Q4 AND FULL YEAR 2017 EARNINGS

2/14/2018 CONFERENCE CALL

SAFE HARBOR

FORWARD-LOOKING STATEMENTS

Statements made in this presentation, including those related to revenues and net income for the first quarter 2018 and beyond, the impact of the Ruckus Networks acquisition, market share growth, our expected tax rate, increased profitability, shareholder returns, the timing of introduction and acceptance of new products, and the general market outlook and industry trends are forward-looking statements. These and other forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to: projected results for the first quarter and full year 2018, are based on preliminary estimates, assumptions and projections that management believes to be reasonable at this time, but are beyond management's control; the anticipated benefits from the Ruckus Networks acquisition may not be realized and we may encounter significant integration costs and unknown liabilities in connection with the acquisition; volatility in component pricing and supply could impact revenues and gross margins more than currently anticipated and we may not be able to pass increased costs onto our customers; failure to receive clearance from U.S. Customs and Border Protection to allow the import and sale of certain products currently subject to an ITC exclusion order could significantly impact our financial results; volatility in the currency fluctuation may adversely impact our international customers' ability or willingness to purchase products and the pricing of our products; regulatory changes, including those related to recently completed changes to the U.S. tax code, could have an adverse impact on our operations and results of operations; the impact of litigation and similar regulatory proceedings that we are currently involved in, or may become involved in, including the costs of such litigation, could have an adverse effect on our operations and results; our customers operate in a capital intensive consumer-based industry, and volatility in the capital markets or changes in customer spending may adversely impact their ability or willingness to purchase the products that we offer.

These factors are not intended to be an all-encompassing list of risks and uncertainties that may affect our business. Additional information regarding these and other factors can be found in our reports filed with the Securities and Exchange Commission, including the ARRIS International Quarterly Report on Form 10-Q for the quarter ended September 30, 2017. In providing forward-looking statements, we expressly disclaim any obligation to update publicly or otherwise these statements, whether as a result of new information, future events or otherwise, except as required by law.

BRUCE MCCLELLAND, CEO

BUSINESS HIGHLIGHTS

Q4 RESULTS

REVENUE

$1.739B

- Strong E6000 capacity license sales
- Growing service & software
- One month Enterprise sales

EARNINGS

$0.07
$0.88*

- **Record quarter** – Non-GAAP
- Q4 Adjusted Gross Margin of 28.8%*
- Favorable mix

CASH

$511M

- $822M for Ruckus acquisition
- $50M of Share Repurchases

CUSTOMER

⇧Broadband

- International Sales 34%
- Backlog $1.1B
- Book to Bill 1.02

STRONG CLOSE TO 2017

*See reconciliation of GAAP to Non-GAAP measures.

