



ARRIS

ARRIS INVESTOR DAY 2018

March 2018

SAFE HARBOR

FORWARD-LOOKING STATEMENTS

Statements made in this presentation, including those related to projected financial results 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 on to our customers; recently announced U.S. tariffs and expected tariffs imposed in foreign jurisdictions as a result could materially impact the costs associated with our products which we may not be able to pass on to our customers; 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 our Annual Report on Form 10-K for the year ended December 31, 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.

Agenda

2018 ARRIS INVESTOR DAY



8:00 - 8:05

Welcome

Bob Puccini

8:05 - 8:25

ARRIS Strategy and Industry Trends

Bruce McClelland

8:25 - 8:45

Customer and Market Overview

Steve McCaffery and Tim O'Loughlin

8:45 - 9:10

Network & Cloud Business Update

Dan Whalen

9:10 - 9:35

Customer Premises Business Update

Larry Robinson

9:35 - 9:50

Break

9:50 - 10:20

Enterprise Networks Business Update

Dan Rabinovitsj

10:20 - 10:50

Technology Talk - CBRS

Steve Martin

10:50 - 11:15

Financial Update

David Potts

11:15 - 11:50

Leadership Panel Q&A

Executive Team

11:50 - 12:00

Wrap-up

Bruce McClelland

ARRIS Strategy and Industry Trends

Bruce McClelland

WE ARE ARRIS

Bringing **networks to life** and
connecting 100s of millions
of people around the globe

\$6.6B FY2017A Revenue

1,700 Service Provider Customers Served

~10,000 Enterprise Channel Partners

73 Countries with direct & indirect presence

~8,700 Employees

5,000+ Patents approved or pending

REDEFINING CONNECTIVITY

Leading the Internet Transformation



PROVEN TRACK RECORD OF CREATING VALUE

- ARRIS is a global innovator enabling the Gigabit Generation with a new era of compelling connectivity experiences where we live, learn, work, and play
- We partner with the world's leading network operators and enterprises providing them with:
 - Innovation in the network – from core to edge
 - Seamless connectivity that just works – meeting and exceeding ever increasing consumer and business demands
 - Cost-effective scalable solutions enabling customers and partners to succeed

Why ARRIS?



Investing for Today and Tomorrow



Core

- Cable Edge
- Residential CPE
- Video Infrastructure
- Optical Access
- Enterprise Wi-Fi
- Device Management



Growth

- Gigabit Internet
- Cloud Wi-Fi
- Campus Switching
- Smart Cities
- Federal IT
- Managed Services
- Professional Services
- Direct to Consumer



Emerging

- Connecting the Next Billion Users
- CBRS 3.5GHz LTE Small Cell
- Dell OEM
- Nextgen FTTx (10Gb EPON / NGPON-2)
- Access Network SDN/NFV
- IoT (Residential and Industrial)
- Full Duplex DOCSIS

Value Creation Drivers

**Addressable
Market Growth**

**International
Expansion**

**Margin and
Earnings
Growth**

**Portfolio
Expansion**

**Strategic M&A
and Capital
Return**



Organic Value Creation Strategy

Gigabit Networks

Video Everywhere

Enterprise
Networking

Mobile Network
Convergence

Margin Expansion



1



2



3



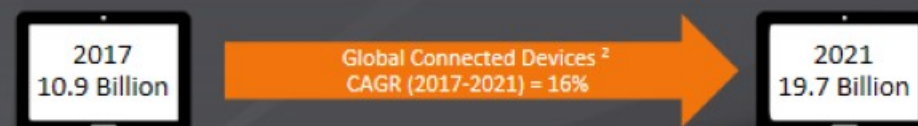
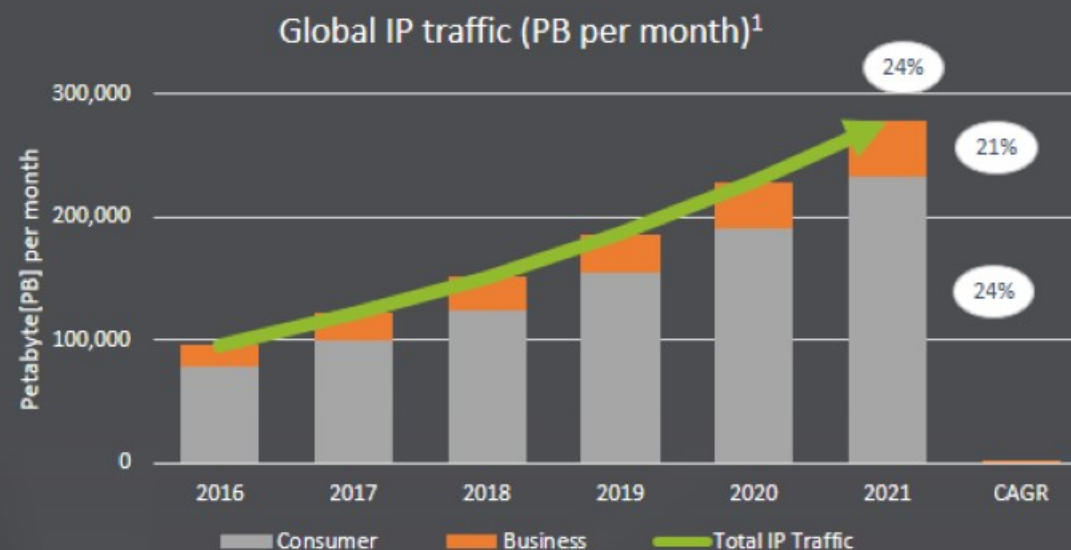
4



5



- Continued exponential growth in data consumption and devices
- Constant technology upgrades and investments are needed to meet demand
 - Core Network and Transport
 - Edge Processing
 - Access Network
 - Local Network
 - Wi-Fi and Home Network
- Increasing dependency on automation and software defined networking



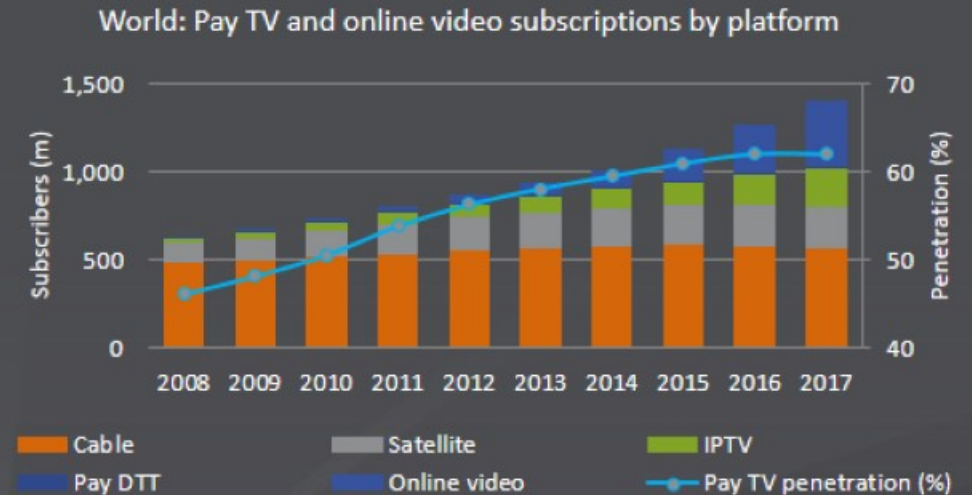
Source ¹: Cisco VNI 2017

Source ²: IHS | Includes connected smartphones, tablets, personal computers, TVs, TV-attached devices and audio devices

PayTV and OTT bundle strengthening business model



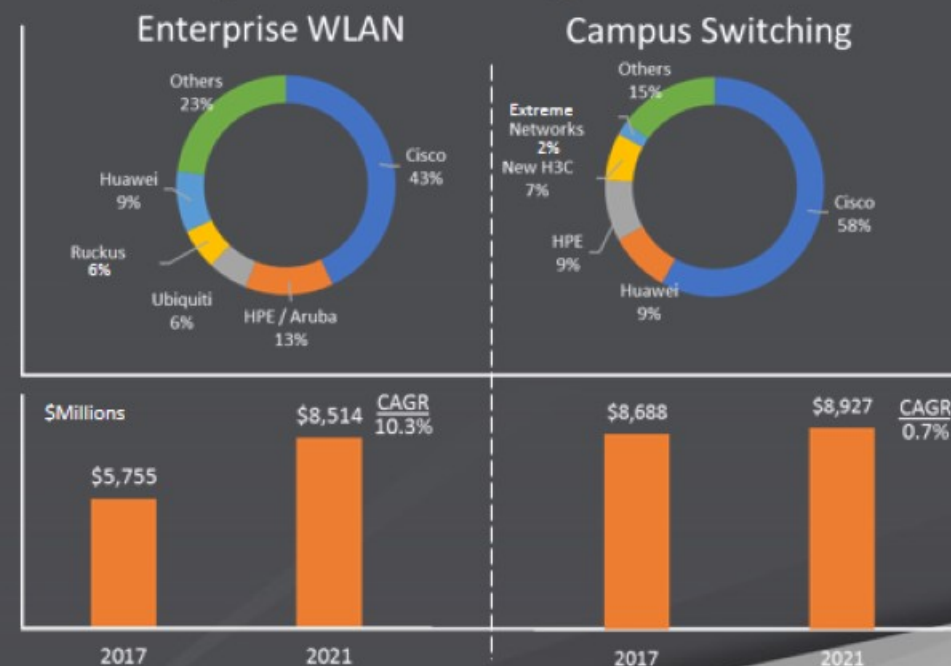
- Traditional PayTV subscriber base growing internationally with modest decline in North America
 - OTT content aggregation as part of bundle improves sustainability
 - Technology upgrades (ie. 4K) underpin continued investment
- OTT Video consumption continues significant growth
 - Augmenting, not replacing traditional TV viewing
 - More prevalent in North America
 - Underpins value proposition and investment in Broadband
 - Increases the importance of local wireless network importance



Source: IHS Research 2018

Expanding share of fast growth market

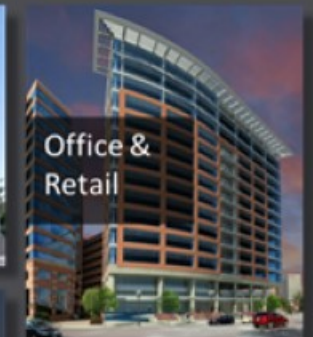
- Well-positioned to increase share in fast growing Wireless LAN market and complementary campus switching product line
- Immediately accretive with significant margin lift and higher industry valuation multiples
- Highly targeted vertical market strategy
 - Education, Hospitality, Smart City, Federal, Public Venues, Service Provider
- Technology and channel synergies with ARRIS
- Targeting 20%+ growth in 2018



Source: IDC and Dell'Oro

Everything going wireless...

- Increasing prevalence of unlimited mobile plans driving demand for mobile-offload solutions
- Unprecedented opportunity to expand mobile capacity cost effectively utilizing CBRS Shared Spectrum
- Broad array of applications and use cases
 - Fixed Wireless Access
 - Mobile Capacity Augmentation
 - Alternate Mobile Carriers
 - Private LTE Networks
 - Multi-Carrier Neutral Host
- Secure LTE technology and performance with Wi-Fi economics



Intense focus on margin expansion



Product mix

- New Enterprise segment
- Network and Cloud growth
- Increasing Software and Services



Pricing

- Adjustments to reflect continued component cost pressure
- Increased discipline on new opportunities



Cost improvements

- Factory divestiture
- Component costs
- Operational efficiencies

Investing for Sustainable Shareholder Value

Effective Cash Utilization

Organic R&D Investment

2016 – \$585M
 2017 – \$539M
 2018(E) – ~\$700M

Share Repurchases

2016 – \$178M
 2017 – \$197M
 2018(YTD) – \$25M

Strategic M&A

2013 – Motorola
 2016 – Pace
 2017 – Ruckus

M&A Strategy

Objective: Integrated Provider of converged connectivity and infrastructure solutions to Service Provider and Enterprise

Near Adjacency

Accretive

- Enterprise
 - Networking
 - Security

Market Expansion

- Infrastructure
 - Wireless
 - Optical

Intl Expansion



STRONG CAPITAL STRUCTURE, STRONG CASH GENERATION, DEPLOYING CASH TO ENHANCE SHAREHOLDER VALUE

Today's Key Messages

- Well-positioned to benefit from mass-market Gigabit Internet spend
- Deeply entrenched leadership in evolving video market
- Expanded addressable market with increasingly diversified customer base
- Leadership in emerging mobile CBRS LTE small cell market
- Three year outlook and earnings growth target
- Capital allocation strategy

Customer Overview

Steve McCaffery and Tim O'Loughlin



Broadband and Mobile Connectivity Key

7.6B mobile subscriptions by 2021, 1.1B broadband subscribers by 2021¹



Massive Bandwidth Demand

Unrelenting traffic from video, mobile offload, broadband subscriber growth, and IoT.
Data traffic growing 20-30% year over year ²



Evolution of Video

4K consumer adoption underway, OTT application integration, rich media user interface, and voice control driving CPE refresh and subscriber trends



Wi-Fi as Core Service

Residential and business customers demanding Wi-Fi connectivity and throughput resulting in ongoing device refresh



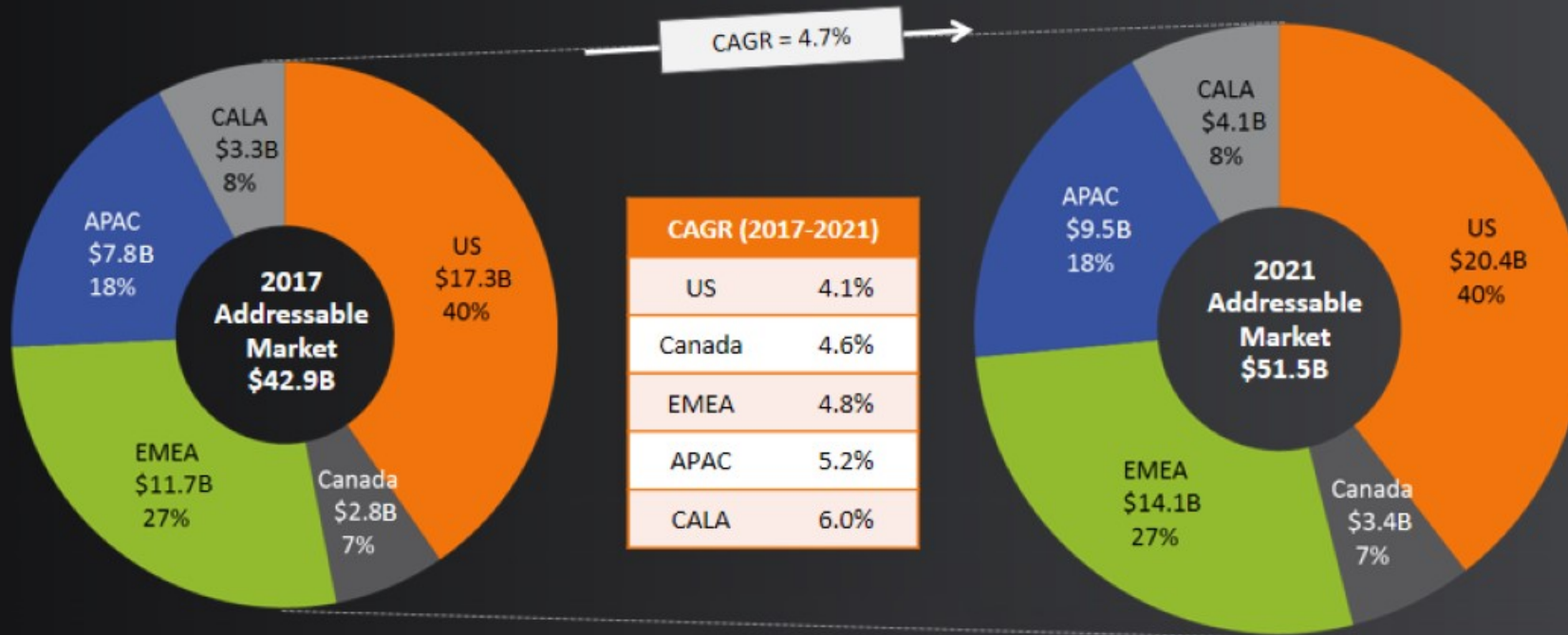
Service and Control

Driving cloud control, virtualization, and telemetry across residential, mobile, and enterprise customers

