

ARRIS INTERNATIONAL PLC
PRELIMINARY SUPPLEMENTAL GAAP TO ADJUSTED SALES & DIRECT CONTRIBUTION RECONCILIATION
(in thousands)
(unaudited)

	Q4 2016			
	Network &			
	Cloud	CPE	Corp/ Other	Total
Net Sales	519,871	1,255,552	(16,200)	1,759,223
Non GAAP Adjustments ⁽¹⁾	-	-	16,264	16,264
Adjusted Net Sales	519,871	1,255,552	64	1,775,487
Direct Contribution ⁽²⁾	179,128	182,679	(176,240)	185,567
Non GAAP Adjustments ⁽³⁾	-	-	35,327	35,327
Adjusted Direct Contribution	179,128	182,679	(140,913)	220,894
Direct Contribution % of sales	34.5%	14.5%		12.4%

(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.