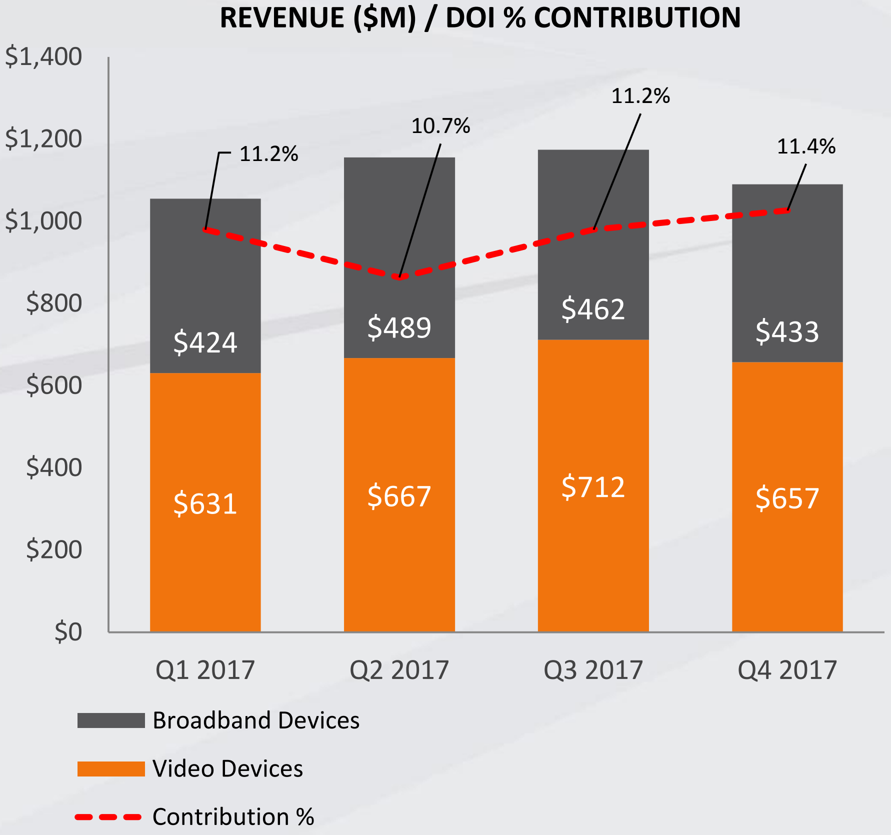
REDEFINING CONNECTIVITY

ARRIS

2017 Accomplishments	2018 Key Initiatives
• Ruckus acquisition	• Enterprise growth 20%+ YoY • OpenG™ LTE Small Cell leadership
• E6000 Gen2 launch and Deep Fiber deployments	• Leadership in Gigabit Networks
• 4K Video, DOCSIS® 3.1 and Advanced Wi-Fi Networking	• Broadband CPE growth • Improved profitability
• International growth >15% YoY	• Continued International expansion

EXECUTING ON CORE STRATEGY

CUSTOMER PREMISES EQUIPMENT



2017 Results

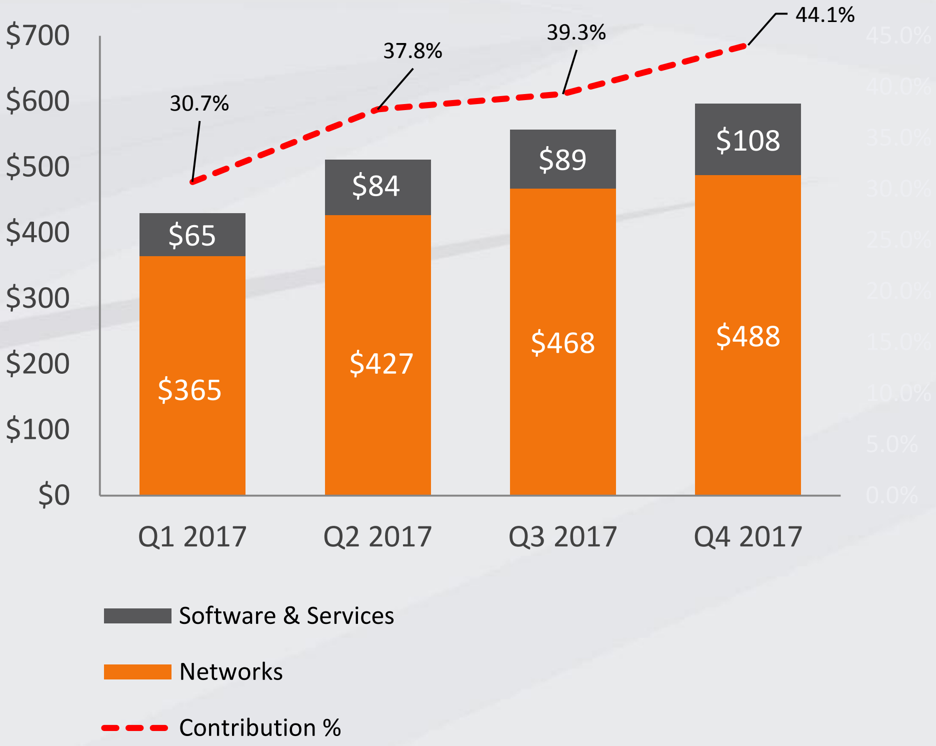
- Broadband momentum increased 7% YoY with notable strength in our DOCSIS portfolio
- Video sales declined 13% YoY due to lower volumes and a mix shift towards lighter-weight devices

2018 Outlook

- Focus on improved CPE economics
  - Drive operational efficiencies including factory divestiture
  - Implement market price adjustments
  - Optimize product portfolio / product mix
- Robust demand for gigabit devices with enhanced in-home Wi-Fi; DOCSIS 3.1 / fiber portfolio growth
- Further international business expansion, leveraging several new UltraHD set top design wins

