

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

(in thousands, except per share data)

	Q3 2013	Q2 2014	Q3 2014	September YTD 2013	September YTD 2014
	Amount	Amount	Amount	Amount	Amount
Sales	\$ 1,067,824	\$ 1,429,071	\$ 1,405,445	\$ 2,421,835	\$ 4,059,534
Highlighted items:					
Reduction in revenue related to Comcast investment in ARRIS	-	-	-	13,182	-
Purchase accounting impacts of deferred revenue	1,556	3,489	780	3,973	4,475
Sales excluding highlighted items	\$ 1,069,380	\$ 1,432,560	\$ 1,406,225	\$ 2,438,990	\$ 4,064,009

	Q3 2013 ⁽²⁾		Q2 2014		Q3 2014		September YTD 2013 ⁽²⁾		September YTD 2014	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net income (loss)	\$ 17,169	\$ 0.12	\$ 39,024	\$ 0.26	\$ 54,626	\$ 0.37	\$ (45,943)	(0.35) ⁽¹⁾	\$ 134,451	\$ 0.91
Highlighted items:										
<i>Impacting gross margin:</i>										
Reduction in revenue related to Comcast investment in ARRIS	-	-	-	-	-	-	13,182	0.10	-	-
Acquisition accounting impacts related to inventory	-	-	-	-	-	-	57,600	0.44	-	-
Product rationalization	-	-	-	-	-	-	13,582	0.10	-	-
Stock compensation expense	1,248	0.01	1,835	0.01	1,824	0.01	2,945	0.02	4,934	0.03
Purchase accounting impacts of deferred revenue	1,006	0.01	2,802	0.02	47	-	2,478	0.02	3,048	0.02
<i>Impacting operating expenses:</i>										
Acquisition and integration costs	6,221	0.04	12,532	0.08	7,191	0.05	32,803	0.25	31,604	0.21
Restructuring	6,057	0.04	(14)	-	3,035	0.02	38,323	0.29	2,642	0.02
Amortization of intangible assets	65,053	0.46	58,735	0.40	57,100	0.38	128,571	0.97	179,835	1.22
Stock compensation expense	9,481	0.07	13,449	0.09	11,671	0.08	21,708	0.16	34,878	0.24
<i>Impacting other (income) / expense:</i>										
Non-cash interest expense	3,374	0.02	-	-	-	-	9,926	0.08	-	-
Impairment on Investments	-	-	3,000	0.02	4,000	0.03	-	-	7,000	0.05
Credit facility - ticking fees	-	-	-	-	-	-	865	0.01	-	-
Mark to market FV adj. related to Comcast investment in ARRIS	-	-	-	-	-	-	13,189	0.10	-	-
Asset held for sale impairment	-	-	2,125	0.01	-	-	-	-	2,125	0.01
<i>Net tax items</i>	(54,998)	(0.39)	(29,204)	(0.20)	(19,375)	(0.13)	(143,033)	(1.08)	(107,428)	(0.73)
Total highlighted items	37,442	0.27	65,260	0.44	65,493	0.44	192,139	1.45	158,638	1.07
Net income excluding highlighted items	\$ 54,611	\$ 0.39	\$ 104,284	\$ 0.70	\$ 120,119	\$ 0.81	\$ 146,196	\$ 1.11	\$ 293,089	\$ 1.98
Weighted average common shares - basic		138,478		144,415		144,967		129,502		144,085
Weighted average common shares - diluted		140,605		148,063		148,753		132,169		147,996

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

(2) In connection with the acquisition of Motorola Home, the consolidated financial statements for prior periods have been recast to include retrospective acquisition accounting adjustments

See Notes to GAAP and Adjusted Non-GAAP Financial Measures