ARRIS

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First Quarter 2013 ARRIS Earnings Conference Call

April 24, 2013

Safe Harbor

Statements in this presentation or made in this meeting, including those related to the outlook for 2013 and beyond, the integration 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; 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 10-K 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.

First Quarter 2013 Highlights & Business Outlook

Bob Stanzione
CEO & Chairman

Q1 2013 Highlights

- First quarter non-GAAP Revenues of $366.8* million – Record revenue
  - Sales up 21% year over year, 7% sequentially
  - Increase in International Revenue
  - ~69% Domestic, ~31% International
- Non-GAAP EPS $0.25*
- Strong start to 2013
  - Backlog up >26% sequentially
  - Book-to-Bill of 1.17
- Increased cash generation

* See reconciliation of GAAP to Non-GAAP measures.

Q1 2013 Results

- **Broadband Communications Systems (BCS)***
  - Revenue up 23% year over year, 10% sequentially
  - Gross Margin of 34.2% with mix
  - Record level of CMTS downstream shipments
    - 122,700 C4™ downstreams
  - E6000
    - Expanded lab and field trials
    - Ramping production for Q2 volume shipments
  - CPE shipments of 2.864 million units in the quarter
    - Unit shipments at a record level
    - ~92% of CPE units were DOCSIS 3.0
    - WiFi Gateway shipments remain strong
  - Video Gateway
    - Moxi deployments significantly increasing
    - RDK Gateway program progressing well
    - Broad worldwide operator interest in RDK architecture

* Excludes the BCS portion of $13.2 million impact of Comcast investment in ARRIS

Q1 2013 Results

- **Access, Transport and Supplies (ATS)**
  - Q1 Revenue up year over year, best start in 5 years
  - Lower Gross margin due to lower Professional Services profitability in the first quarter of the year
  - Strengthening momentum as operators increase investment in Optics, RF, and WiFi infrastructure
- **Media and Communications Systems (MCS)**
  - Q1 Revenue down sequentially and year over year
  - Opex adjusted to reflect moderated outlook
  - Investment focused on software tools to reduce customer operational costs and advanced advertising capabilities

The New ARRIS Organization

Customer Premises

Set Top Boxes, Home Gateways
Voice and Data Modems

Network & Cloud

Video and Network Infrastructure,
Converged Experience,
Global Services

North America Sales and Marketing

International Sales and Marketing

Supply Chain Management

Finance | **IT** | **Human Resources** | **Legal** | **Strategy**

ARRIS Senior Leadership Team

Bob Stanzione
Chairman and CEO

Larry Robinson
Customer Premises

Jim Brennan
Supply Chain

Bruce McClelland
Network & Cloud

David Potts
Finance and IT

Rob McLaughlin
NA Sales & Marketing

Larry Margolis
Administration and Legal

Ron Coppock
Int'l Sales & Marketing

John Burke
Strategy & Bus. Dev.

The New ARRIS

Global Leader in Video Delivery and Broadband Technology

25+ Direct presence in over 25 countries

85+ Channel presence in over 85 countries

Headquartered in Suwanee, Georgia
~7,000 employees

Customers Worldwide

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First Quarter 2013 Financial Highlights

David Potts
Chief Financial Officer

Impacts of Comcast Investment in ARRIS

(Preliminary & Unaudited)

	Share Price - $		Share Appreciation - $
December 19, 2012 (date of signing with Google)	14.11 [1]		
		>	1.24
January 11, 2013 (date of signing with Comcast)	15.35		
		>	1.82
March, 31, 2013 (quarter end)	17.17		

	Total Before Tax Impact - $M
Revenue / Gross Margin Impact	
* 10.6M shares x $1.24	13.2
* Recorded as contra revenue per ASC 605	
Other Expense Impact	
* 10.6M shares x $1.82	19.3
* Mark to market per fair value measurement guidance	
	32.5

(1) 20 trading day trailing closing price

Financial Highlights – Q1 2013 (Preliminary & Unaudited)