¹ Source: Dataxis 3Q17

² Source: IHS Markit

Global Addressable Market



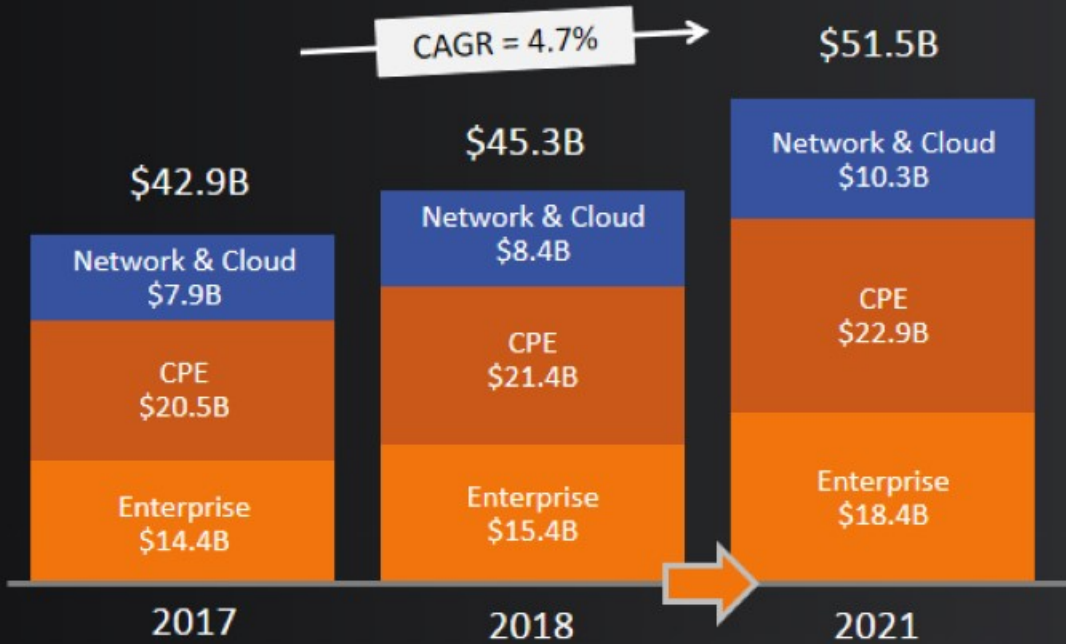
Source: IHS, SNL Kagan, F&S, ABI, ARC, Ovum, TBR, Dell'Oro and ARRIS Estimates

CPE - Cable, Telco IPTV and Satellite STB; Cable Modems, Broadband Gateways, EMTAs; ADSL, ADSL+, G.Fast, VDSL CPE, ONT Residential Gateway; WiFi Routers, WiFi Extenders, Retail Video and Smart Home Devices
 N&C - CableEdge (CMTS/CCAP/EQAM/CMC); Access HFC (HEO, Nodes, AMP, PS, Passives, Accessories) & RFoG; Video Systems (Encoder, Transcoder, IRDs, Advance and Linear Ad Systems); Security Solutions (Traditional STB CAS, DRM, CAS Infrastructure, PKI); Assurance (On-Premise, SaaS, Home Network Assurance); Global Services (Network Build, Infrastructure Integration, Planning Design & Optimization, OSS Integration, Managed Services, and Wireless Consulting)
 Wireless - WLAN AP and controllers, carrier WiFi APs and Controllers, Service provider and Enterprise Small Cells | Campus/IXC - 1,10,40 Gbps Wired LAN switches

~\$14.4B ADDRESSABLE MARKET EXPANSION
 DUE TO RUCKUS ACQUISITION

Expanded Diversified Opportunity

ARRIS All Products Global Addressable Market



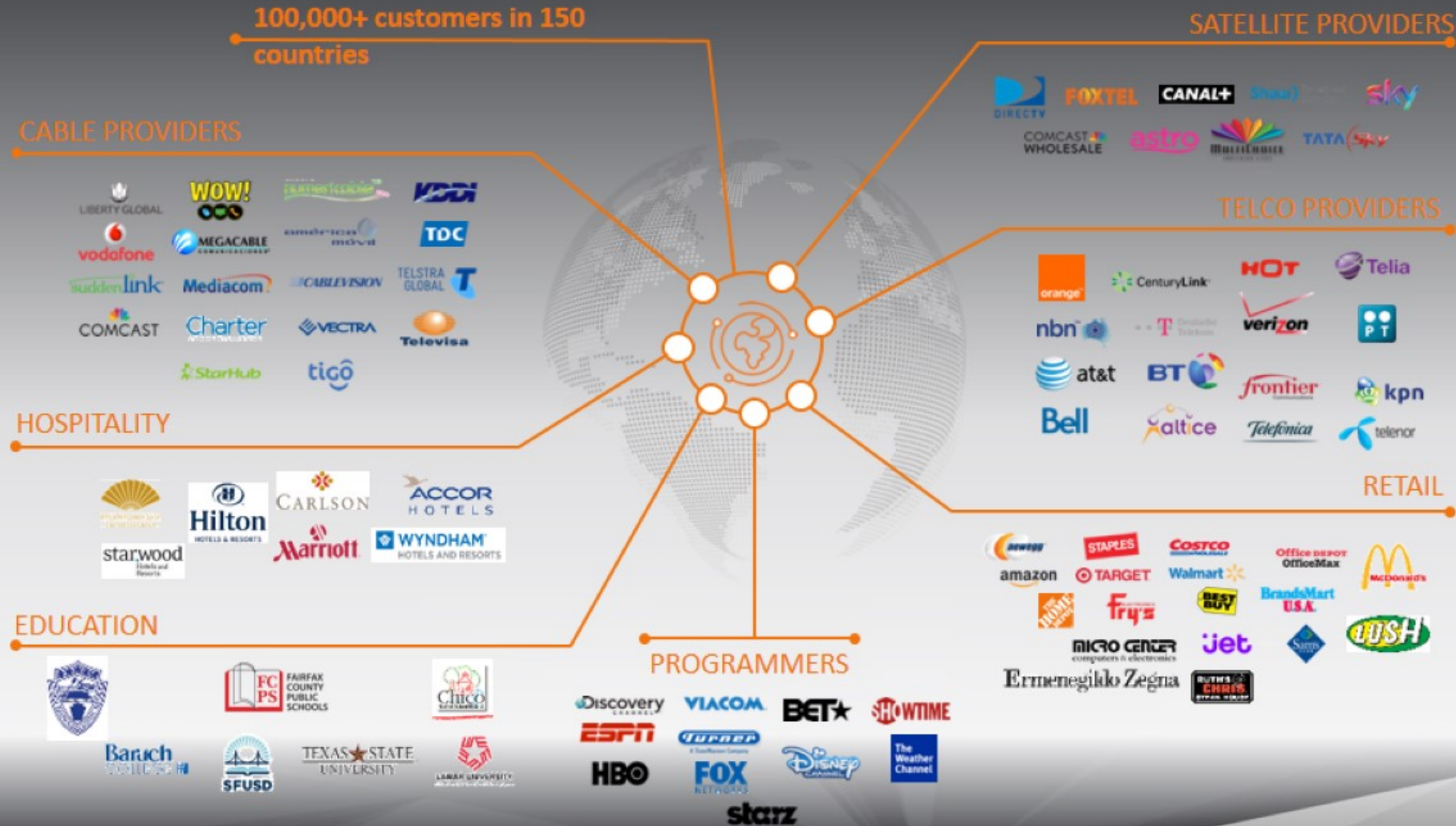
Source: ARRIS View based on I.H.S. markit, ABI, Frost, Dell'Oro, TBR and IDC

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 Wireless - WLAN AP and controllers, carrier WiFi APs and Controllers, Service provider and Enterprise Small Cells | Campus/IXC - 1,10,40 Gbps Wired LAN switches



- Growth in bandwidth demand driving Access Networks business (CMTS, PON, and Node)
 - Shift towards distributed architecture enables more bandwidth, digital optics and virtualization
 - Stable and profitable video business
 - Professional Services opportunities
-
- Market leading portfolio of broadband, voice, and video CPE
 - Technology upgrade cycles drive cyclical demand (ie. D3.1, 4K, 802.11AX)
 - Demand for video devices evolving to 4K, wireless, and IP client
 - Broadband and home networking segments growing
-
- WLAN market projected to grow 9% CAGR
 - All segments showing demand strength
 - Exposure to large campus switching market
 - Service providers investing in business services
 - CBRS LTE opportunities germinating with mobile operators, mobile disrupters, private enterprise, etc.

Global Relationships



Diversified and Deep Customer Engagement

Large Cable Operator

- CMTS
- Optical Access
- CPE
- Wi-Fi for Enterprise
- Bulk Wi-Fi for MDU
- Pro-services

Global Hospitality Brand

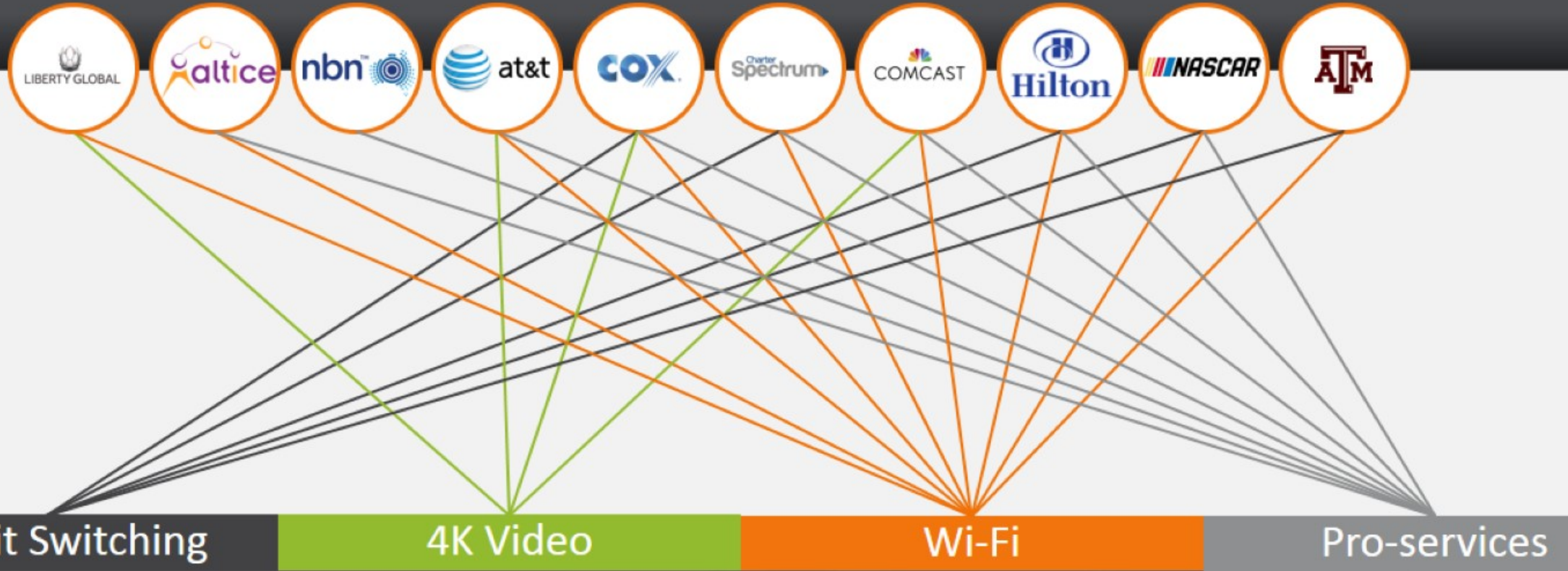
- Wi-Fi Access Points
- Wi-Fi Controllers
- Campus Switching
- Pro-services

Mobile/Telco Network Operator

- OTT CPE
- Device Management
- Legacy CPE
- Wi-Fi for Enterprise
- Bulk Wi-Fi for MDU

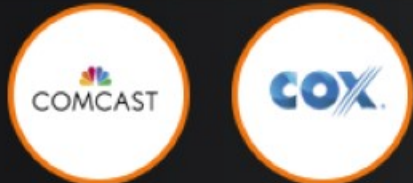


Core Technologies Applicable to Multiple Verticals



U.S. Cable and Direct to Consumer (Retail)

CUSTOMERS



CUSTOMER TRENDS

- Bandwidth expansion
- DOCSIS 3.1 Technology upgrade cycle
- Evolving video product
- Integrating OTT into video product
- Continued focus on business services

- Focused on high end Wi-Fi gateway
- Consumers demanding more speed
- Share of consumer spend increasing on home networking

ARRIS STRATEGY

- CMTS upgrade licensing and nodes
- Leverage CPE and CMTS position
- Focus on 4K, wireless, and IP CPE
- Offering software and services
- Expanding Ruckus footprint

- AX router in development
- Upgraded DOCSIS in modems
- Portfolio expansion (mesh, tri-band, whole home)

CUSTOMERS



CUSTOMER TRENDS

- Operators successful in broadband with mixed results in video
- Bandwidth expansion through FTTx
- Wi-Fi refresh cycle
- Traditional wireline IPTV and satellite flat to declining
- Residential broadband and mobility service blending

ARRIS STRATEGY

- Maintain majority share on Tier 1 broadband gateway
- Win new FTTx opportunities
- Developing advanced Wi-Fi products
- Focus on wireless, 4K and IP clients
- Enable services with node upgrade modules, service provider Wi-Fi and CBRS offerings

Canada Market Macro View

- Cable and Telco competition driving innovation, ARRIS supporting multiple 4K launches across both industries.
- Addressing Cable offering services for HSD and mobile data as they represent the highest margin business for operators.
- Rogers and Shaw execution against announced Comcast syndication.
- Supporting Bell in all aspects of business through video partnership.
- Maintain dominant share in Telco space.



EMEA Market Macro View

- Consolidation to continue in Cable market with expanded focus on Altice, LGI and Vodafone.
- Network transformation models creating a services growth business for ARRIS.
- In-home networking, higher broadband speed and integrated OTT leading the technology transition with ARRIS as partner.
- High Broadband penetrations allow for ARRIS to provide service differentiation.
- Increase engagement with SKY and Multi-Choice.
- Plan for New Business expansion in markets like Middle East and eastern Europe.



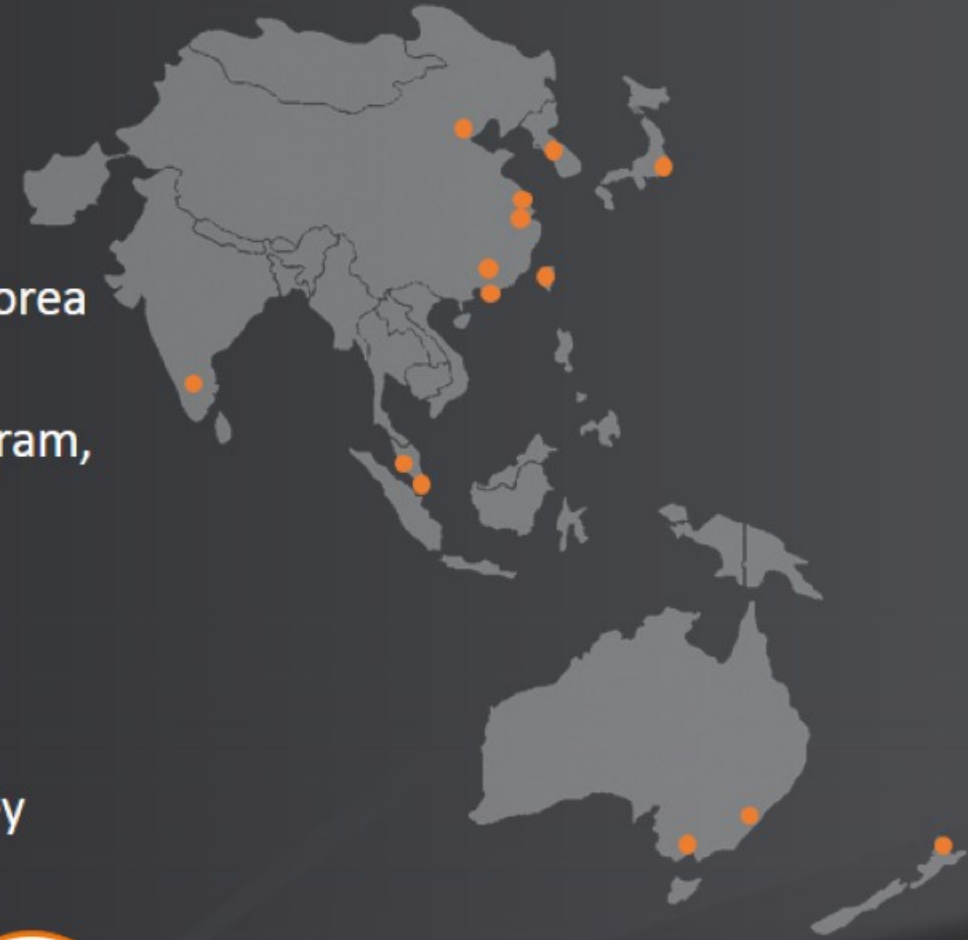
CALA Market Macro View

- Growth in 2018 as environment stabilizes.
- Business models to support diverse economic conditions across the markets.
- Focus on global players that operate inside and outside region ie Telefonica, Altice, LGI, AMX.
- Significant technology transition underway led by DVB and deep fiber, creating a focus new customer opportunities.
- Increased D3.1 transformation creating services offerings.
- Target the ongoing significant HFC investment expected to continue through 2019.



APAC Market Macro View

- Consolidation of cable providers and increased telco competition driving investment with focus on high RPU markets.
- Driving increased selection on key operators in China.
- Increased focus on adoption of Gigabit and 4K services in Japan, Korea and Hong Kong.
- Supporting market through extensive wide-reaching Channel program, increased market and segment reach.
- Build on incumbent position at NBN for rolling out D3.1 with full service offering.
- Develop the growing DVB market in specific countries.
- Build on established business in Japan and new growth through key events. (ie: Tokyo 2020)



Enterprise Market Opportunity

Strong Go-to-Market Architecture

- Diversified verticals
 - Hospitality
 - Education
 - Enterprise
 - Retail
 - Venue
 - Smart Cities
- +8,000 Channel Partners (VARs, Distributors, partners)
- Close cooperation with traditional Service Providers as a channel to Enterprise





Broadband and Mobile Connectivity Key

Grow with service providers in broadband and mobile space



Wi-Fi as Core Service

Leverage Ruckus portfolio to win traditional enterprise verticals and service provider driven initiatives in business services space



Evolution of Video

Enable next generation of video services: operator OTT, 4K, wireless and IP client



Service and Control

Win more cloud, pro-services, managed services, and device management

The slide features a dark teal background with a network diagram of white nodes and lines. A hand is visible on the right side, reaching towards the network. The title "Network and Cloud Overview" is centered in white text.

