sales	\$ 281,076		\$ 357,432		\$ 344,003		\$ 1,088,685		\$ 1,353,663	
Highlighted items:										
Purchase accounting impacts of deferred revenue	4,332		546		432		4,332		3,412	
Sales excluding highlighted items	\$ 285,408		\$ 357,978		\$ 344,435		\$ 1,093,017		\$ 1,357,075	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income	\$ (59,629)	\$ (0.51)	\$ 17,864	\$ 0.15	\$ 14,795	0.13	\$ (17,662)	\$ (0.15)	\$ 53,459	\$ 0.46
Highlighted items:										
<i>Impacting gross margin:</i>										
Purchase accounting impacts of deferred revenue	3,126	0.03	546	-	432	-	3,126	0.03	2,899	0.02
Stock compensation expense	521	-	808	0.01	802	0.01	2,040	0.02	3,169	0.03
<i>Impacting operating expenses:</i>										
Acquisition costs	2,730	0.02	30	-	5,131	0.04	3,205	0.03	5,870	0.05
Restructuring	3,391	0.03	213	-	306	-	4,360	0.04	6,761	0.06
Amortization of intangible assets	6,817	0.06	7,742	0.07	7,729	0.07	33,649	0.27	30,294	0.26
Goodwill and intangibles impairment	88,633	0.74	-	-	-	-	88,633	0.72	-	-
Loss of sale of product line	-	-	-	-	-	-	-	-	337	-
Settlement charge - Pension	-	-	-	-	3,064	0.03	-	-	3,064	0.03
Stock compensation expense	4,586	0.04	5,870	0.05	5,910	0.05	20,014	0.16	24,737	0.21
<i>Impacting other (income) / expense:</i>										
Non-cash interest expense	2,941	0.02	3,120	0.03	3,181	0.03	11,545	0.09	12,358	0.11
Impairment of investment	3,000	0.03	-	-	67	-	3,000	0.02	533	-
Loss on retirement of debt	-	-	-	-	-	-	19	-	-	-
<i>Impacting income tax expense:</i>										
Adjustments of income tax valuation allowances and other	3,032	0.03	(4,183)	(0.04)	(475)	-	(2,885)	(0.02)	(4,658)	(0.04)
Tax impact related to goodwill and intangibles impairment	(25,584)	(0.21)	-	-	-	-	(25,584)	(0.21)	-	-
Tax related to highlighted items above	(8,553)	(0.07)	(6,362)	(0.05)	(8,724)	(0.07)	(23,757)	(0.19)	(29,957)	(0.26)
Total highlighted items	84,640	0.71	7,784	0.07	17,423	0.15	117,365	0.96	55,407	0.48
Net income excluding highlighted items	\$ 25,011	\$ 0.21	\$ 25,648	\$ 0.22	\$ 32,218	\$ 0.28	\$ 99,703	\$ 0.81	\$ 108,866	\$ 0.93
Weighted average common shares - Basic		117,316		113,709		114,028		120,157		114,161
Weighted average common shares - diluted ⁽¹⁾		119,609		116,346		117,013		122,555		116,514

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

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.

Implied Fair Value of Benefit Received by Comcast of Planned Investment in ARRIS: In connection with our pending acquisition of Motorola Home, Comcast was given an opportunity to invest in ARRIS. The accounting guidance requires that we record the implied fair value of benefit received by Comcast as a reduction in revenue. Until the closing of the deal, changes in the value of the planned investment will be marked to market and flow through other expense (income). We have excluded the effect of the implied fair value in calculating our non-GAAP financial measures. We believe it is useful to understand the effects of these items on our total revenues and other expense (income).

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.

Impairment of Goodwill and Intangibles: We have excluded the effect of the estimated impairment of goodwill and intangible assets in calculating our non-GAAP operating expenses and net income (loss) measures. Although an impairment does not directly impact the Company's current cash position, such expense represents the declining value of the technology and other intangibles assets that were acquired. We exclude these impairments when significant and they are not reflective of ongoing business and operating results.

Settlement Charge - Pension: 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 exclude this charge in Non-GAAP measures, as this is a one-time charge that is not considered by management in their review of financial results.

Notes to GAAP/Adjusted Non-GAAP Financial Measures (con't)

(Preliminary & Unaudited)

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 (Benefit): 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.

Target Annual Model Post-Integration

Estimated GAAP and Non-GAAP Earnings

(\$ in millions)

	Pro Forma Combined Full Year Target Range ⁽¹⁾		
Revenue	\$4,800	<->	\$5,100
<i>% Gross Margin</i>	29%	<->	30%
Operating Expenses ⁽²⁾	930	<->	980
Interest Expense	75		75
<i>% Tax Rate</i>	38%		38%
Shares Outstanding ⁽³⁾	145	<->	145
GAAP EPS	\$0.48	<->	\$0.63
Non-GAAP EPS ⁽⁴⁾	\$2.00	<->	\$2.15
Capex	\$60	<->	\$70

Model Yields Significant Non-GAAP EPS Accretion

- (1) Target model assumes integration and synergies complete
- (2) Operating expenses includes stock based compensation and depreciation; does not include amortization of acquired intangibles
- (3) Assumes no share repurchases and normal course equity grants
- (4) Non-GAAP EPS excludes stock based compensation, amortization of acquired intangibles; see reconciliation of Non-GAAP measures

Target Annual Model Post-Integration

GAAP to Non-GAAP EPS Reconciliation

(\$ in millions)

	GAAP to Non-GAAP EPS Reconciliation		
GAAP Net Income	\$70	<->	\$92
Amortization ⁽¹⁾	295		295
Stock Based Compensation	60		60
Tax Effect on Above Items	<u>(135)</u>		<u>(135)</u>
Estimated Non-GAAP Net Income	\$290	<->	\$312
Shares Outstanding ⁽²⁾	145		145
GAAP EPS	\$0.48	<->	\$0.63
Non-GAAP EPS ⁽³⁾	\$2.00	<->	\$2.15

(1) Purchase accounting impacts reflect current estimates. Amortization and other items may change

(2) Assumes no share repurchases and normal course equity grants

(3) Non-GAAP EPS excludes stock based compensation, amortization of acquired intangibles

Target Annual Model Post-Integration

Estimated Non-GAAP EBITDA and Free Cash Flow

(\$ in millions)

Estimated Free Cash Flow Pro Forma Combined Full Year Target Range ⁽¹⁾

Non-GAAP EBITDA ⁽²⁾	\$608	<->	\$643
Interest Expense	75	<->	75
Cash Taxes	160	<->	170
Capex	70	<->	60
Free Cash Flow	\$303	<->	\$338

Strong EBITDA Profile
Significant Ability to Pay Down Debt

(1) Target model assumes integration and synergies complete

(2) Non-GAAP EBITDA excludes stock based compensation; see reconciliation of Non-GAAP measures