	Adjusted Qtr 1 2013	Comcast Adjustments	Qtr 1 2013	Qtr 4 2012	Qtr 1 2012
Sales - $M	366.8	(13.2) [4]	353.6 [1] [2]	344.0 [1] [2]	302.9 [1] [2]
Gross Margin - $M	121.7	(13.2) [4]	108.5 [1] [3]	123.2 [1] [3]	108.9 [1] [3]
Gross Margin - %	33.2%		30.7%	35.8%	36.0%
Other Expense	4.1	19.3 [4]	23.5	3.3	3.0
EPS - GAAP [5]			(0.13)	0.13	0.05
Adjusted EPS - Non-GAAP [1] [6]			0.25	0.28	0.19
Cash, Short-term & Long-term Marketable Securities - $M			631.3	584.0	567.2
Cash Provided by Operating Activities - $M			50.1	11.8	35.3
Weighted average common shares - basic - M			115.2	114.0	115.1
Weighted average common shares - diluted - M			119.0	117.0	117.6
Backlog - $M			282.1	222.6	277.7
Book-to-Bill			1.17	1.11	1.43

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

(2) Excludes $1.8M in Q1 2012, $0.4M in Q4 2012 of Non-GAAP BBND Sales, and in Q1 2013 $13.2M reduction in revenue related to Comcast investment in ARRIS.

(3) Excludes $1.3M in Q1 2012, $0.4M in Q4 2012 of Non-GAAP BBND gross margin, and in Q1 2013 $13.2M reduction in gross margin related to Comcast investment in ARRIS.

(4) The investment in ARRIS by Comcast in conjunction with the acquisition of Motorola Home resulted in a $13.2M reduction in revenue and gross margin, and a $19.3M Other Expense.

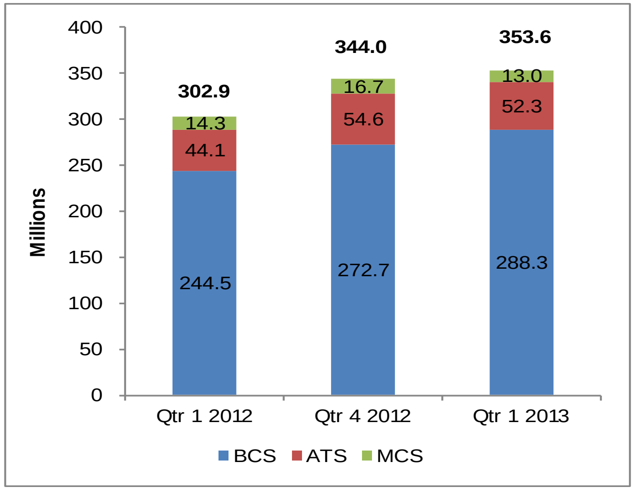
(5) Basic shares used for Q1 2013 as losses were reported for this periods and the inclusion of dilutive shares would be antidilutive.

(6) Although net income for Q1 2013 is a loss, dilutive shares are used for purposes of this calculation per share as earnings excluding highlighted items is net income.

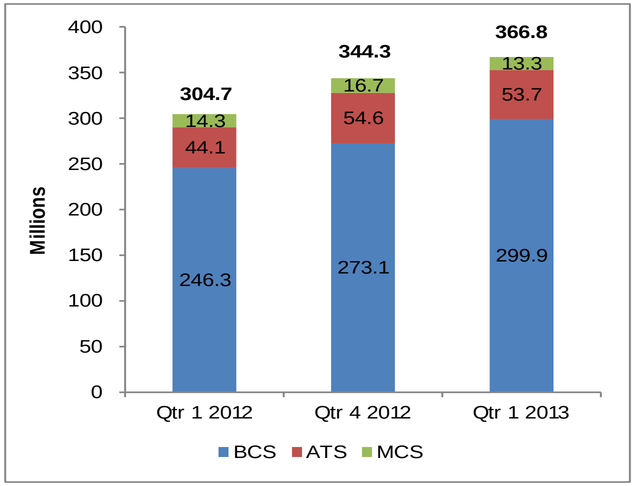
Sales – Q1 2013

(Preliminary & Unaudited)