NETWORK AND CLOUD

REVENUE ($M) / DOI % CONTRIBUTION



2017 Results

- Steady sequential growth in Network business
- Growing Software and Services business
- Significant Opex efficiency
- YoY profitability improved 18% in 2017

2018 Outlook

- Expand and upgrade our market-leading E6000 footprint
- DOCSIS 3.1 expansion
- Growing fiber deep programs
- Remote PHY and Remote PON customer deployments
- Build on our solid Software and Services business

ENTERPRISE NETWORKS

Joining the ARRIS Team

- Great start in 2017
- Partners and customers excited about ARRIS/Ruckus combination

2018 Outlook

- Cross-selling of wireless and switching portfolio across all ARRIS verticals
- DELL EMC Global OEM Agreement
- Hospitality, service provider, education, Federal, and smart cities all showing momentum
- 802.11ax commercial product launch
- Expanded Ethernet switching portfolio
- Ruckus Cloud capability and geographical expansion
- CBRS-band LTE trials expanding with commercial trials later this year
- Development of IoT, Advanced Analytics, and Machine Learning capabilities

DAVE POTTS, CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(PRELIMINARY AND UNAUDITED)

	Q4 2016	Q3 2017	Q4 2017	FY 2016	FY 2017
Sales - GAAP - $M	1,759	1,729	1,739	6,829	6,614
Adjusted Sales - Non- GAAP [1] - $M	1,775	1,732	1,732	6,859	6,616
Gross Margin - GAAP - %	24.8%	24.9%	28.4%	25.0%	25.2%
Adjusted Gross Margin [1] - %	25.6%	25.3%	28.8%	26.2%	25.5%
Operating Expenses [2] - $M	248	246	282	1,039	1,013
Impairment of Goodwill & Intangible Assets [3] - $M	0	0	55	0	55
EPS - GAAP	0.46	0.47	0.07	0.09	0.49
Adjusted EPS - Non-GAAP [1]	0.79	0.80	0.88	2.86	2.72
Cash, ST & LT Marketable Securities - $M	1,107	1,413	511	1,107	511
Cash Provided by (used for) Operating Activities [4] - $M	35	116	(78)	362	534
Debt Repayment - $M	22	24	145	320	244
Share Repurchases - $M	0	20	50	178	197
Bank Debt at Face Value-$M	2,230	2,161	2,161	2,230	2,161
Weighted average ordinary shares - basic - M	190	187	187	191	187
Weighted average ordinary shares - diluted - M	192	189	189	192	190

[1] See GAAP to Non-GAAP reconciliation and notes thereto
[2] Excludes integration, acquisition, restructuring, amortization of intangibles, and other costs
[3] Approximately $19M is attributable to non-controlling interest
[4] Q4 2017 includes $62M cash out of unvested equity awards related to Ruckus acquisition

ESTIMATED Q4 2017 SPLIT

	Historic Arris	Enterprise [2]	Total
Net Sales - $M	1,693	46	1,739
Non- GAAP EPS [1]	$0.88	-	$0.88

[1] See GAAP to Non-GAAP reconciliation and notes thereto
[2] Includes December sales only as acquisition close on December 1

CASH FROM OPERATING ACTIVITIES

$M	Q4 2017	Full Year 2017	Full Year 2016
Net Income (Loss)	(7)	67	9
Adjustments	167	577	441
Net Income Including Adjustments	160	644	450
Change in Working Capital	(238)	(111)	(88)
As Reported Cash Provided by (Used in) Operating Activities	(78)	534	362
Ruckus Equity Payout Adjustment	62	62	-
Adjusted Cash Provided by (Used in) Operating Activities	(16)	595	362
Change in Accounts Receivable (H)/L	(129)	176	(259)
Change in Inventory (H)/L	4	(219)	283

- Q4 and full year 2017 cash from operating activities includes $62 million of Ruckus equity payout which we view as purchase consideration
- Accounts receivable higher due to more sales near the end of the quarter than expected
- Inventory end of 2017 higher; will drive down in 2018