Network and Cloud Overview

Dan Whalen

Network and Cloud Segment Summary

- \$8B market growing 5%+ annually ⁽¹⁾
 - Strong portfolio addressing Cable Internet Service Providers and broader video systems networks
 - Growing Professional Services capability
- Growth in Over-the-top video streaming creating strong fundamentals
- State-of-the-art internet access is a key global social imperative
- Highly competitive industry dynamics compelling Service Providers to invest



Note 1 – Sources: ARRIS View based on I.H.S Markit, Frost, TBR, ARC and IDC

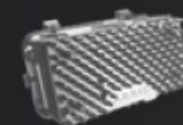
WELL POSITIONED FOR CONTINUED PROFITABLE GROWTH

Network and Cloud Segment Overview

- 2017 Segment results
 - \$2.1B revenue / \$673M adjusted direct contribution
- Industry leading product portfolio
 - E6000® CCAP
 - Optical Nodes and Headend Optics
- Strong market positions¹
 - #1 CCAP
 - #1 Optical nodes
 - #1 Cable video networks
- Deep customer engagement

Note 1 – Source: I.H.S 4Q2017 report

Portfolio



Fiber Nodes



Headend Optics



Compression / Storage



Software and Services



Converged Edge Router (CCAP)



Cloud and Virtualization



RF Amps & Passives








Video Headend /
Back office



Receiver / Transcoder

MARKET LEADER FOR SERVICE PROVIDER BROADBAND SOLUTIONS

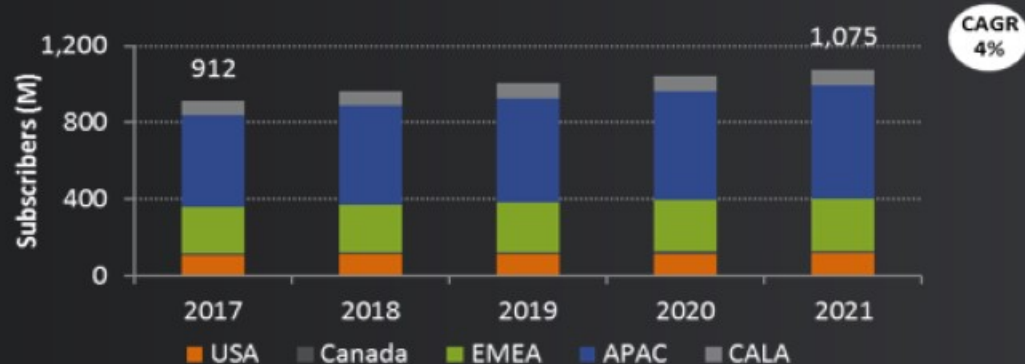
Key Drivers Behind Continued Exponential Bandwidth Growth

-  Broadband Subscriber growth and device proliferation
-  Exponential growth in Internet usage
-  Cable Networks adopting OTT Technology
-  Mobile device explosion driving offload demand
-  Cable gaining share of Business Services market



Broadband Subscriber Growth and Device Proliferation

Global Fixed Broadband Subscribers (in millions)

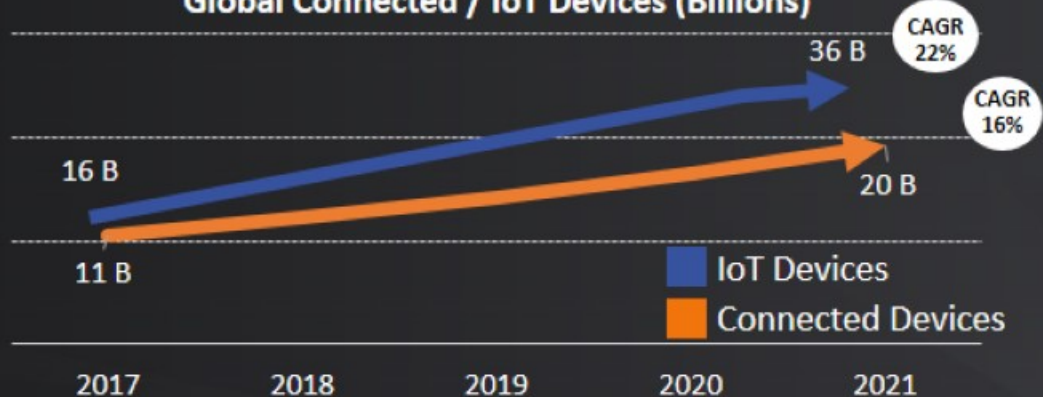


Source: Dataxis 3Q17

Continued growth in global broadband subscriber base

- Highly competitive battle for premium consumers

Global Connected / IoT Devices (Billions)

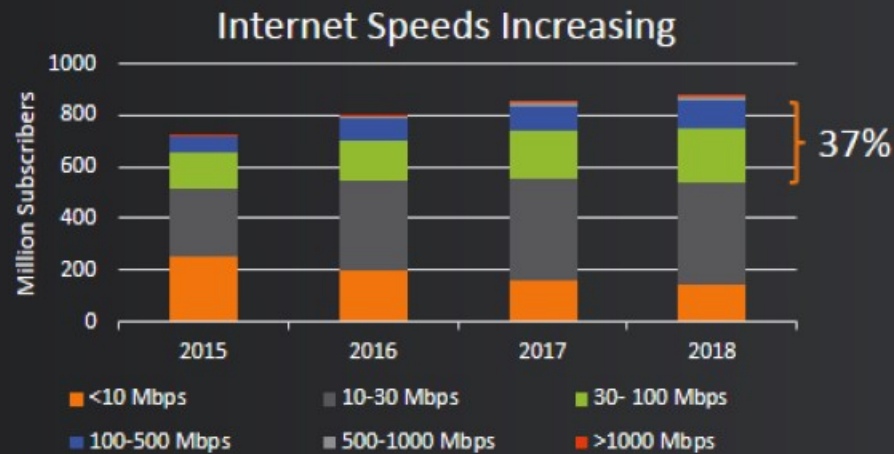


Source: IHS | Includes connected smartphones, tablets, personal computers, TVs, TV-attached devices and audio devices

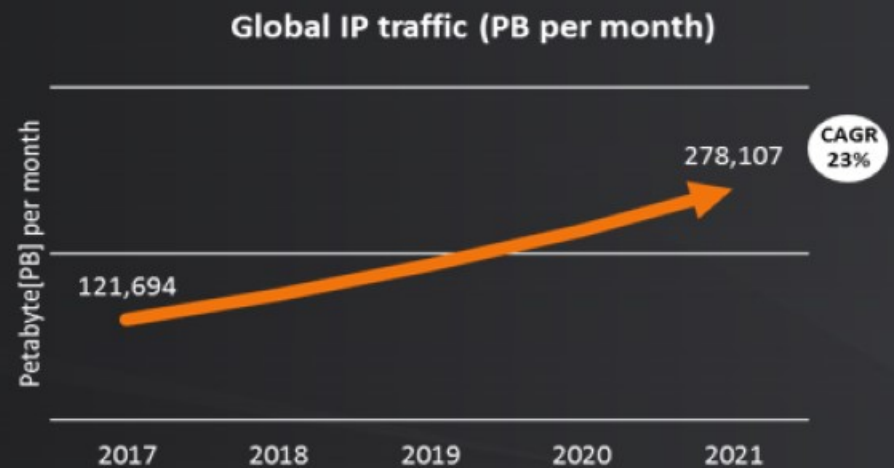
Source Frost and Sullivan | Includes Connected CE Devices, Sensors, Actuators

Exponential growth in connected devices spurring faster adoption of WiFi internet usage in homes and business

Exponential Growth in Internet Usage



Source: ABI Research



Source: Ovum and Cisco VNI 2017

Consumer adoption of OTT Video continues to grow

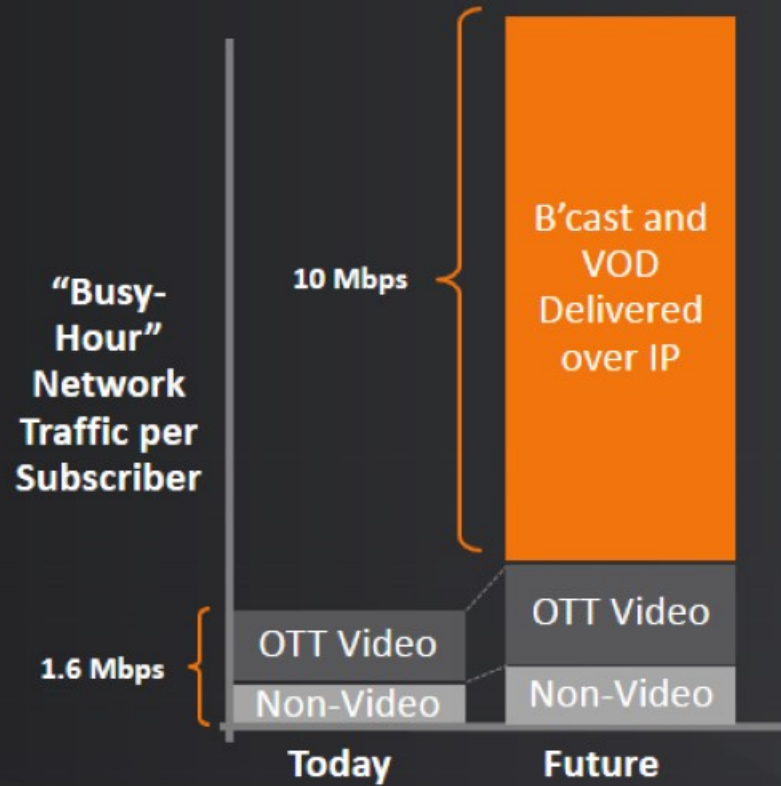
- Majority of internet traffic
- Increasing variety of content sources
- Higher quality = Higher speeds
- 37% of subscribers 30Mbps+

Internet subscription the most important element of the bundle

- Reliability and performance are key factors in consumer choice

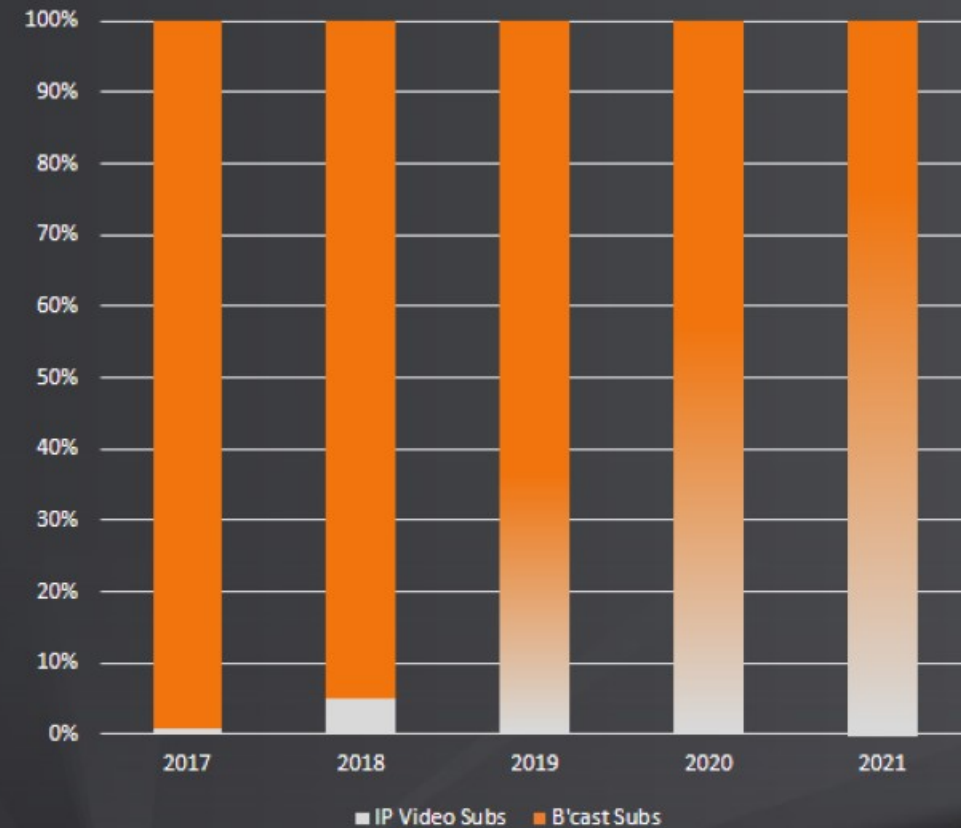
Cable Networks adopting OTT Technology

Migration from Broadcast to IP Video requires significantly more bandwidth

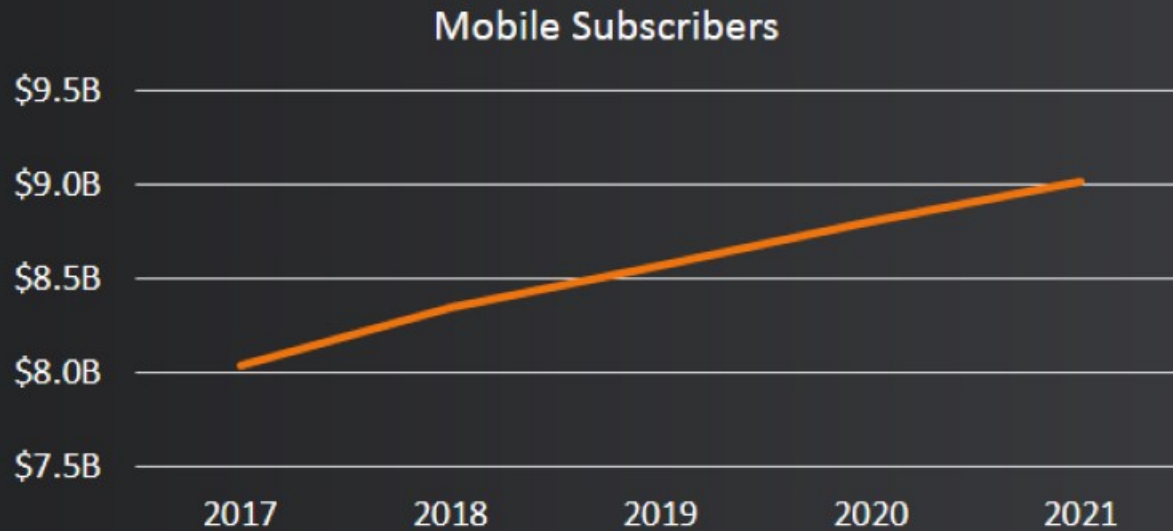


Source: ARRIS forecast based on network data

Broad migration to IP Video starting in 2018



Mobile Device Explosion Driving Offload Demand



Source: ABI Research

- Mobile Networks 7.5% of Global IP traffic in 2016⁽²⁾
- Mobile Networks forecast to be 17% of Global IP traffic in 2021⁽²⁾

- Public Wi-Fi hotspots forecast to grow from 180M in 2016 to 540M in 2021⁽¹⁾
- Mobile and Wi-Fi traffic forecast to be 63% of internet traffic by 2019⁽²⁾
- Cable operators deep fiber networks well positioned to handle offload

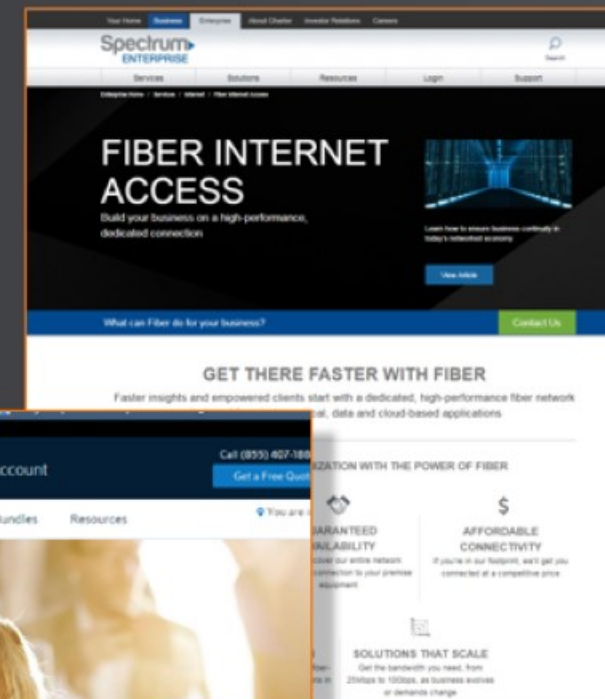
Note 1 – Source: Statista.com

Note 2 – Sources: Cisco VNI 2017

Cable Gaining Share of Business Services Market

- \$200B+ global market
- Cable gaining share and growing 20% annually
- Key services:
 - Gigabit services
 - Dedicated Ethernet
 - Double and triple play bundles
 - Mobility
 - Cloud services

