

ARRIS INTERNATIONAL PLC
PRELIMINARY SUPPLEMENTAL GAAP TO NON-GAAP SALES & DIRECT CONTRIBUTION RECONCILIATION

| | <u>Q2 2016</u> | | | Total |
|-------------------------------------|--------------------------------|----------------|--------------------|----------------|
| | Network & Cloud | CPE | Corp/ Other | |
| Net Sales | 563.5 | 1,170.3 | (3.7) | 1,730.0 |
| Non GAAP Adjustments ⁽¹⁾ | - | - | 4.3 | 4.3 |
| Adjusted Net Sales | <u>563.5</u> | <u>1,170.3</u> | <u>0.6</u> | <u>1,734.3</u> |
| Direct Contribution ⁽²⁾ | 183.3 | 177.5 | (174.4) | 186.4 |
| Non GAAP Adjustments ⁽³⁾ | - | - | 36.2 | 36.2 |
| Adjusted Direct Contribution | <u>183.3</u> | <u>177.5</u> | <u>(138.2)</u> | <u>222.6</u> |
| Direct Contribution % of sales | 32.5% | 15.2% | | 12.8% |

(1) Impact of warrant adjustment.

(2) Defined as gross margin less direct operating expenses, excluding amortization of intangible assets, restructuring charges, acquisition, integration and other costs.

(3) Equity compensation expense, adjustments related to the acquisition accounting impacts and warrants adjustment.