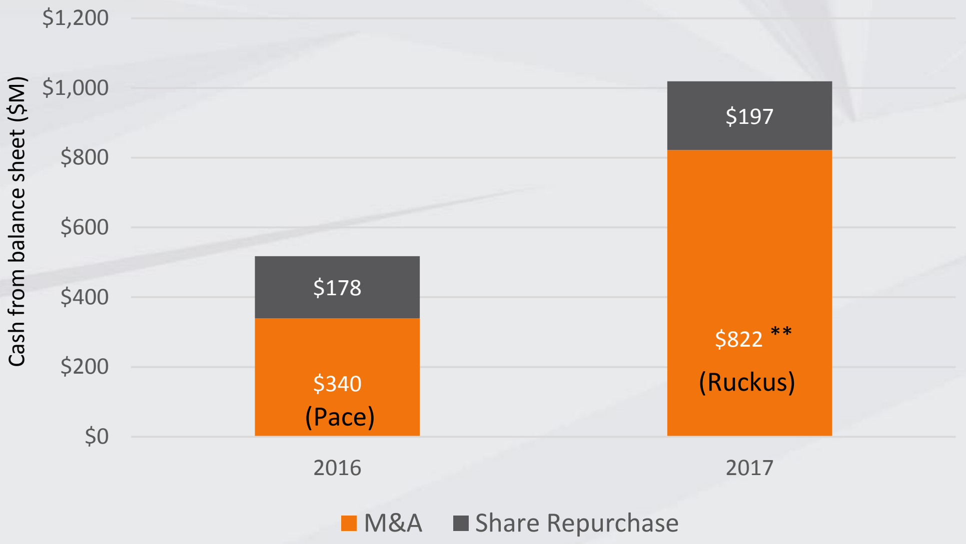
CAPITAL STRUCTURE

$M	Q4 2016	Q4 2017	Maturity	Interest Rate*
Term Loans A & A-1	1,686	1,621	October 17, 2022	3.30%
Term Loan B	544	541	April 26, 2024	4.35%

* Includes effect of interest rate hedging.

- Refinanced all Debt in 2017
- Extended maturities
- Achieved favorable rates
- Improved structure

USE OF CASH



Share Repurchases as % Cash from Operating Activities	
2017*	33%
2016	49%

* 2017 Cash from operating activities excludes $62M cash out of unvested equity awards related to Ruckus acquisition

**Includes $62M cash out of unvested equity awards related to Ruckus acquisition

- $50M of share repurchases in Q4 2017, $197M for the year
- Meaningful return of capital through share repurchases while executing on significant M&A
- $225M remaining share repurchase authorization

BALANCED CAPITAL STRATEGY

ADDITIONAL CONSIDERATIONS

- Impact of Tax Reform
  - Anticipate Non-GAAP rate of ~20% in 2018
  - ~$25M benefit in Q4 related to change in net tax assets; treated as Non-GAAP
- Revenue Recognition Accounting Standard ASC 606
  - Anticipate minimal impact upon adoption
- Expanded Disclosure in 2018
  - Will begin to allocate bonus, equity, Service Provider sales and marketing, and certain other costs to segments

2018 GUIDANCE AND OUTLOOK

	Q1 2018	Full Year 2018
Sales - $M	1,575 - 1,625	7,100 - 7,350
EPS - GAAP	$ (0.43) - $ (0.38)	$ 0.48 - $ 0.73
Adjusted EPS - Non-GAAP [1]	$ 0.50 - $ 0.55	$ 2.80 - $ 3.05

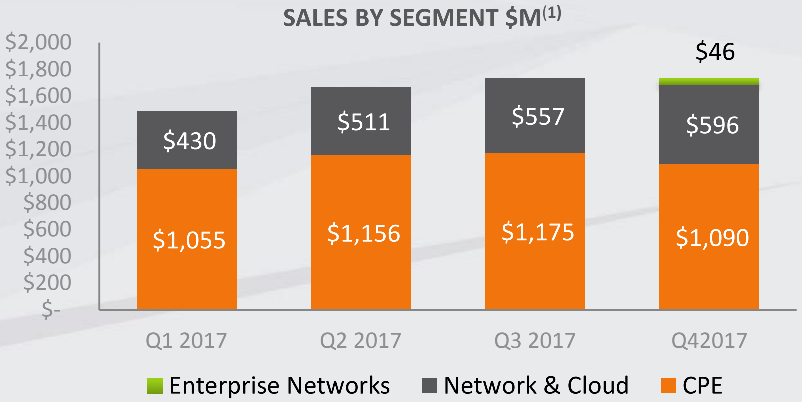
- Sales growth ~9% YoY
  - Enterprise – $650M to $700M
  - Network & Cloud: up 2% to 5%
  - CPE – flat to down 4%; mix shift toward Broadband devices
- Pricing and Cost
  - Implementing price adjustments reflecting higher input costs
  - Memory costs increase ~10% compared to Q4 2017
  - Sale of Taiwan factory to Pegatron providing Video CPE cost improvement starting in 2H18
  - Stronger mix of Network and Cloud hardware, providing a base for future capacity license sales
  - Enterprise Networks margins consistent with historical levels