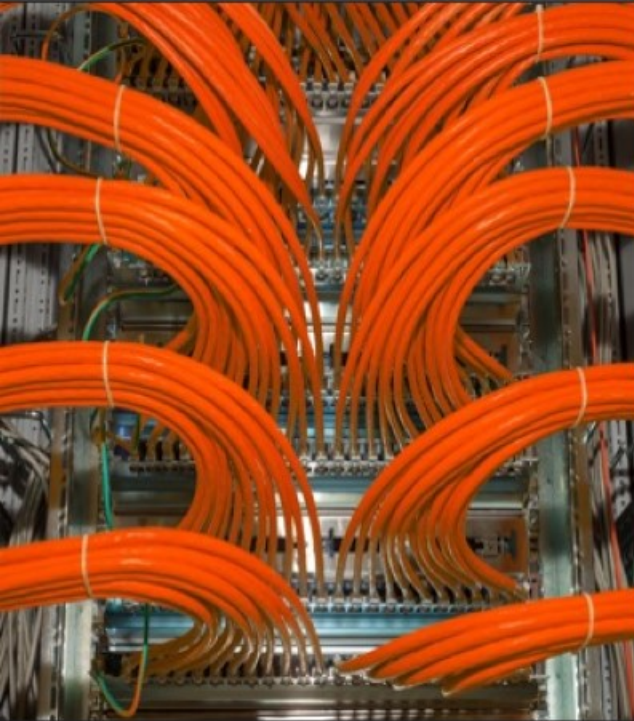
Sources: Fiercecable and Fiercetelecom



CABLE IS INVESTING TO GROW METRO-ETHERNET AND DATA SERVICES TO BUSINESSES

Access Network Technology Upgrades crucial to addressing Market Demands

Technology Upgrades



Fiber Deeper in Networks



Distributed Access Architecture

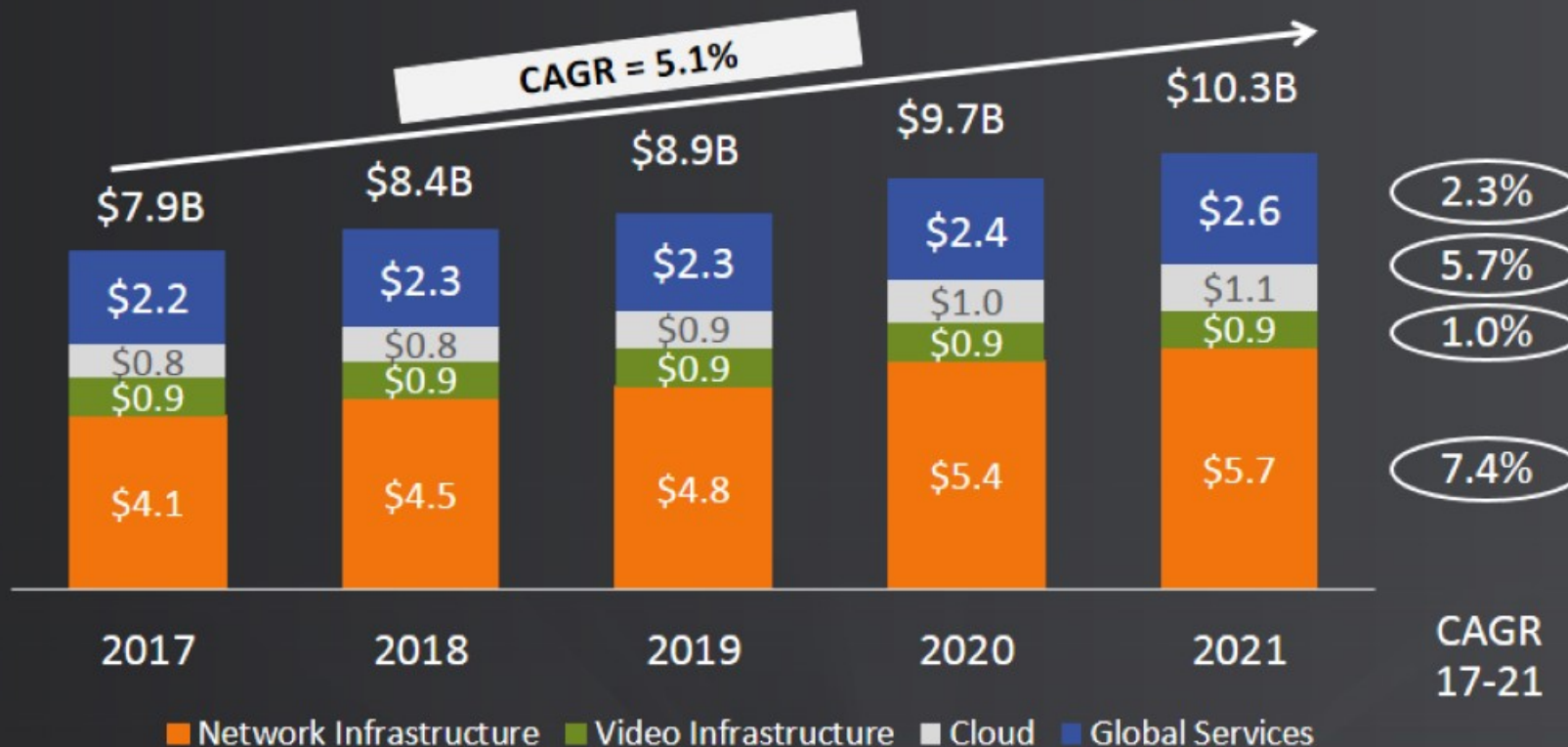


Virtualization



Network and Cloud Market Opportunity

Global Network and Cloud Serviceable Market (\$B)



Network Infrastructure – CableEdge, Access HFC, PON; **Video Infrastructure** – Encoder, Transcoder, IRDs, Advance and Linear Ad Systems, Security Solutions; **Cloud** – Assurance (On-Premise, SaaS, Home Network Assurance); **Global Services** – Network Build, Infrastructure Integration, Planning Design & Optimization, OSS Integration, Managed Services, and Wireless Consulting

Sources: ARRIS View based on I.H.S markit, Frost, TBR, ARC and IDC

STRONG GLOBAL MARKET OPPORTUNITY

Network and Cloud Portfolio Strategy



Build on CMTS and Optical Access Leadership

- Gen 2 Expansion
- DOCSIS 3.1
- Optical nodes
- Headend Optics



Expand Portfolio in Sync with Bandwidth Demand

- Distributed Networks
- Virtualized Solutions
- Full Duplex DOCSIS
- Extended Spectrum DOCSIS
- 10G EPON
- Ultra HD Encoding

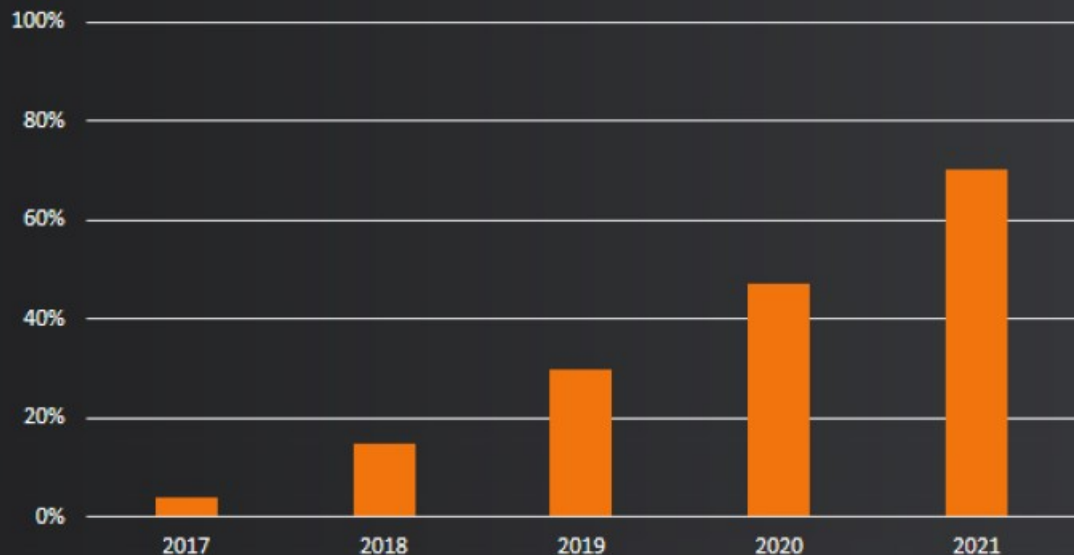


Invest in Complementary Product Lines and Services

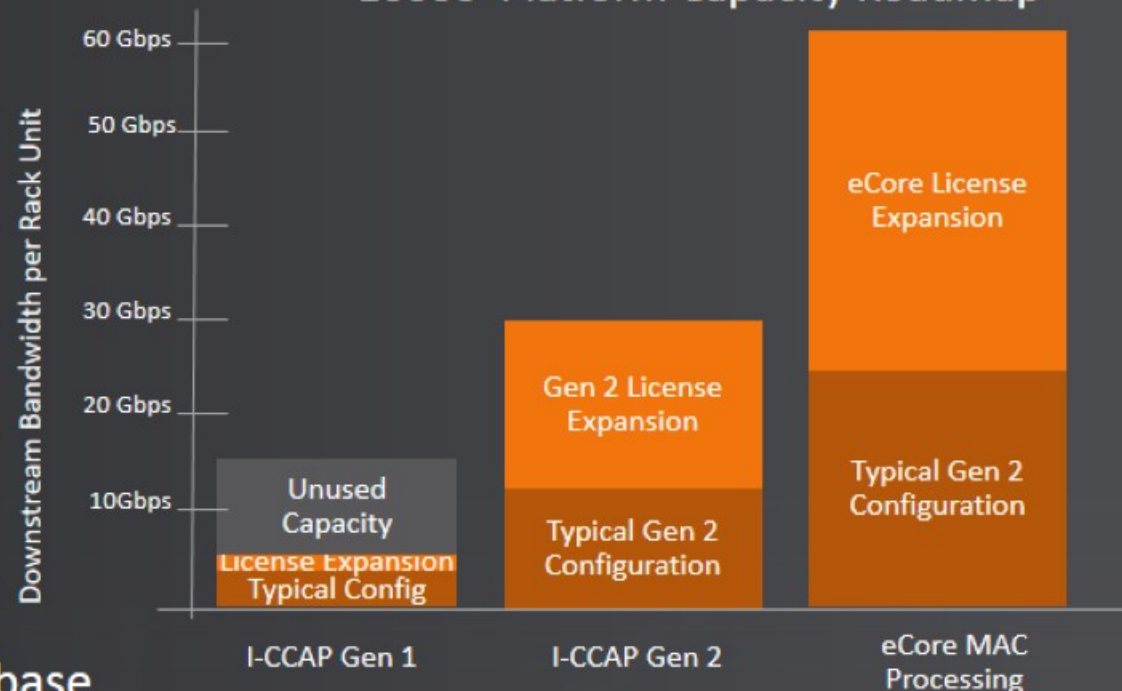
- Orchestration
- Content Management and Distribution
- Device Management
- Managed Services
- MDU Solutions

Multi-year E6000 Gen 2 Upgrade Cycle

E6000 Gen2 Installed Base Upgrade Projection



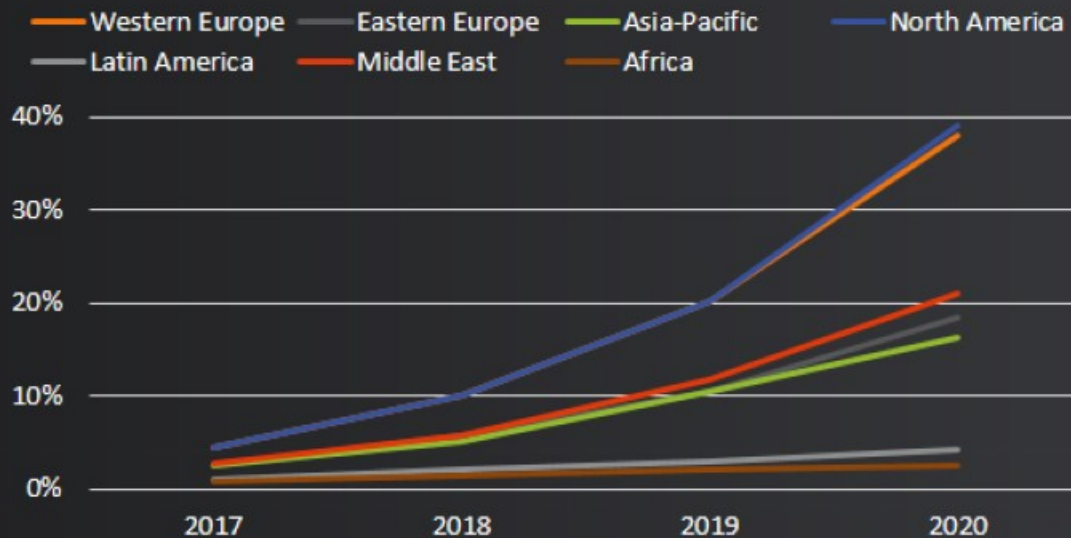
E6000 Platform Capacity Roadmap



- Gen 2 upgrade process accelerating across customer base
- Doubles density inside the same chassis footprint
- E6000 support of digital Remote Phy node (eCORE) unlocks additional capacity and increases density

DOCSIS 3.1 Technology Enabling Cost-effective Gigabit Cable Networks

DOCSIS 3.1 Deployment Forecast



Source: ABI Research

DOCSIS Evolution increases HFC network capacity

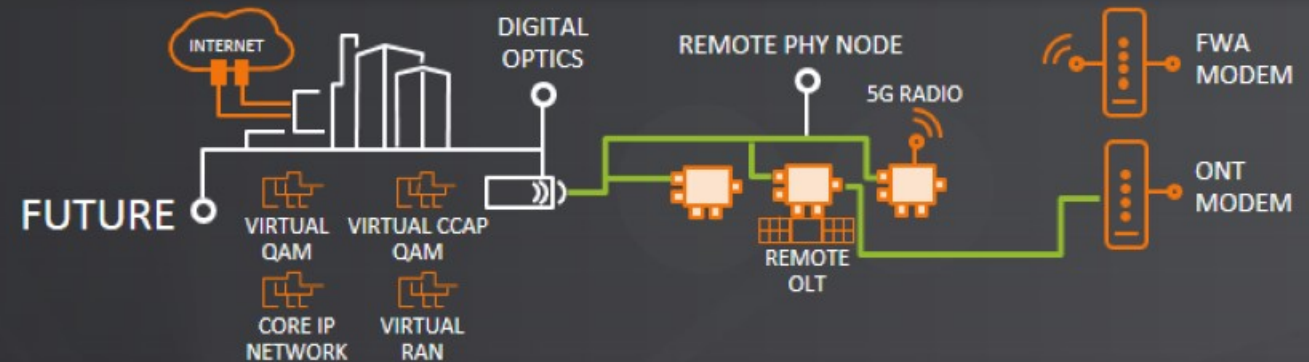
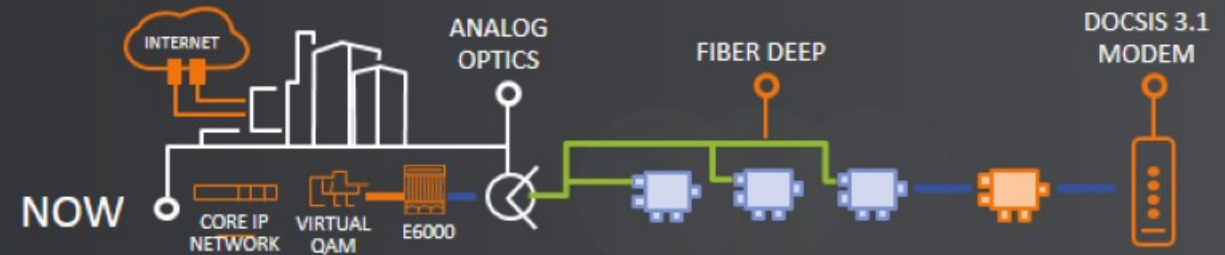
	DOCSIS 3.0	DOCSIS 3.1	Full Duplex DOCSIS
Upstream	0.1 Gbps	1-2 Gbps	10 Gbps
Downstream	1 Gbps	10 Gbps	10 Gbps

Source: CableLabs

- Up to 50% improved spectrum efficiency over current DOCSIS 3.0 networks
- ARRIS E6000 platform provides simultaneous support of DOCSIS 3.0 / 3.1 with flexible capacity license model

Cable Networks Evolving to Leverage Virtualization and Distributed Computing

- Distributed Access (DAA) potential:
 - Digital optics to extend reach and capacity with less real estate
 - Provide more intelligence and programmability reducing Opex
 - FDX providing Symmetrical Gigabit Services
- ARRIS positioned to grow with DAA:
 - Existing E6000 CCAP platform supports DAA via SW upgrade – lower cost leveraging current investments
 - Incremental DAA devices, shelves, and SFPs
 - New Node deployments and existing Nodes upgradeable to support DAA, PON, or LTE