Sales by Segment - GAAP



Sales by Segment – Adjusted (1) (2)



Domestic / International Sales ($M)

		Qtr 1 2012	Qtr 4 2012	Qtr 1 2013
Domestic	- $M	227.5	256.1	241.4 (3)
	- %	75.1%	74.4%	68.3%
International	- $M	75.4	87.9	112.3
	- %	24.9%	25.6%	31.7%

Significant Customers ($M)

	Qtr 1 2012	Qtr 4 2012	Qtr 1 2013
Time Warner Cable and Affiliates	47.1	51.8	92.9
Comcast and Affiliates	81.8	126.1	59.1 (3)

(1) Adjusted for revenue impact of "fair valuing" BigBand deferred revenue that BigBand would have recorded but ARRIS cannot as a result of acquisition accounting in Q1 2012 and Q4 2012. Adjusted for reduction in revenue related **to Comcast** investment in ARRIS in Q1 2013.

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

(3) Excludes $13.2M reduction in revenue related to Comcast investment in ARRIS

Gross Margin – Q1 2013 (Preliminary & Unaudited)

	Gross Margin % - GAAP		
	Q1 2012	Q4 2012	Q1 2013
BCS	36.6%	36.1%	31.6%
ATS	24.1%	24.9%	20.7%
MCS	60.8%	66.1%	50.5%
Total ARRIS	36.0%	35.8%	30.7%

	Gross Margin % - Adjusted (1) (2)		
	Q1 2012	Q4 2012	Q1 2013
BCS	36.9%	36.2%	34.2%
ATS	24.1%	24.9%	22.6%
MCS	60.8%	66.1%	51.8%
Total ARRIS	36.2%	35.9%	33.2%

(1) Adjusted for revenue & gross margin impact of "fair valuing" BigBand deferred revenue that BigBand would have recorded but ARRIS cannot as a result of acquisition accounting in Q1 2012 and Q4 2012. Adjusted for reduction in revenue and gross margin related **to Comcast** investment in ARRIS in Q1 2013.

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

Operating Expenses – Q1 2013 (Preliminary & Unaudited)

		Qtr 1 2012	Qtr 4 2012	Qtr 1 2013
R&D	$M	44.1	40.7	44.1
	% of Sales	14.6%	11.5%	12.5%
SG&A	$M	39.8	43.8	40.1
	% of Sales	13.1%	12.4%	11.3%
Operating Expenses	$M	84.0	84.5 (1)	84.2
	% of Sales	27.7%	23.9%	23.8%
Restructuring	$M	5.2	0.3	0.0
	% of Sales	1.7%	0.1%	0.0%
Acquisition Costs & Other	$M	0.7	5.1	7.2
	% of Sales	0.2%	1.5%	2.0%
Amortization of Intangibles	$M	7.4	7.7	7.6
	% of Sales	2.4%	2.2%	2.1%
Total	$M	97.2	97.7	99.0
	% of Sales	32.1%	27.6%	28.0%

(1) Includes $3.1M of costs associated with early pension payouts

Balance Sheet & Cash Flow Highlights – Q1 2013

(Preliminary & Unaudited)

	Q1 12	Q2 12	Q3 12	Q4 12	Q1 2013
Cash & short-term investments - $M	514.3	539.6	548.4	530.1	608.4
Long-term marketable securities - $M	52.9	36.7	22.8	53.9	22.9
Total - $M	567.2	576.3	571.2	584.0	631.3
Cash provided by operating activities - $M	35.3	30.6	6.7	11.8	50.1
Cash used for share repurchases - $M	26.3	15.2	10.4	0.0	0.0
Accounts receivable, net - $M	183.4	179.4	171.1	188.6	206.2
DSOs	51	47	45	48	51
Inventory, net - $M	105.1	102.4	137.5	133.8	126.5
Turns	7.0	8.9	8.2	6.5	7.5
2013 convertible debt at face value- $M	232.1	232.1	232.1	232.1	232.1
2013 convertible debt at book value- $M	212.8	215.8	218.9	222.1	225.4