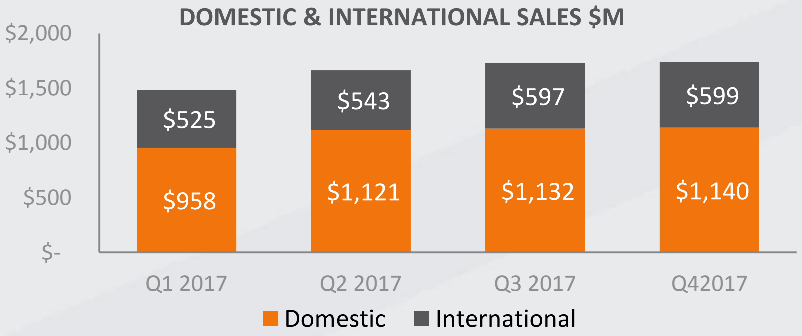
1) See GAAP to Non-GAAP Reconciliation

BACK UP

SALES $M

(PRELIMINARY AND UNAUDITED)





10% CUSTOMERS	Q4 2017	%Sales
TOTAL OF TWO CUSTOMERS GREATER THAN 10%	660	38%

[1] Sales by Segment exclude fair value adjustments related to our warrant program, which are captured at Corporate.

SALES AND GROSS MARGIN - $M

(PRELIMINARY AND UNAUDITED)

	Q4 2016	Q3 2017	Q4 2017	FY 2016	FY 2017
Sales - GAAP	1,759	1,729	1,739	6,829	6,614
Fair Value of Warrants Adjustment	16	3	(8)	30	0
Deferred Revenue Adjustment	-	-	1	-	1
Adjusted Sales - Non- GAAP [1]	1,775	1,732	1,732	6,859	6,616
Gross Margin - GAAP	436	431	494	1,708	1,666
Fair Value of Inventory Adjustment	1	0	8	51	8
Equity Compensation	2	4	3	9	14
Fair Value of Warrants Adjustment	16	3	(8)	30	0
Deferred Revenue Adjustment	-	-	1	-	1
Adjusted Gross Margin - Non-GAAP [1]	455	438	498	1,799	1,690
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%

1 See GAAP to Non-GAAP reconciliation and notes thereto

SALES AND DIRECT CONTRIBUTION BY SEGMENT - $M

(PRELIMINARY AND UNAUDITED)

	Network & Cloud	CPE	Enterprise	Corp/ Other	Total
Net Sales	596	1,090	46	7	1,739
Non GAAP Adjustments [1]	-	-		(7)	(7)
Adjusted Net Sales	596	1,090	46	(0)	1,732
Direct Contribution [2]	263	124	6	(181)	212
Non GAAP Adjustments [3]	-	-		19	19
Adjusted Direct Contribution	263	124	6	(161)	232

See GAAP to Non-GAAP reconciliation and notes thereto

[1] Impact of warrants and deferred revenue adjustments

[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 adjustments and deferred revenue.

OPERATING EXPENSES - $M

(PRELIMINARY AND UNAUDITED)

		Qtr 4 2016	Qtr 3 2017	Qtr 4 2017	FY 2016	FY 2017
R&D	$M	132	132	141	585	539
	% of Sales	8%	8%	8%	9%	8%
SG&A	$M	116	114	141	454	474
	% of Sales	7%	7%	8%	7%	7%
Operating Expenses	$M	248	246	282	1,039	1,013
	% of Sales	14%	14%	16%	15%	15%
Integration, Acquisition, Restructuring & Other Costs	$M	15	11	123	160	153
	% of Sales	1%	1%	7%	2%	2%
Amortization of Intangibles	$M	100	90	101	397	375
	% of Sales	6%	5%	6%	6%	6%
Total	$M	363	347	505	1,597	1,541
	% of Sales	21%	20%	29%	23%	23%
Equity Compensation Expense Included		14	16	15	51	67