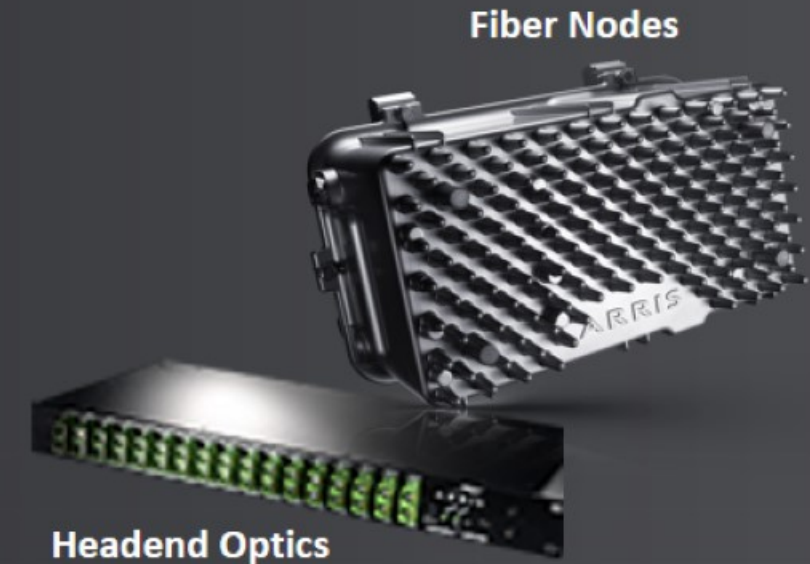
Leading the CCAP Evolution to Distributed Access

- Industry-leading E6000 CCAP installed base is the foundation for CCAP and Distributed Access evolution
 - Continued expansion of installed base with bandwidth licensing is economically attractive for operators
 - Evolution to more complex DAA solutions using the same E6000 chassis via software upgrade is a low risk alternative for MSOs
 - Virtualization using ARRIS expertise and Software will provide a more consistent implementation across the entire eco-system
 - Support for other DAA solutions, like EPON in the same chassis
- Distributed Access supplements I-CCAP for long reach fiber nodes and greenfield deployments initially
- Distributed Access growth as technology matures and network automation and intelligence help simplify the solution and improve operational efficiency



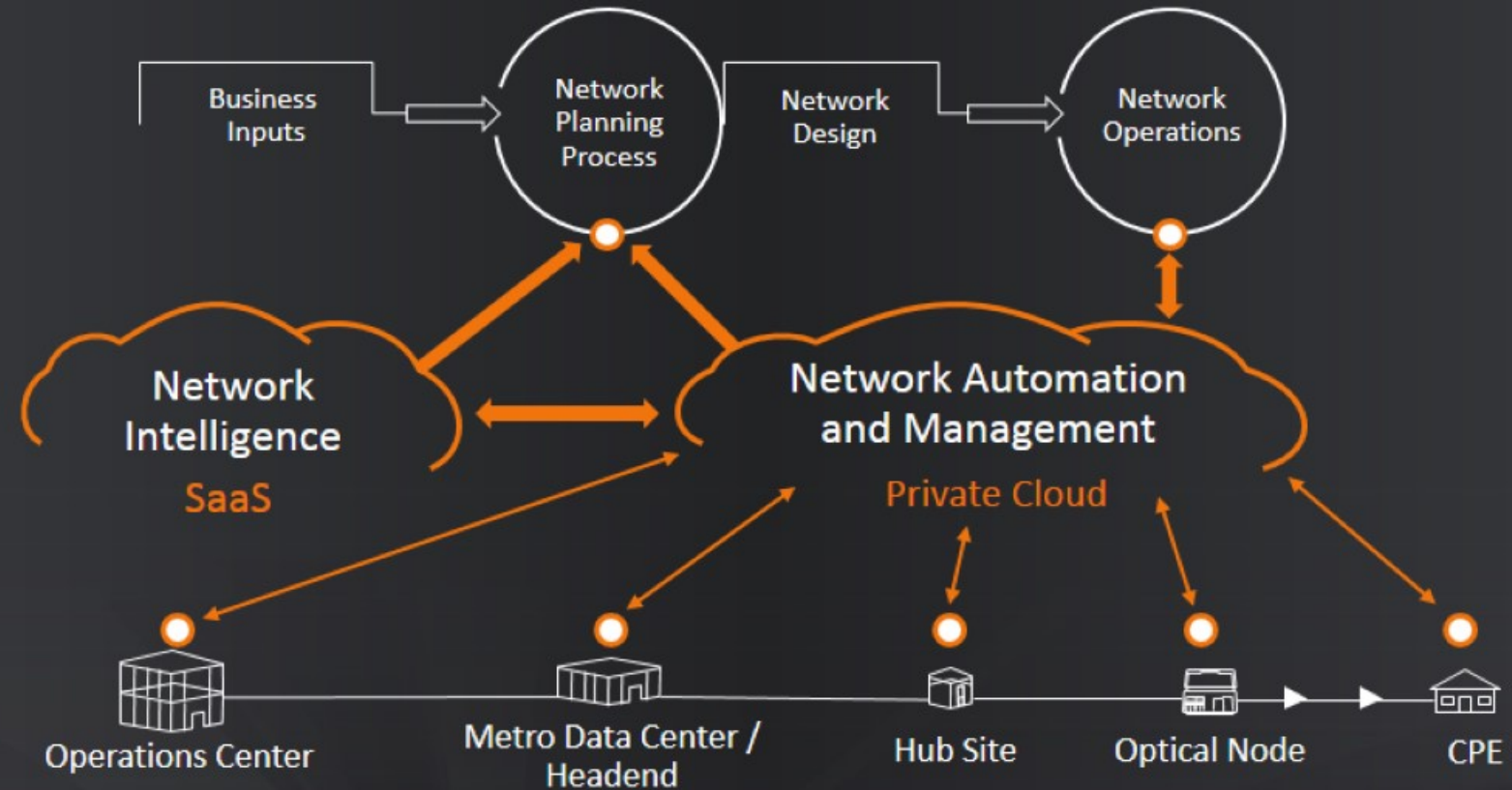
Well Positioned in Growing Cable HFC Segment

- Industry leading positions in both Analog and Digital Optics
- Global investment to extend fiber networks deeper and gain capacity
 - Extensive construction work
 - Smaller Service Groups allow for increased subscriber Internet capacity, and is creating strong Fiber Node split demand
- Transition to digital fiber optics to support Distributed Access Architecture
- Optical Nodes platform potential:
 - Upgradeable to FTTH, PON, 5G backhaul, Metro-Ethernet, Wireless and other network technologies



Network Orchestration and Automation

- Distributed Access Architecture needs network automation for efficient operation and reliable service
- Big Data analytics provides insights to manage traffic and predict network growth
- Virtualized implementation builds on open source software
 - Software Defined Networks
 - Network Function Virtualization



FTTH 10G EPON Options Available

- RFoG
 - Currently the largest FTTH technology being deployed by our customers
 - ARRIS is the performance leader in this technology
- 10 EPON Options
 - ARRIS has the widest selection of EPON technologies available to the MSO Industry
 - DPOE 2.0 Compatibility
 - Headend and Node Based Variants
 - 300k EPON-ready ARRIS Nodes deployed
 - EPON Extenders designed to better utilize EPON architectures
- EPON is a fast growing market with a 17% CAGR ⁽¹⁾
 - Provides 10G symmetrical services
 - Suitable for Business Service Customers

10G EPON Installs
in E6000 Chassis

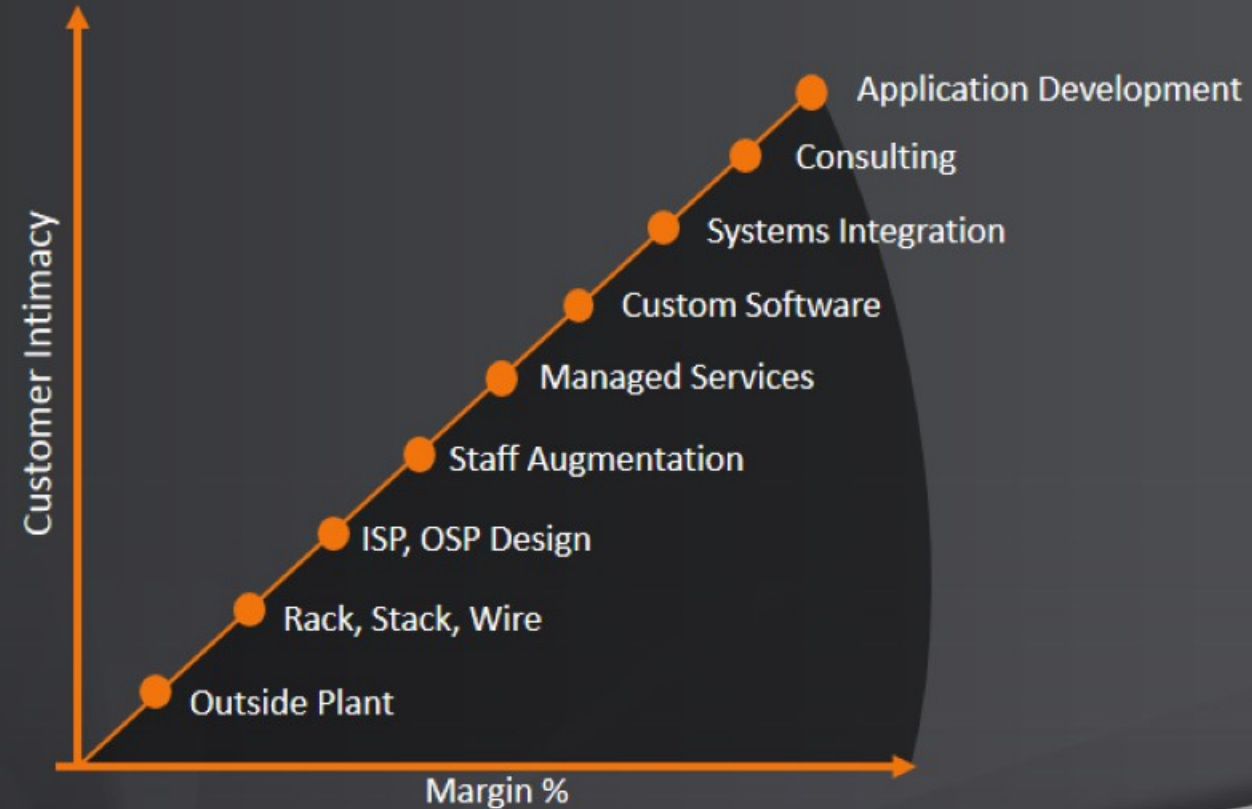
Remote 10G EPON
in Optical Node



1 - Source IHS Markit

Software and Services Business Poised for Continued Growth

- Expanding into higher value and higher margin
- Improved customer diversification
- Growing managed service business to support DAA, Virtualization, and Business Services
- Custom software development programs to provide service providers with differentiated services



- Projecting 4 -7% long term annual growth with margin stability
- Building on leading share in CCAP and Optical Access
- Near-term growth driven by:
 - E6000 capacity licensing and Gen 2 upgrades
 - Optical Access bandwidth expansions and upgrades
 - Roll-out of initial Distributed Access Architecture
- Longer-term growth driven by convergence of services on one network
 - Platform extensibility of the E6000 CCAP and OM6000 Node
 - Business services and Metro-Ethernet, Mobile traffic, Wi-Fi, CBRS
 - Intelligent software to manage complexity of virtualization and DAA
- Growing software & services business



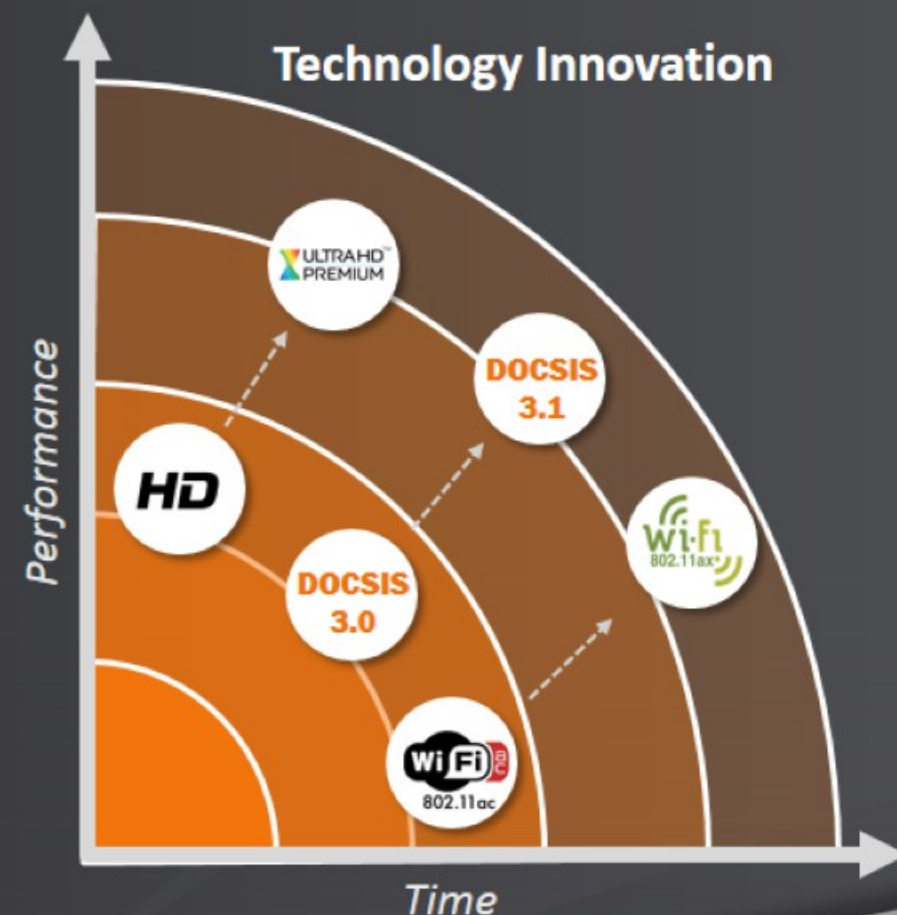
LEADING INDUSTRY POSITION IN A GROWING MARKET!

Customer Premises Equipment

Larry Robinson

CPE Segment Summary

- \$20B+ market driven by technology upgrade cycles
 - Demand for gigabit-capable broadband services accelerating
 - UltraHD shift underway incorporating greater OTT options
 - International investment increasing in video & broadband
- Worldwide market leader in Service Provider CPE
- Managing business for profitability
 - Grow international position with solid margin contributions
 - Maintain U.S. market leadership
 - Drive product cost reductions, improved mix & market pricing



FOCUSED ON PROFITABILITY AND CASH GENERATION

Segment Overview

- 2017 Segment results
 - \$4.48B revenue / \$437M adjusted direct contribution
- Industry leading product portfolio
 - ~50M devices shipped annually
 - Evolving product mix – 60% video & 40% broadband
- Strong market positions
 - #1 Set top supplier Worldwide¹
 - #1 Broadband CPE supplier in Americas²
 - #2 Broadband CPE supplier Worldwide²
- Service Provider & Direct to Consumer channels

CUSTOMER PREMISES EQUIPMENT

- VIDEO PRODUCTS – STB & SERVER IP, QAM, OTA, SATELLITE
- BROADBAND & NETWORKING SOLUTIONS FIBER, DSL, DOCSIS, LTE/CBRS



Note 1 – Source: IHS Markit, IHS STB Intelligence Databases, Global Set-top Box Market, Q3 2017 Publication. Data represents Q2 2017 IHS estimates

Note 2 – Source: IHS Markit, IHS Technology, Broadband CPE Market Tracker, Q4 2017. Data represents Q3 2017 IHS estimates

MARKET LEADER FOR SERVICE PROVIDER CUSTOMER PREMISES EQUIPMENT SOLUTIONS

Market Trends Enabled By Technology Advances

Gigabit Broadband Access



DOCSIS Evolution
(DOCSIS 3.1 / FDX)

G.Fast

Next Generation
FTTx / PON

Fixed Wireless
Broadband (LTE, CBRS)

Video Device Evolution



Enhanced Resolution
& Dynamic Range

OTT Integration

Smart Home
Interface

Non-graphical UI;
Ambient voice

Wi-Fi Momentum



Intelligent Mesh
Networking (Multi-AP)

