

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

	<u>Q4 2016</u>	<u>Q3 2017</u>	<u>Q4 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>
Sales - GAAP	1,759,220	1,728,524	1,738,593	6,829,110	6,614,392
Fair Value of Warrants Adjustment	16,264	3,064	(8,145)	30,159	-
Fair Value of Deferred Revenue Adjustment	-	-	1,120	-	1,120
Adjusted Sales - Non- GAAP	<u>1,775,485</u>	<u>1,731,588</u>	<u>1,731,569</u>	<u>6,859,270</u>	<u>6,615,513</u>
GAAP Gross Margin	435,997	431,155	494,469	1,707,609	1,666,239
Fair Value of Inventory Adjustment	580	-	7,560	51,405	8,468
Fair Value of Deferred Revenue Adjustment	-	-	1,120	-	1,120
Equity Compensation	2,388	3,897	3,303	9,397	13,947
Fair Value of Warrants Adjustment	16,264	3,064	(8,145)	30,159	-
Adjusted Gross Margin - Non-GAAP	<u>455,229</u>	<u>438,116</u>	<u>498,307</u>	<u>1,798,569</u>	<u>1,689,774</u>
GAAP Gross Margin - %	24.8%	24.9%	28.4%	25.0%	25.2%
Adjusted Gross Margin - Non-GAAP - %	25.6%	25.3%	28.8%	26.2%	25.5%