

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

(in thousands, except per share data)

	Q3 2012		Q3 2013		YTD 2012		YTD 2013 ⁽¹⁾	
	Amount		Amount		Amount		Amount	
Sales	\$ 357,432		\$ 1,067,823		\$ 1,009,660		\$ 2,421,835	
Highlighted items:								
Acquisition accounting impacts related to Motorola Home and BigBand deferred revenue	546		1,556		2,467		3,973	
Reduction in revenue related to Comcast investment in ARRIS	-		-		-		13,182	
Sales excluding highlighted items	\$ 357,978		\$ 1,069,379		\$ 1,012,127		\$ 2,438,990	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income (loss)	\$ 17,864	\$ 0.15	\$ 17,959	\$ 0.13	\$ 38,664	\$ 0.33	\$ (44,380)	\$ (0.34) ⁽²⁾
Highlighted items:								
<i>Impacting gross margin:</i>								
Acquisition accounting impacts related to Motorola Home fair value of inventory	-	-	-	-	-	-	57,600	0.44
Product rationalization	-	-	-	-	-	-	13,582	0.10
Acquisition accounting impacts related to Motorola Home and BigBand deferred revenue	546	0.00	1,006	0.01	2,467	0.02	2,478	0.02
Fair value impacts related to Comcast investment in ARRIS	-	-	-	-	-	-	13,182	0.10
Stock compensation expense	808	0.01	1,248	0.01	2,367	0.02	2,945	0.02
<i>Impacting operating expenses:</i>								
Acquisition costs and other	30	0.00	6,221	0.04	739	0.01	32,804	0.25
Restructuring	213	0.00	6,057	0.04	6,455	0.06	38,323	0.29
Amortization of intangible assets	7,742	0.07	64,606	0.46	22,565	0.19	127,751	0.97
Loss off sale of product line	-	-	-	-	337	0.00	-	-
Stock compensation expense	5,870	0.05	9,481	0.07	18,827	0.16	21,708	0.16
<i>Impacting other (income) / expense:</i>								
Non-cash interest expense	3,120	0.03	3,374	0.02	9,177	0.08	9,926	0.08
Impairment of investment	-	-	-	-	466	0.00	-	-
Credit facility - ticking Fees	-	-	-	-	-	-	865	0.01
Mark-to-market FV adjustment related to Comcast investment in ARRIS	-	-	-	-	-	-	13,189	0.10
Net Tax Items	(10,545)	(0.09)	(54,998)	(0.39)	(25,415)	(0.22)	(143,034)	(1.08)
Total highlighted items	7,784	0.07	36,995	0.26	37,985	0.33	191,319	1.45
Net income excluding highlighted items	\$ 25,648	\$ 0.22	\$ 54,954	\$ 0.39	\$ 76,649	\$ 0.66	\$ 146,939	\$ 1.11
Weighted average common shares - Basic		113,709		138,478		114,206		129,502
Weighted average common shares - diluted		116,346		140,605		116,348		132,169

(1) Excludes Motorola Home results prior to April 17, 2013

(2) Basic shares used for YTD 2013 as a loss was reported for that periods and the inclusion of dilutive shares would be anti-dilutive

See Notes to GAAP and Adjust Non-GAAP Financial Measures