802.11ax / ad

IoT Ecosystem
Interoperability

Self Install /
Management

Smart Home Solutions



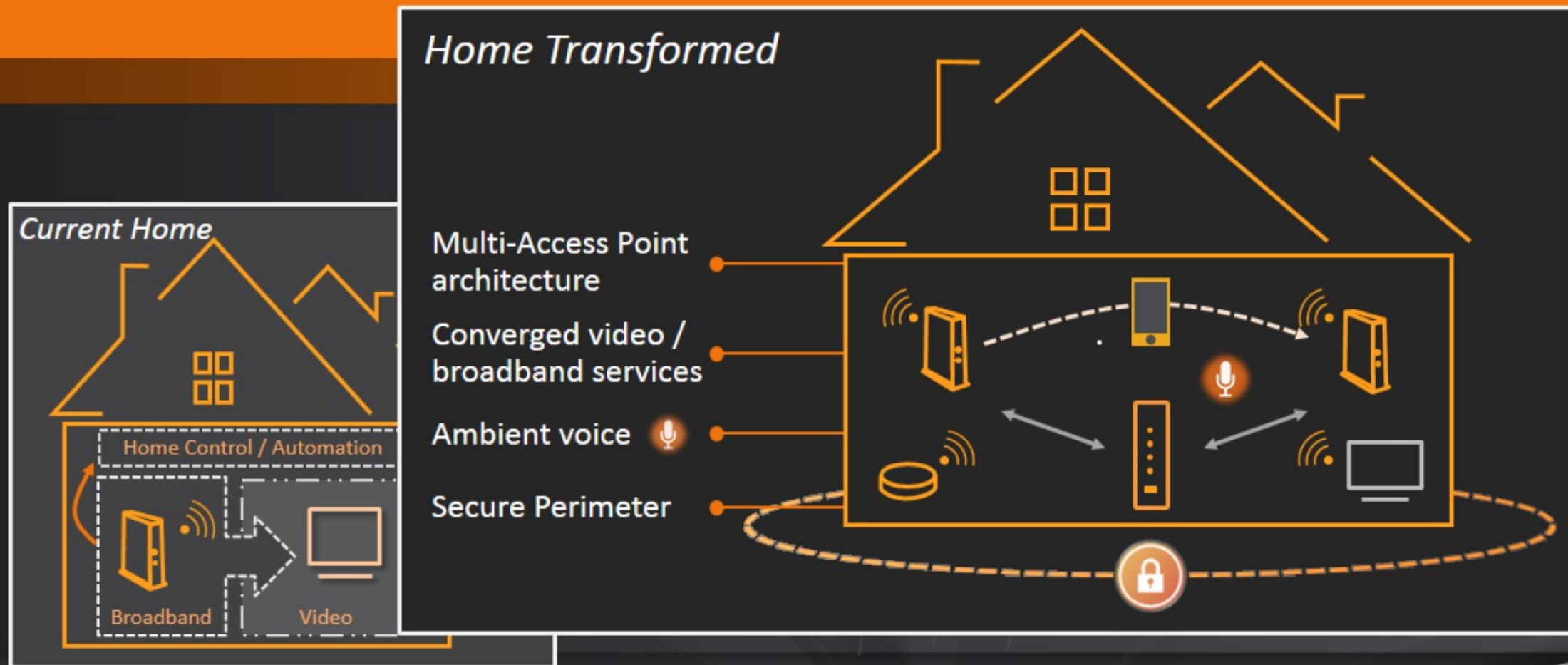
Always Connected
Sensors

Security

Data Storage
Solutions

Cloud-centric Control
& Management

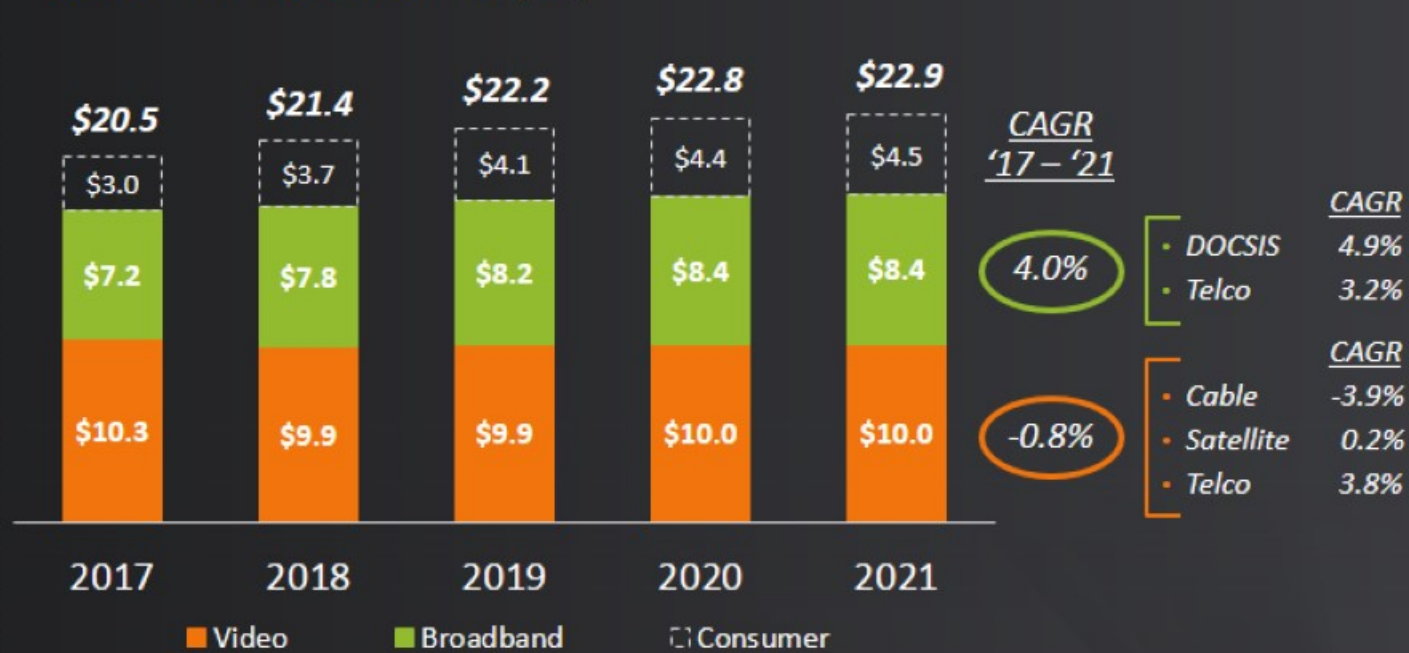
Market Trends Driving Home Evolution



SEAMLESS INTEGRATION OF IP SERVICES ENABLES NEW CONSUMER EXPERIENCES & DRIVES INVESTMENT

Significant Addressable Market

Global Market Forecast (\$B)



United States (\$B)



Rest of World (\$B)



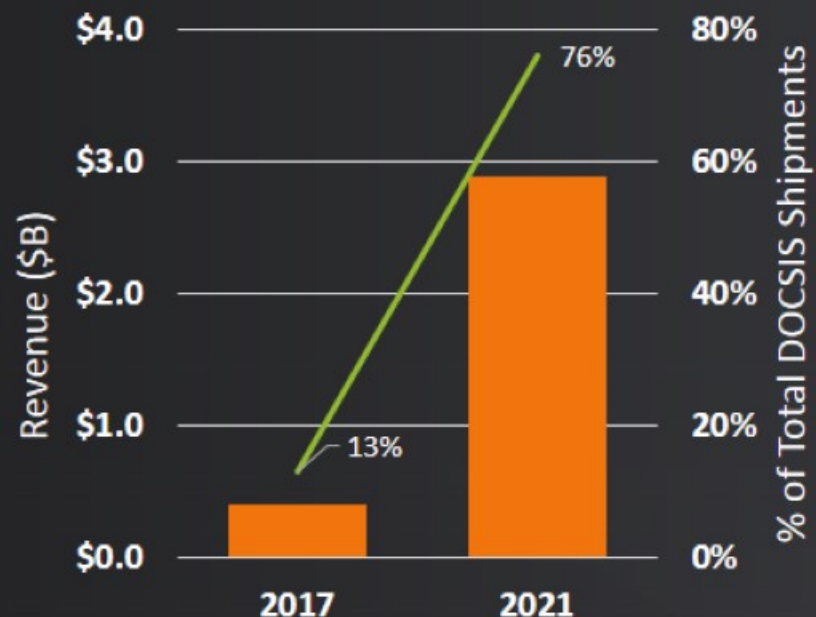
Source: ARRIS 2017 SAM & Share Analysis – IHS, SNL Kagan, F&S, ABI, ARC, Ovum, TBR and ARRIS Estimates.

Video includes Cable, Telco IPTV and Satellite STB (SD/HD/UHD, non-DVR/DVR, Multimedia Gateway, SD/HD DTA); Broadband includes Cable Modems, Broadband Gateways, EMTAs; ADSL, ADSL+, G.Fast, VDSL CPE, ONT Residential Gateway (Active Ethernet, EPON, GPON); Consumer includes retail WiFi Routers, WiFi Extenders - MoCA, HomePlug, HPNA and WiFi Only, Retail Video and select Smart Home devices

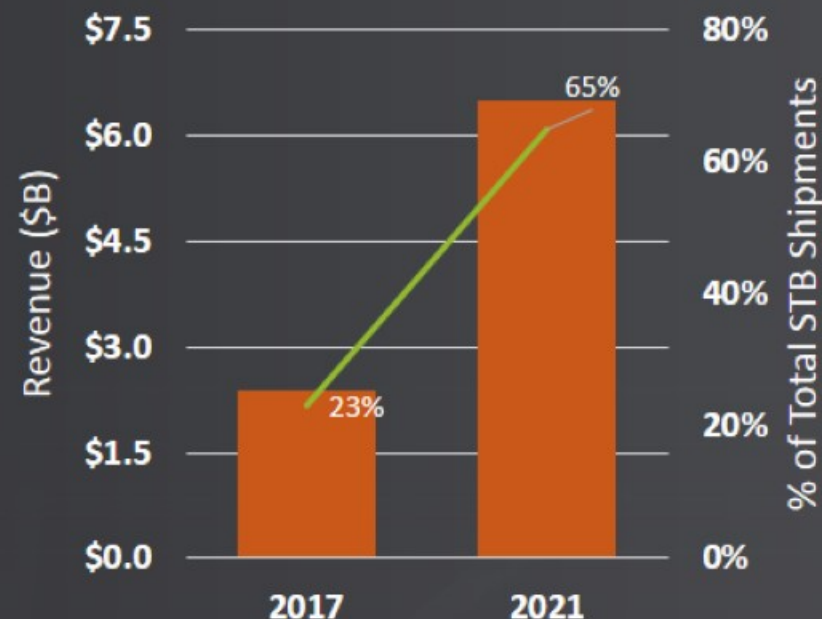
DECLINE IN TRADITIONAL U.S. CABLE SET TOPS OFFSET BY GROWING BROADBAND & INTERNATIONAL

Key Technologies Driving Upgrade Cycle

DOCSIS 3.1 Market Forecast



PayTV UltraHD Market Forecast

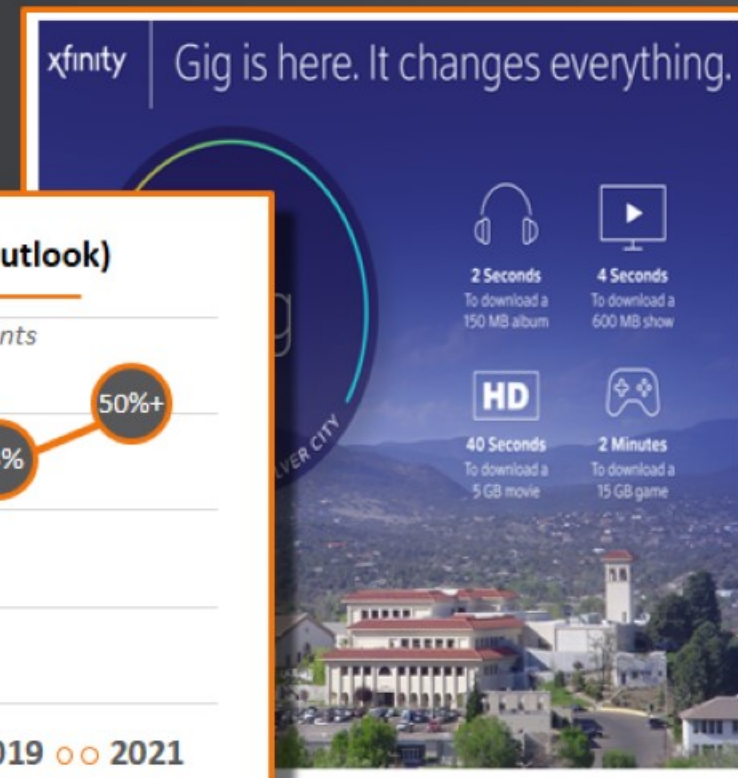
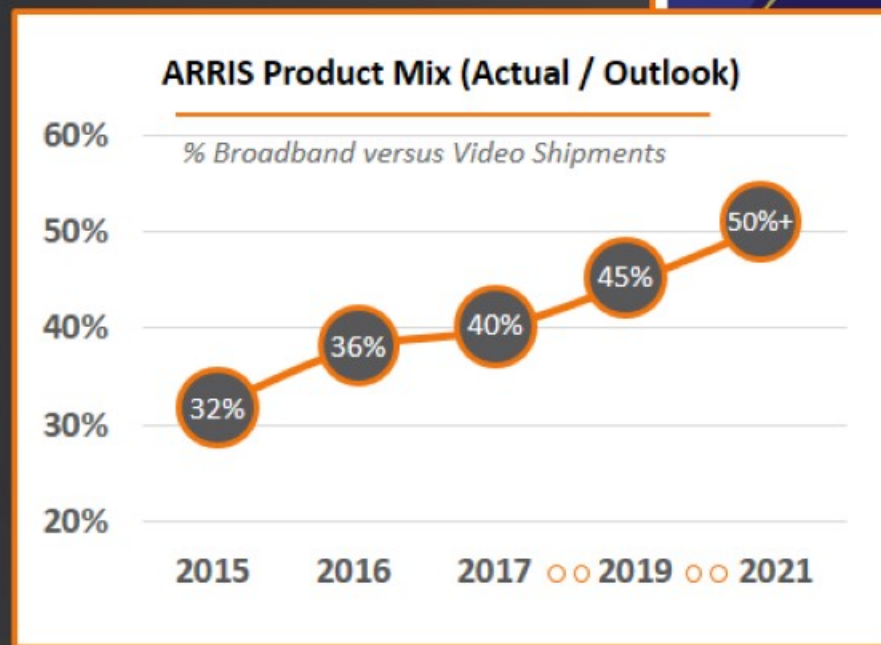


Source: ARRIS estimates (IHS, SNL Kagan, F&S, ABI, ARC, Ovum, and TBR)

TECHNOLOGY UPGRADES CONTINUE TO DRIVE THE CUSTOMER PREMISES EQUIPMENT MARKET

Product Portfolio Evolution

- Gigabit services expansion
- Residential gateway feature & capability growth
- Cable networks migration to IP-delivered video services
- Cloud-based services
 - Network Storage



INCREASING EMPHASIS ON BROADBAND OPPORTUNITY

Key Business Objectives

- 1 Build upon product leadership position**
 - Disciplined portfolio evolution / management
- 2 Expand customer connections**
 - Grow international service provider business
 - Increase direct-to-consumer solution investment
- 3 Streamline business operations**
 - Increase operational efficiency
 - Drive product cost improvements
 - Enhance OPEX leverage



FOCUSED ON CASH GENERATION & PROFITABILITY

Targeted investments to address growing broadband and international opportunities



Maintain Set-Top Market Leadership

- Technology upgrades cycles
- HDR, HFR & higher-resolution technologies
- Video over Wi-Fi
- Video application ecosystem development



Continue to Build Broadband Momentum

- Gigabit home capabilities
- High-bandwidth technologies
- Converged Services platform extensibility
- Advanced Wi-Fi management solutions
- Home network portfolio expansion



Increase Investments in Emerging Applications

- Connected home evolution
- Security Solutions
- Fiber portfolio expansion
- Fixed Wireless Access
- Retail channel growth

Comprehensive Video Portfolio

Video Devices

Digital Cable (ATSC, DVB-C)



Satellite



IPTV



Video Processing & Distribution

Connectivity

MoCA2.0



Wireless

Video Processing



Compression



High Dynamic Range

Software

Middleware Solutions



androidtv



Key Software Providers

NETFLIX

xfinity x1

MediaFirst



Gigabit Broadband Portfolio

Broadband Devices

Cable Modems



Cable Gateways



Telco xDSL Solutions



Fiber / LTE Gateways



Extenders / Adapters



Access Network Technology

DOCSIS 3.0 → 3.1
EuroDOCSIS

FDX

ADSL

VDSL2

G.Fast

10G PON

NG-PON2

XGS-PON



Home Networking Solutions

Wired Networks

MoCA2.0

MoCA2.0 Channel Bonded

NBASE-T™

Multi-Gigabit Ethernet

Wireless Interfaces



802.11AC
DBC

10G WiFi

8x8 WiFi



Software

Cable Platform Code



Telco Platform Code



Wi-Fi Management Software



Video Devices



- Comprehensive product line-up
- Video systems & processing expertise
- Robust product design & security
- Middleware integration & optimization

Telco Broadband



- Modular / flexible architecture
- Proven software stack
- Wi-Fi mgmt with extender features
- Ruckus LTE CBRS pre-integration

Cable Broadband



- Broadband network expertise
- In-Home Wi-Fi management
- Network security
- Customized software solutions

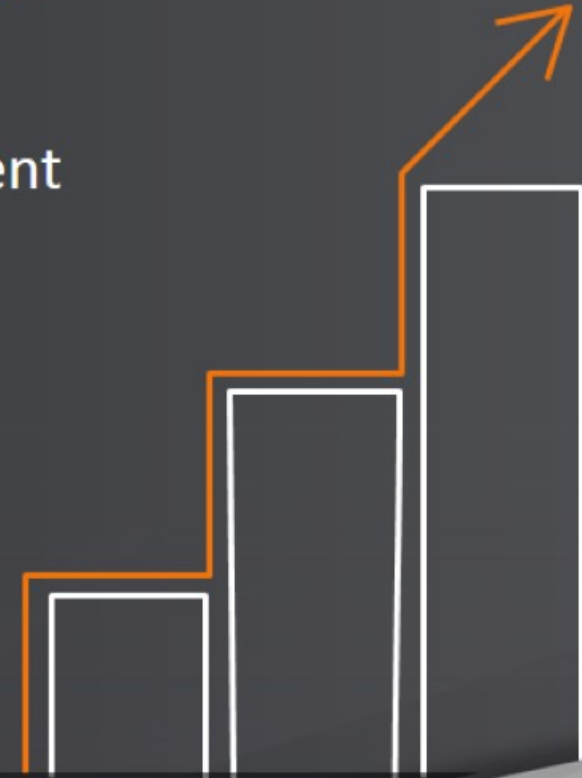
Operational Excellence



- Industry scale
- Supply chain agility
- Global Services capabilities
- Customer intimacy