GAAP TO ADJUSTED NON-GAAP EPS GUIDANCE RECONCILIATION

Estimated GAAP EPS	$ (0.43) - $ (0.38)	$ 0.48 - $ 0.73
Reconciling Items:		
Amortization of Intangibles	0.63	2.12
Stock Compensation Expense	0.11	0.50
Integration and Other Costs	0.12	0.15
Purchase Accounting Items	0.15	0.20
Impairment of Goodwill and Intangibles	0.04	0.04
Net tax items	(0.12)	(0.69)
Subtotal	0.93	2.32
Estimated Adjusted (Non-GAAP) EPS	$ 0.50 - $ 0.55	$ 2.80 - $ 3.05

GAAP EPS/ADJUSTED EPS RECONCILIATION Q4 AND YTD 2017

(PRELIMINARY AND UNAUDITED)

	Q4 2016		Q3 2017		Q4 2017		DEC YTD 2016		DEC YTD 2017	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Sales	$1,759,223		$1,728,524		$1,738,593		$6,829,118		$6,614,392	
Highlighted items:										
Reduction in revenue related to warrants	16,265		3,064		(8,145)		30,159		–	
Acquisition accounting impacts of deferred revenue	-				1,120		-		1,120	
Adjusted sales	$1,775,488		$1,731,588		$1,731,568		$6,859,277		$6,615,512	
Net income (loss) attributable to ARRIS International plc	$ 88,283	$ 0.46	$ 88,320	$ 0.47	$ 13,566	$ 0.07	$ 18,100	$ 0.09	$ 93,124	$ 0.49
Highlighted Items:										
Impacting gross margin:										
Stock compensation expense	2,388	0.01	3,897	0.02	3,303	0.02	9,397	0.05	13,947	0.07
Reduction in revenue related to warrants	16,265	0.08	3,064	0.02	(8,145)	(0.04)	30,159	0.16	–	–
Acquisition accounting impacts of deferred revenue	–	–	–	–	1,120	0.01	–	–	1,120	0.01
Acquisition accounting impacts of fair valuing inventory	581	0.00	–	–	7,560	0.04	51,405	0.27	8,468	0.04
Impacting operating expenses:										
Integration, acquisition, restructuring and other costs	7,922	0.04	10,836	0.06	67,734	0.36	152,810	0.80	98,356	0.52
Amortization of intangible assets	100,046	0.52	90,162	0.48	100,588	0.53	397,464	2.07	375,407	1.98
Impairment on goodwill and intangible assets	–	–	–	–	55,000	0.29	–	–	55,000	0.29
Stock compensation expense	13,608	0.07	16,316	0.09	15,403	0.08	50,652	0.26	66,711	0.35
Noncontrolling interest share of non-GAAP adj	(807)	–	(711)	–	(20,026)	(0.11)	(3,145)	(0.02)	(22,352)	(0.12)
Impacting other (income)/expense:										
Impairment (gain) on investments	4,446	0.02	(1,821)	(0.01)	–	–	12,297	0.06	929	0.00
Debt amendment fees	–	–	–	–	3,069	0.02	(237)	–	5,851	0.03
Credit facility - ticking fees	–	–	–	–	–	–	(9)	–	–	–
FX contract losses related to cash consideration of Pace acquisition	–	–	–	–	–	–	1,610	0.01	–	–
Remeasurement of certain deferred tax liabilities	(16,356)	(0.09)	3,569	0.02	851	–	(16,356)	(0.09)	9,359	0.05
France R&D tax credit	(4,992)	(0.03)	–	–	–	–	–	–	–	–
Impacting income tax expense:										
Foreign withholding tax	–	–	–	–	–	–	54,741	0.28	–	–
Net tax items	(58,513)	(0.30)	(62,698)	(0.33)	(73,038)	(0.39)	(208,524)	(1.09)	(189,884)	(1.00)
Total highlighted items	64,588	0.34	62,614	0.33	153,419	0.81	532,264	2.77	422,912	2.23
Adjusted net income	$ 152,871	$ 0.79	$ 150,934	$ 0.80	$ 166,985	$ 0.88	$ 550,364	$ 2.86	$ 516,036	$ 2.72
Weighted average ordinary shares - basic		190,145		187,064		186,548		190,701		187,133
Weighted average ordinary shares - diluted		192,400		188,941		188,829		192,185		189,616