Q2 2013 Guidance

- Given the recent closing of the Motorola Home acquisition, we will not provide Q2 2013 guidance at this time
- Will provide guidance in the near future

The New ARRIS

Global Leader in Video Delivery and Broadband Technology

- **25+** Direct presence in over 25 countries
- **85+** Channel presence in over 85 countries
- **ARRIS** Headquartered in Suwanee, Georgia ~7,000 employees
- Customers Worldwide

GAAP EPS/Adjusted EPS Reconciliation Q1 2013

(Preliminary & Unaudited)

(in thousands, except per share data)	Q1 2012	Q4 2012	Q1 2013
	Amount	Amount	Amount
Sales	$ 302,901	$ 344,003	$ 353,650
Highlighted items:			
Acquisition accounting impacts related to BigBand deferred revenue	1,771	432	-
Reduction in revenue related to Comcast investment in ARRIS			13,182
Sales excluding highlighted items	$ 304,672	$ 344,435	$ 366,832

	Q1 2012		Q4 2012		Q1 2013	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income (loss)	$ 5,799	$ 0.05	$ 14,795	0.13	$ (14,650)	(0.13)
Highlighted items:						
Impacting gross margin:						
Acquisition accounting impacts related to BigBand deferred revenue	1,258	0.01	432	-	-	-
Fair value impacts related to Comcast investment in ARRIS	-	-	-	-	13,182	0.11
Stock compensation expense	750	0.01	802	0.01	831	0.01
Impacting operating expenses:						
Acquisition costs	607	0.01	5,131	0.04	7,190	0.06
Restructuring	5,203	0.04	306	-	9	-
Amortization of intangible assets	7,379	0.06	7,729	0.07	7,603	0.06
Loss of sale of product line	337	-	-	-	-	-
Settlement charge - Pension	-	-	3,064	0.03	-	-
Stock compensation expense	5,899	0.05	5,910	0.05	5,913	0.05
Impacting other (income) / expense:						
Non-cash interest expense	2,999	0.03	3,181	0.03	3,244	0.03
Impairment of investment	-	-	67	-	-	-
Credit Facility - ticking Fees	-	-	-	-	388	
Mark-to-market FV adjustment related to Comcast investment in ARRIS	-	-	-	-	19,348	0.16
Impacting income tax expense:						
Adjustments of income tax valuation allowances and other	-	0.03	(475)	-	(7,516)	(0.06)
Tax related to highlighted items above	(8,121)	(0.07)	(8,724)	(0.07)	(5,735)	(0.05)
Total highlighted items	16,311	0.14	17,423	0.15	44,457	0.37
Net income excluding highlighted items	$ 22,110	$ 0.19	$ 32,218	$ 0.28	$ 29,807	$ 0.25
Weighted average common shares - Basic		115,075		114,028		115,150
Weighted average common shares - diluted [1]		117,597		117,013		119,022

(1) Basic shares used for Q1 2013 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:

Acquisition 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.

Reduction in revenue related to Comcast of Investment in ARRIS: In connection with our 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 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.

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.

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).

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

(Preliminary & Unaudited)

Credit Facility - Ticking Fees: In connection with our acquisition of Motorola Home, the cash portion of the consideration is funded through debt financing commitments. A ticking fee is a fee paid to our banks to compensate for the time lag between the commitment allocation on a loan and the actual funding. We have excluded the effect of the ticking fee 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).

Mark To Market Fair Value Adjustment Related To Comcast Investment in ARRIS: : In connection with our acquisition of Motorola Home, Comcast was given an opportunity to invest in ARRIS. The accounting guidance requires we mark to market the changes in the value of the investment 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 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.