**COMPELLING PRODUCTS COMPLEMENTED
BY ARRIS NETWORK SOLUTIONS**

- Market leader with blue-chip customers and diverse product portfolio
 - Deeply embedded in customers' core operations
- Growth in bandwidth demand driving increased broadband investment
- Managing for profitability and cash generation
 - Projecting long term sales trend of -5% to +1%
 - Targeted investments in broadband and international growth opportunities
 - Improved price / cost stability
- Further simplifying business operations to drive greater efficiency

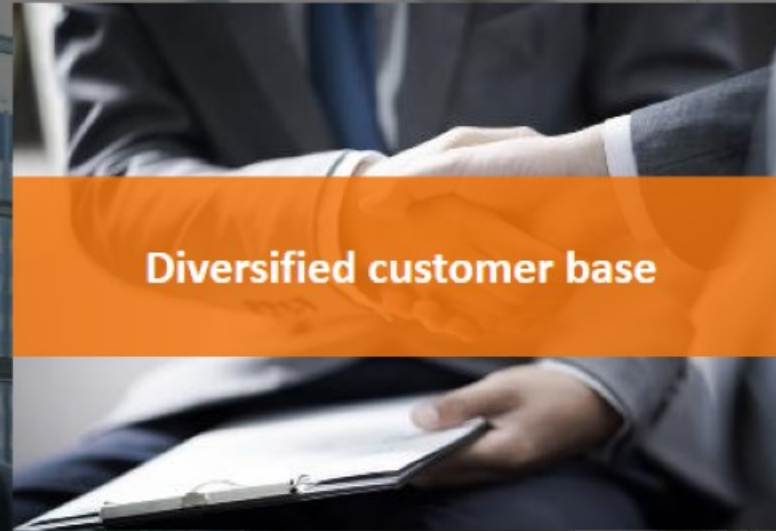


FOCUSED ON REDEFINING IN-HOME CONNECTIVITY

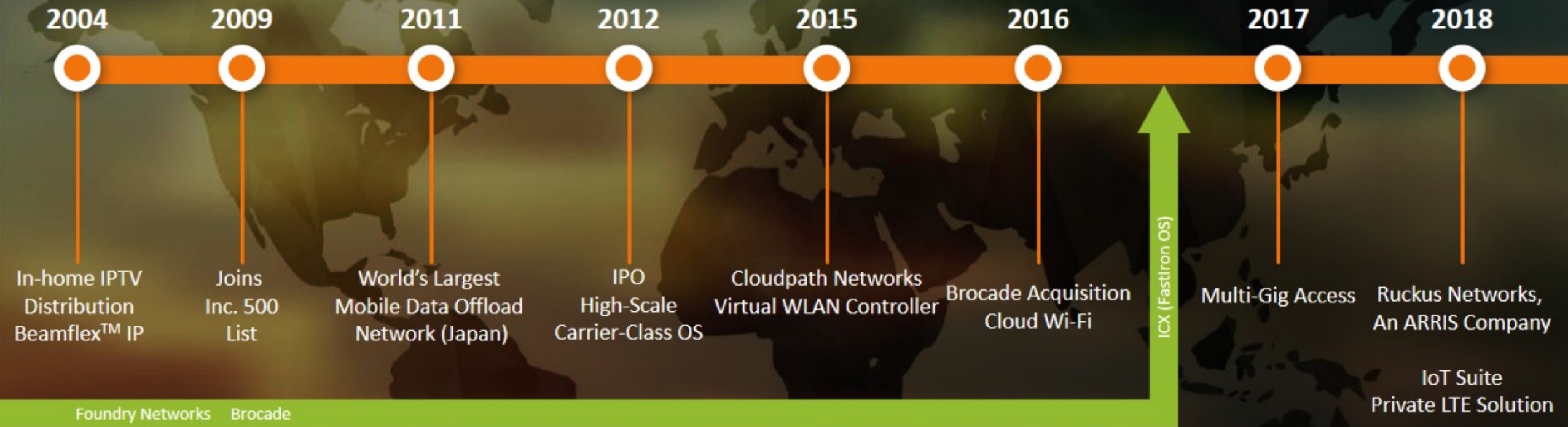
Enterprise Networks

Dan Rabinovitsj

Enterprise Networks



Fourteen Years As a Technology & Industry Leader



Enterprise Networks by the Numbers

100,000
End Customers

8,000+
Partners

150
Countries

200+
Service Providers

700+
Engineers

7
R&D Centers

13
Tech Support
Locations

160
Parts Depots
In 40+ Countries

1,700
Employees

#1
Hospitality
Wi-Fi

#1
Service Provider
Wi-Fi

These Organizations Trust Ruckus

Intersection
LinkNYC

US Federal
Government

1000s

APs on the streets
of New York

3700+

hotels in
30+ countries

**100k +
People**

using Ruckus everyday

**\$1B Wired
TAM**

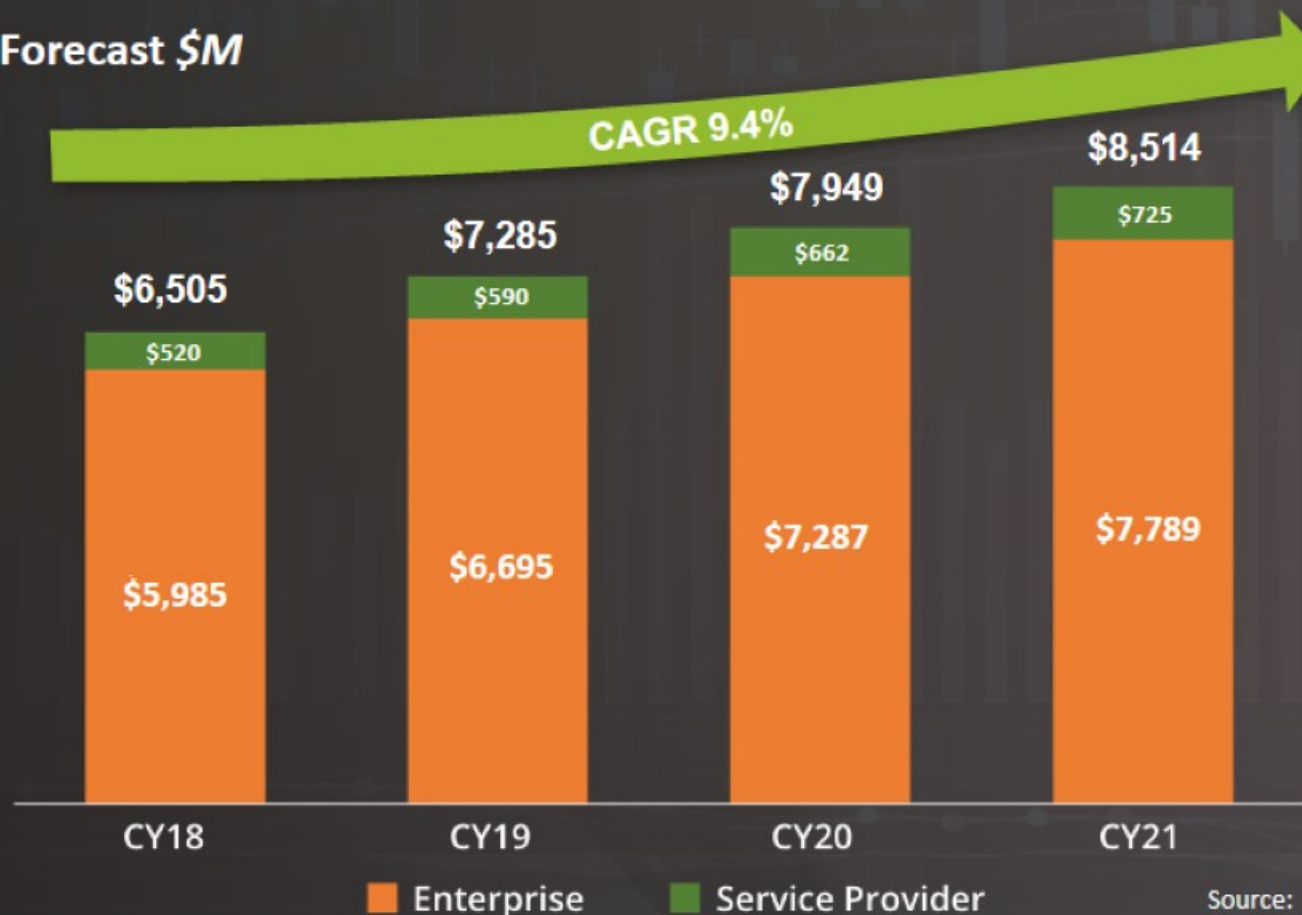
New Wi-Fi opportunity

4 Use Cases:

Public WiFi, LPV, SMB,
Business Class

Enterprise Networks Addressable Market

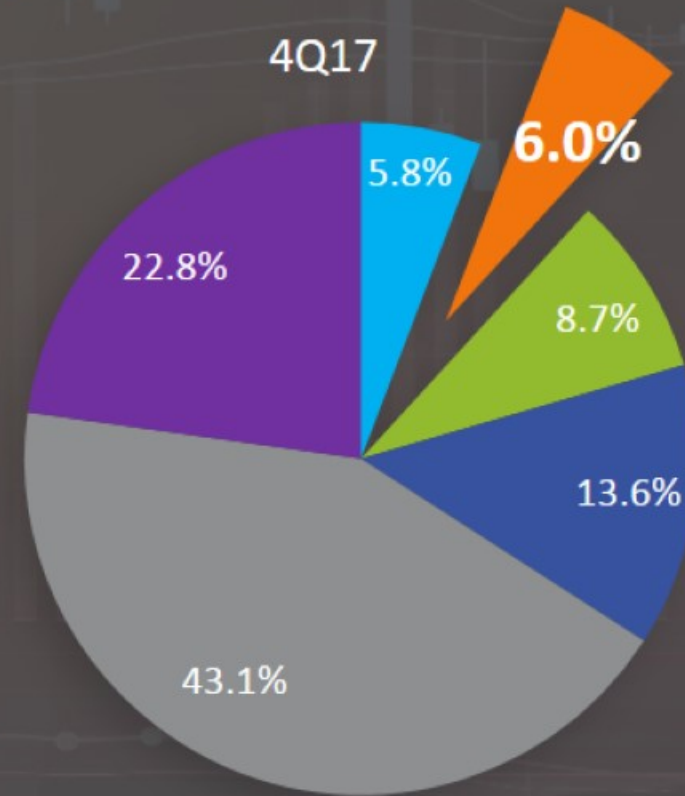
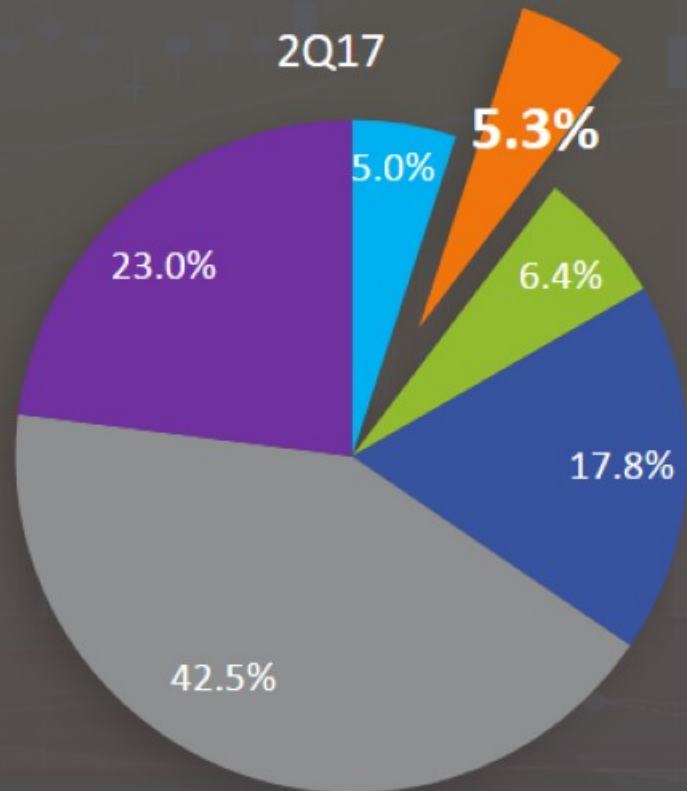
WLAN Market Forecast \$M