NOTES TO GAAP/ADJUSTED NON-GAAP FINANCIAL MEASURES

(PRELIMINARY AND UNAUDITED)

The Company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP” or referred to herein as “reported”). However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing our ongoing performance. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the factors management uses in planning for and forecasting future periods. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the Company’s reported results prepared in accordance with GAAP. Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effects:

Adjustments to Revenue Related to Warrants: We entered into agreements with two customers for the issuance of warrants to purchase up to 14.0 million of ARRIS’s ordinary shares. Vesting of the warrants is subject to certain purchase volume commitments, and therefore the accounting guidance requires that we record any change in the fair value of warrants as a reduction in revenue. Until final vesting, changes in the fair value of the warrants will be marked to market and any adjustment recorded in revenue. We have excluded the effect of the implied fair value in calculating our non-GAAP financial measures. We believe it is useful to understand the effects of these items on our total revenues and gross margin.

Stock-Based Compensation Expense: We have excluded the effect of stock-based compensation expenses in calculating our non-GAAP operating expenses and net income (loss) measures. Although stock-based compensation is a key incentive offered to our employees, we continue to evaluate our business performance excluding stock-based compensation expenses. We record non-cash compensation expense related to grants of restricted stock units. Depending upon the size, timing and the terms of the grants, the non-cash compensation expense may vary significantly but will recur in future periods.

Acquisition Accounting Impacts Related to Deferred Revenue: In connection with our acquisition of Ruckus Networks, business combination rules require us to account for the fair values of arrangements for which acceptance has not been obtained, and post contract support in our purchase accounting. The non-GAAP adjustment to our sales and cost of sales is intended to include the full amounts of such revenues. We believe the adjustment to these revenues is useful as a measure of the ongoing performance of our business. We have historically experienced high renewal rates related to our support agreements and our objective is to increase the renewal rates on acquired post contract support agreements; however, we cannot be certain that our customers will renew our contracts

Acquisition Accounting Impacts Related to Inventory Valuation: In connection with the accounting related to our acquisitions, business combinations rules require the acquired inventory be recorded at fair value on the opening balance sheet. This is different from historical cost. Essentially we are required to write the inventory up to end customer price less a reasonable margin for the selling effort. We have excluded the resulting adjustments in inventory and cost of goods sold as the historic and forward gross margin trends will differ as a result of the adjustments. We believe it is useful to understand the effects of this on cost of goods sold and margin.

Integration, Acquisition, Restructuring Costs and Other Costs: We have excluded the effect of acquisition, integration, and other expenses and the effect of restructuring expenses in calculating our non-GAAP operating expenses and net income (loss) measures. We incurred expenses in connection with the ActiveVideo, Pace and Ruckus Networks acquisitions, which we generally would not otherwise incur in the periods presented as part of our continuing operations. Acquisition and integration expenses consist of transaction costs, costs for transitional employees, other acquired employee related costs, and integration related outside services. Restructuring expenses consist of employee severance and abandoned facilities. We believe it is useful to understand the effects of these items on our total operating expenses.

Amortization of Intangible Assets: We have excluded the effect of amortization of intangible assets in calculating our non-GAAP operating expenses and net income (loss) measures. Amortization of intangible assets is non-cash, and is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

Impairment of Goodwill and Intangibles: We have excluded the effect of the estimated impairment of goodwill and intangible assets in calculation our non-GAAP operating expenses and net income measures. Although an impairment does not directly impact the Company’s current cash position, such expense represents the declining value of the technology and other intangible assets that were acquired. We exclude these impairments when significant and they are not reflective of ongoing business and operating results.

NOTES TO GAAP/ADJUSTED NON-GAAP FINANCIAL MEASURES

(PRELIMINARY AND UNAUDITED)

Noncontrolling Interest share of Non-GAAP Adjustments: The joint venture formed for the ActiveVideo acquisition is accounted for by ARRIS under the consolidation method. As a result, the consolidated statements of operations include the revenues, expenses, and gains and losses of the noncontrolling interest. The amount of net income (loss) related to the noncontrolling interest are reported and presented separately in the consolidated statement of operations. We have excluded the noncontrolling share of any non-GAAP adjusted measures recorded by the venture, as we believe it is useful to understand the effect of excluding this item when evaluating our ongoing performance.

