

ARRIS GROUP, INC.
PRELIMINARY SUPPLEMENTAL SALES & NET INCOME RECONCILIATION
(unaudited)

(in thousands, except per share data)

	Q1 2013		Q1 2014	
	Amount		Amount	
Sales	\$ 353,650		\$ 1,225,017	
Highlighted items:				
Reduction in revenue related to Comcast investment and other acquisition-related adjustments	13,182		206	
Sales excluding highlighted items	<u>\$ 366,832</u>		<u>\$ 1,225,223</u>	
	Q1 2013		Q1 2014	
	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income (loss)	\$ (14,650)	\$ (0.13) ⁽¹⁾	\$ 40,800	\$ 0.28
Highlighted items:				
<i>Impacting gross margin:</i>				
Impacts related to Comcast investment and other acquisition-related adjustments	13,182	0.11	199	0.00
Stock compensation expense	831	0.01	1,275	0.01
<i>Impacting operating expenses:</i>				
Intergration, acquisition, restructuring and other costs	7,199	0.06	11,502	0.08
Amortization of intangible assets	7,603	0.06	64,001	0.43
Stock compensation expense	5,913	0.05	9,758	0.07
<i>Impacting other (income) / expense:</i>				
Non-cash interest expense	3,244	0.03	-	-
Credit facility - ticking fees	388	0.00	-	-
Mark-to-market FV adjustment related to Comcast investment in ARRIS	19,348	0.16	-	-
<i>Net tax items</i>	(13,251)	(0.11)	(58,850)	(0.40)
Total highlighted items	<u>44,457</u>	<u>0.37</u>	<u>27,885</u>	<u>0.19</u>
Net income excluding highlighted items	<u>\$ 29,807</u>	<u>\$ 0.25</u>	<u>\$ 68,685</u>	<u>\$ 0.47</u>
Weighted average common shares - Basic		<u>115,150</u>		<u>142,854</u>
Weighted average common shares - diluted		<u>119,022</u>		<u>147,152</u>

(1) Basic shares used 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