

**ARRIS INTERNATIONAL PLC**  
**PRELIMINARY SUPPLEMENTAL GAAP TO ADJUSTED SALES & GROSS MARGIN RECONCILIATION**  
(in thousands)  
(unaudited)

	<u>Q1 2017</u>	<u>Q4 2016</u>	<u>Q1 2016</u>
Sales - GAAP	1,483,105	1,759,223	1,614,706
Fair Value of Warrants Adjustment	2,423	16,265	-
Adjusted Sales - Non- GAAP	<u>1,485,528</u>	<u>1,775,488</u>	<u>1,614,706</u>
GAAP Gross Margin	337,257	436,000	384,032
Fair Value of Inventory Adjustment	908	581	30,292
Equity Compensation	3,252	2,388	2,239
Fair Value of Warrants Adjustment	2,423	16,265	-
Adjusted Gross Margin - Non-GAAP	<u>343,840</u>	<u>455,234</u>	<u>416,563</u>
GAAP Gross Margin - %	22.7%	24.8%	23.8%
Adjusted Gross Margin - Non-GAAP - %	23.1%	25.6%	25.8%