Impairment (Gain) on Investments: We have excluded the effects of other-than-temporary impairments and certain gains on investments in calculating our non-GAAP financial measures. We believe it is useful to understand the effect of this non-cash item in our other expense (income).

Debt Amendment Fees: In 2017, the Company amended its credit agreement. This debt modification allowed us to improve the terms and conditions of the credit agreement and extend the maturitities of the debt. We have excluded the effect of the associated fees in calculating our non-GAAP financial measures. We believe it is useful to understand the effect of this item in our interest expense.

Credit Facility - Ticking Fees: In connection with our acquisition of Pace, the cash portion of the consideration was funded through debt financing commitments. A ticking fee was paid to our banks to compensate for the time lag between the commitment allocation on a loan and the actual funding. We have excluded the effect of the ticking fee in calculating our non-GAAP financial measures. We believe it is useful to understand the effect of this item in our other expense (income).

Foreign Exchange Contract Losses Related to Cash Consideration of Pace Acquisition: In the second quarter of 2015, the Company announced its intent to acquire Pace plc in exchange for stock and cash. We subsequently entered into foreign exchange forward contracts in order to hedge the foreign currency risk associated with the cash consideration of the Pace acquisition. These foreign exchange forward contracts were not designated as hedges, and accordingly, all changes in the fair value of these instruments are recognized as a loss (gain) on foreign currency in the Consolidated Statements of Operations. We believe it is useful to understand the effect of this on our other expense (income).

Remeasurement of Certain Deferred Tax Liabilities: The Company recorded a foreign currency remeasurement (gain) loss related to a deferred income tax liability, in the United Kingdom, arising from the assignment of intangibles acquired in the Pace acquisition. This deferred income tax liability is denominated in GBP. The foreign currency remeasurement (gain) loss derives from the remeasurement of the GBP deferred income tax liability to the USD, since the date of the acquisition. We have excluded the impact of this (gain) loss in the calculation of our non-GAAP measures. We believe it is useful to understand the effect of this item on our total other expense (income).

France R&D Tax Credit: France R&D tax credits were recorded as an other asset on the date of our acquisition of Pace, as Pace France, a subsidiary of Pace, had a history of losses and did not expect to utilize their R&D Tax Credits against a future France income tax liability but rather expected to use the credits to offset non-income taxes. In the third quarter of 2016, our restructuring in France required a reclassification of the R&D tax credits from other assets to deferred tax assets prior to the utilization of the tax credits. This impact of the reclassification was a charge to other expense with an offsetting tax benefit. However, during the fourth quarter of 2016, the Company determined that the original classification within income taxes was more appropriate and therefore the reclassification from the third quarter of 2016 reversed. We have excluded the effect of the other expense and tax benefit in the calculation of our non-GAAP financial measures. We believe it is useful to understand the effects of this event on our total other expense (income) and income tax.

Foreign Withholding Tax: In connection with our acquisition of Pace, ARRIS US Holdings, Inc. transferred shares of its subsidiary ARRIS Financing II Sarl to ARRIS International plc. Under U.S. tax law, based on the best available information, we believe the transfer constituted a deemed distribution from ARRIS U.S. Holdings Inc. to ARRIS International plc that is treated as a dividend for U.S. tax purposes. A deemed dividend of this type is subject to U.S. withholding tax to the extent of the current and accumulated earnings and profits (as computed for tax purposes) ("E&P") of ARRIS U.S. Holdings Inc., which include the E&P of the former ARRIS Group, Inc. and subsidiaries through December 31, 2016. Accordingly, ARRIS U.S. Holdings Inc. remitted U.S. withholding tax in the amount of $55 million based upon its estimated E&P of $1.1 billion and the U.S. dividend withholding tax rate of 5 percent (as provided in Article 10 (Dividends) of the United Kingdom-United States Tax Treaty). We have excluded the withholding tax in calculating our non-GAAP financial measures.

Income Tax Expense (Benefit): We have excluded the tax effect of the non-GAAP items mentioned above. Additionally, we have excluded the effects of certain tax adjustments related to tax and legal restructuring, state valuation allowances, research and development tax credits and provision to return differences.

THANK YOU