

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

(in thousands, except per share data)

	Q4 2012		Q4 2013		Year 2012		Year 2013 ⁽¹⁾	
	Amount		Amount		Amount		Amount	
Sales	\$ 344,003		\$ 1,199,067		\$ 1,353,663		\$ 3,620,902	
Highlighted items:								
Acquisition accounting impacts related to Motorola Home and BigBand deferred revenue	432		3,148		2,899		7,121	
Reduction in revenue related to Comcast investment in ARRIS	-		-		-		13,182	
Sales excluding highlighted items	\$ 344,435		\$ 1,202,215		\$ 1,356,562		\$ 3,641,205	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income (loss)	\$ 14,795	\$ 0.13	\$ (2,817)	\$ (0.02) ⁽²⁾	\$ 53,459	\$ 0.46	\$ (48,760)	\$ (0.37)
Highlighted items:								
<i>Impacting gross margin:</i>								
Acquisition accounting impacts related to Motorola Home inventory	-	-	(3,818)	(0.03)	-	-	53,782	0.40
Product rationalization	-	-	2,891	0.02	-	-	16,473	0.12
Acquisition accounting impacts related to Motorola Home and BigBand deferred revenue	432	0.00	3,067	0.02	2,899	0.02	5,545	0.04
Fair value impacts related to Comcast investment in ARRIS	-	-	-	-	-	-	13,182	0.10
Stock compensation expense	802	0.01	1,324	0.01	3,169	0.03	4,269	0.03
<i>Impacting operating expenses:</i>								
Acquisition, integration and other costs	5,131	0.04	12,667	0.09	6,207	0.05	45,471	0.34
Restructuring	306	0.00	(747)	(0.01)	6,761	0.06	37,575	0.28
Amortization of intangible assets	7,729	0.07	65,066	0.45	30,294	0.26	193,637	1.43
Stock compensation expense	5,910	0.05	9,812	0.07	24,737	0.21	31,520	0.23
<i>Impacting other (income) / expense:</i>								
Non-cash interest expense	3,181	0.03	-	-	12,358	0.11	9,926	0.07
Impairment of investment	67	0.00	-	-	533	0.00	-	-
Settlement charge - pension	3,064	0.03	-	-	3,064	0.03	-	-
Credit facility - ticking fees	-	-	-	-	-	-	865	0.01
Mark-to-market FV adjustment related to Comcast investment in ARRIS	-	-	-	-	-	-	13,189	0.10
<i>Impacting income tax expense:</i>								
Net tax items	(9,199)	(0.08)	(9,849)	(0.07)	(34,614)	(0.30)	(152,883)	(1.13)
Total highlighted items	17,423	0.15	80,413	0.56	55,408	0.48	272,551	2.02
Net income excluding highlighted items	\$ 32,218	\$ 0.28	\$ 77,596	\$ 0.54	\$ 108,867	\$ 0.93	\$ 223,791	\$ 1.66
Weighted average common shares - Basic		114,028		139,333		114,161		131,980
Weighted average common shares - diluted		117,013		143,956		116,514		135,136

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

(2) Basic shares used for Q4 2013 and YTD 2013 as losses were reported for those periods and the inclusion of dilutive shares would be anti-dilutive

See Notes to GAAP and Adjust Non-GAAP Financial Measures