ENTERPRISE WIRELESS AND WIRED NETWORKING OPPORTUNITY \$15-17B PER YEAR

Building Momentum

WLAN Market Share



■ Ubiquiti ■ Ruckus ■ Huawei ■ HPE Aruba ■ Cisco ■ Other

■ Ubiquiti ■ Ruckus ■ Huawei ■ HPE Aruba ■ Cisco ■ Other

Source: Dell'Oro

Trends Shaping the Future of Enterprise Networking and Public Wi-Fi

Secular Upgrades to Higher Performance Networking

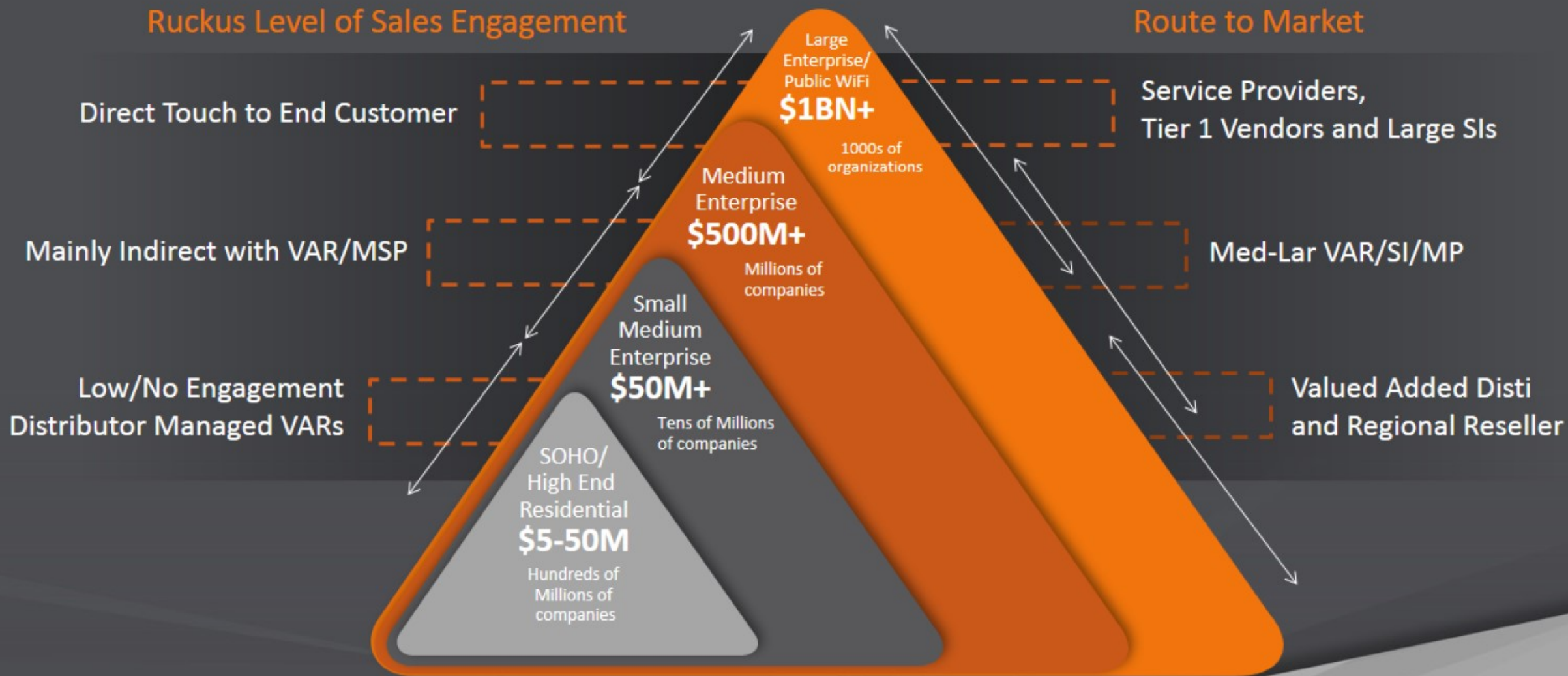
Broadband for the Next Billion People

Smart Cities and IoT

Managed Services



How the Sales Model Works



Note: 90%+ of all Enterprise business is fulfilled through 2-tier distributors

Target Verticals



SMART
CONNECTED
CITIES



SMB



FEDERAL



LARGE PUBLIC
VENUES



K-12 / HIGHER
EDUCATION



HOSPITALITY

Networking, Software & SaaS Portfolio

Software & SaaS

Security & Policy



Cloudpath

Network Intelligence



SCI

Location



SPoT

Control & Management

Physical Appliance



SmartZone | ZoneDirector

Virtual Appliance



SmartZone

Cloud-managed



Ruckus Cloud Wi-Fi

Controller-less



Ruckus Unleashed

IoT



Ruckus IoT Controller

Switches

Access



ICX 7150

Aggregation



ICX 7250



ICX 7450



ICX 7650

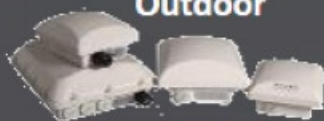
Core



ICX 7750

Access Points

Outdoor



T, P Series

Indoor



R Series

Specialty



H, C Series

LTE



Q Series

2018 Focus Areas



Ruckus Cloud



Dell OEM and
Strategic
Partnerships



Commercialization
of OpenG



Expansion of our
Federal
Government
Mission

ARRIS INVESTOR DAY 2018

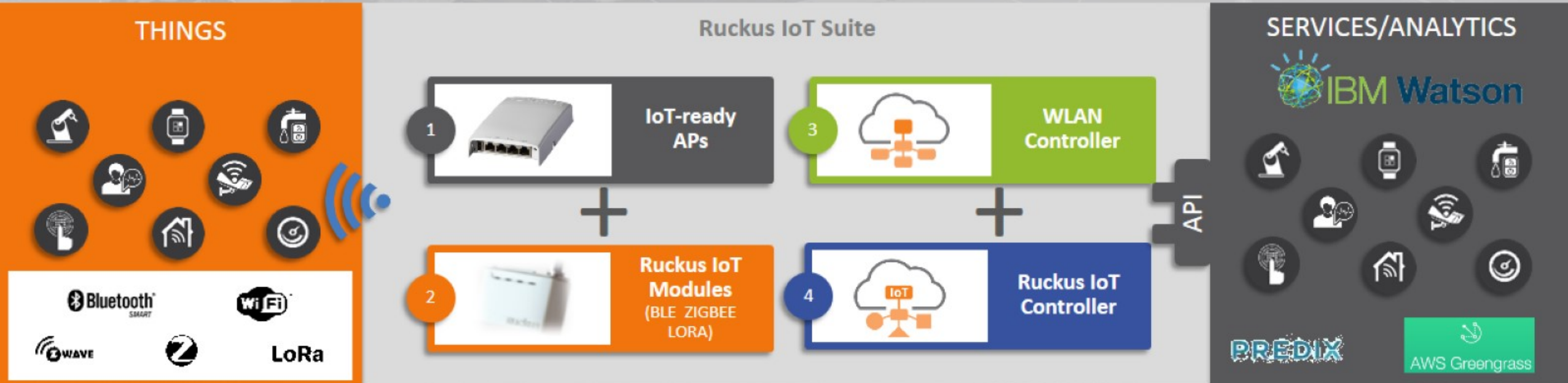


Vertical Market
Expansion into
MDU and Retail



Network
Intelligence
and IoT

Connecting THINGS to SERVICES and ANALYTICS



THE NEW MATH (2018)

11ax + 11ay + CBRs = 5G

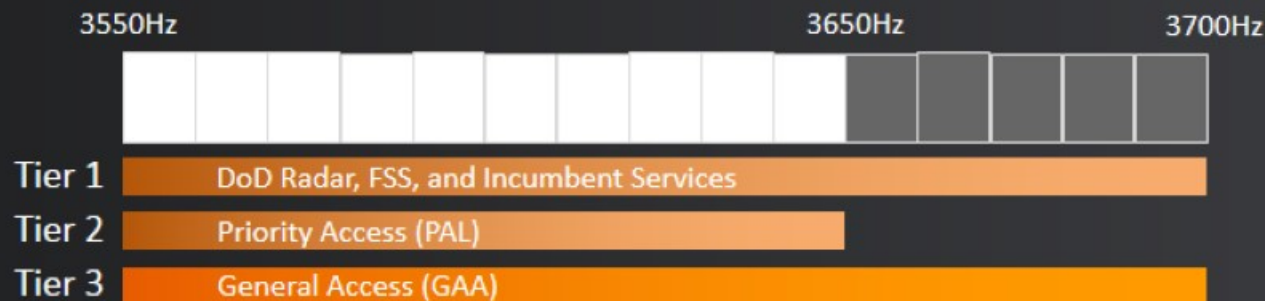
Technology Talk - CBRS

Steve Martin

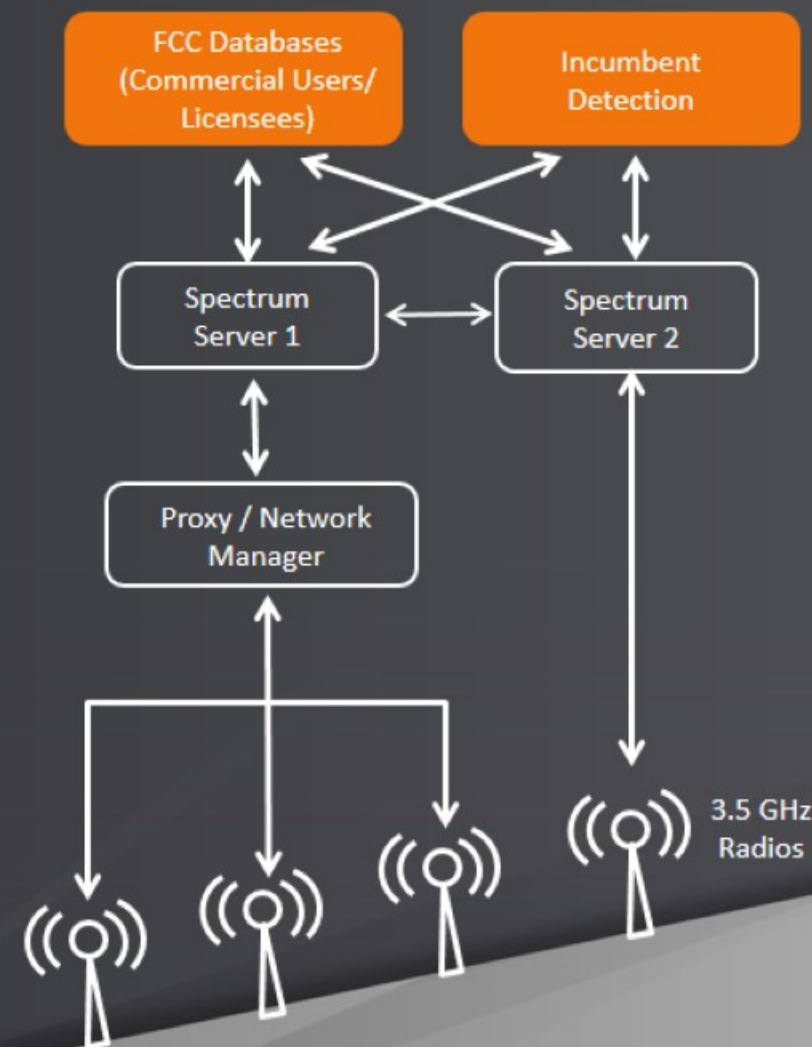
THE NEW MATH (2018)

$$11ax + 11ay + \text{CBRS} = \underline{\underline{5G}}$$

U.S. CBRS – Innovative New Spectrum Sharing Model



- Citizens Broadband Radio Services (CBRS)
- 150MHz in 10MHz blocks @ 3.5 GHz
- Three tier dynamic spectrum sharing system
- FCC order released April 17, 2014 (updated 2016)
- FCC rule modifications under consideration (expect May 2018 ruling)
 - Proposed larger PAL license areas
 - Proposed longer PAL terms with renewability
 - Proposed relaxed emission masks to support wider channel operation
- Commercial service launch expected 2H 2018

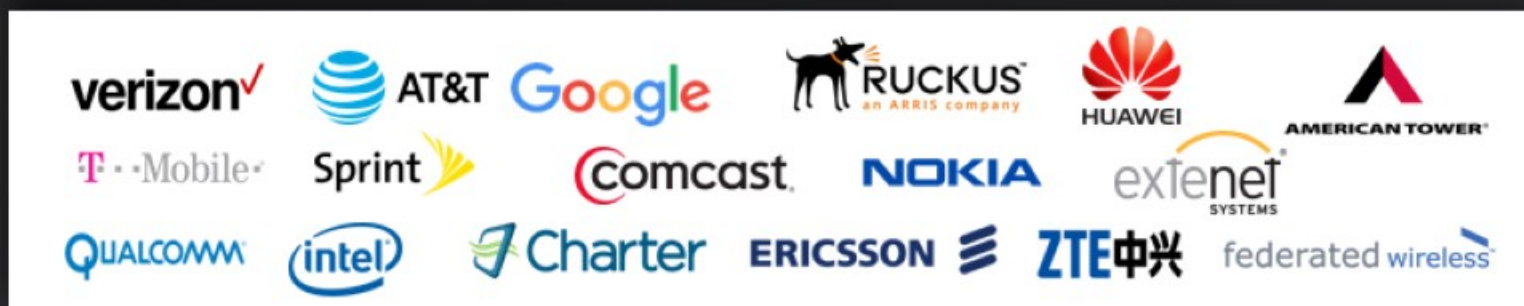




Mission & Purpose

Support the development, commercialization, and adoption of LTE solutions for the US 3.5 GHz Citizens Broadband Radio Service (CBRS)

- Evangelize CBRS technology and applications
- Drive necessary technology requirements (Coexistence, Radio, E2E Services)
- Establish certifications to ensure vendor interoperability



... 85 MEMBERS AFTER JUST 18 MONTHS!

OpenG for CBRS – The Best of Both Worlds

LTE

Licensed Spectrum

Exclusive to mobile operators

Small number of carriers each control 100-200MHz of spectrum

Dependable QoS, range, security, mobility of LTE

Expensive, large barrier to entry

OpenG

Coordinated Shared Spectrum

Lightly licensed, cost efficient

Anyone can deploy, but central spectrum management required

Combines dependability, security, mobility of LTE with cost model and deployment flexibility of Wi-Fi

Wi-Fi

Unlicensed Spectrum

Open for everyone to use

Anyone can deploy and use, unmanaged spectrum

Variable QoS, shorter range, and limited mobility of Wi-Fi

Very low cost, no barrier to entry



“We leave behind the tired notion that we face a choice between licensed and unlicensed airwaves”

- Jessica Rosenworcel, FCC Commissioner

Disrupting Mobile Infrastructure with OpenG™



Telco/WISP

Fixed Wireless
Access

MNO

Mobile Capacity
Augmentation

MSO

Alternative Mobile
Footprint

Enterprise/MSP

Private LTE

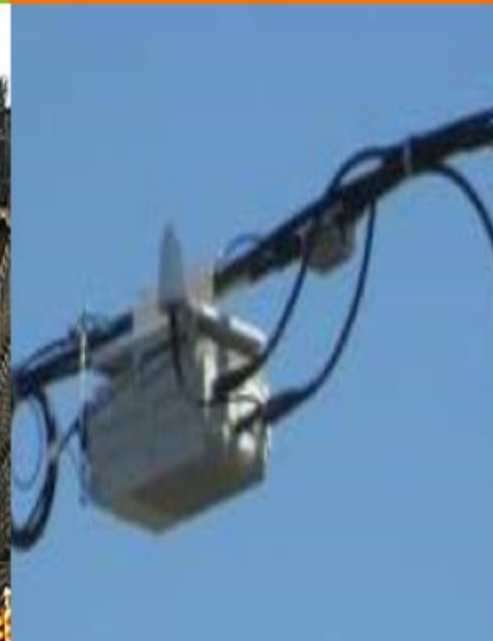
Enterprise
Neutral Host



Broadband Access
Rural Connectivity



Low cost capacity boost
to mobile networks



No cost MVNO within
wired footprint
Residential, Enterprise
and Outdoor Strand



Financial, Transportation,
Government, Oil & Gas,
Manufacturing, Shipping,
Healthcare

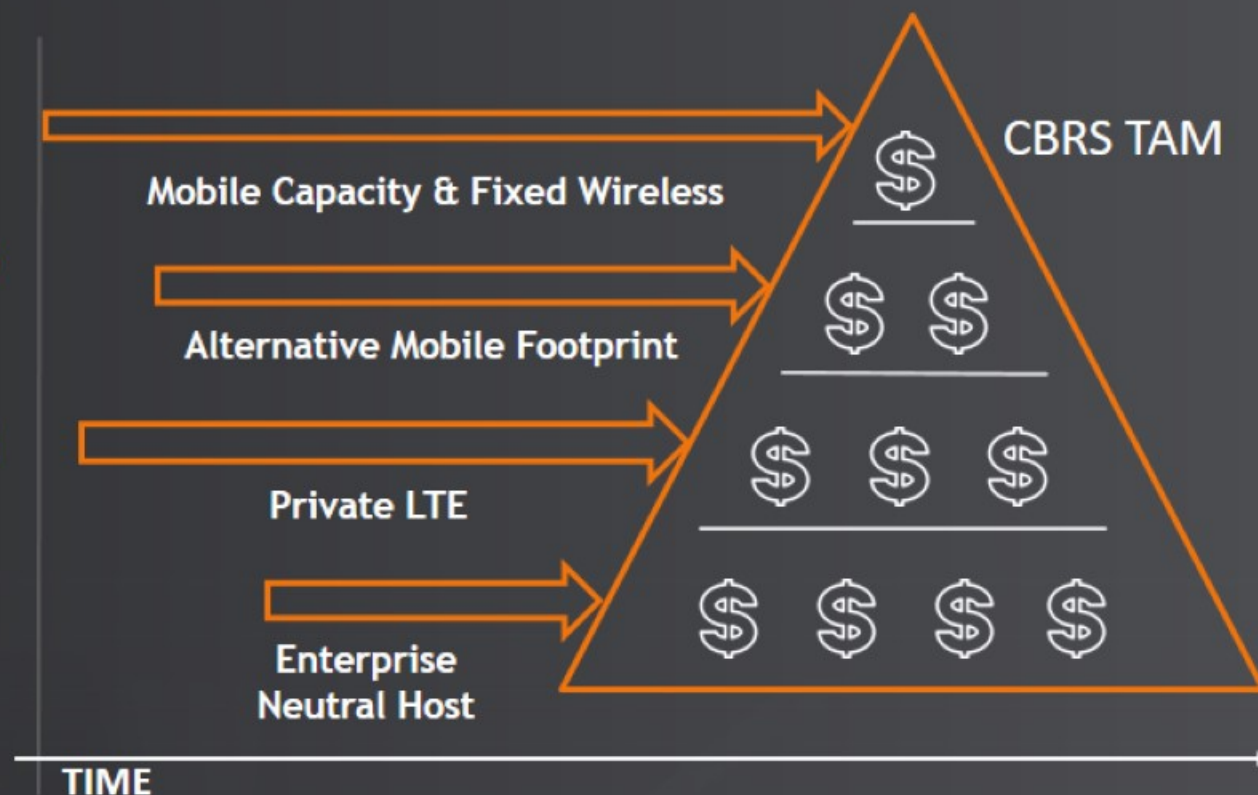


Lower cost and
complexity versus
Distributed Antenna
Systems (DAS) or MNO-
specific small cells

U.S. CBRS Market Outlook & Timing

Market Overview

- Potential to grow to \$1B market over five years
- Disruptive to current indoor DAS market
- New opportunities in Industrial IoT and Federal
- Enterprise Neutral Host business drivers critical
 - Ruckus distribution channels are a key asset



Additional Ruckus/ARRIS opportunities in international and alternate spectrum bands

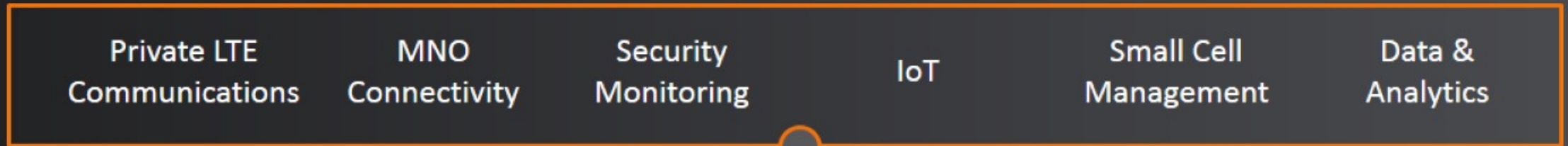
Customer Field Trial Momentum

Trial Activity/Sophistication Continues to Increase

- 15 complete, 6 in progress, 7 pipeline
- Largest trial 90 nodes indoor/outdoor
- Spanning multiple market segments
 - MSO/MNO
 - Managed Service Provider
 - Enterprise Private LTE
 - International



The CBRS Opportunity for Enterprise MSPs



Wireless - The 4th Utility for In-Building Services

#1 Amenity for the Modern Building

- Enable the all wireless enterprise
- Securely connect building infrastructure
- Optimized wireless coverage throughout

Wireless as a Service Drives Efficiency

- DIY painful, often poor results for tenants
- Faster time to tenant occupancy
- Reduce churn, enable new revenue stream

Managed Platform for Services Delivery

- Broadband
 - Safety & security
 - IoT
- Wi-Fi + LTE
Are
Key Enablers



Ruckus/ARRIS OpenG Solution Overview

- Broad portfolio of LTE Access Points and related services focused on the U.S. CBRS band
 - Cloud Network Provisioning and Management
 - Indoor and Outdoor LTE Access Points
 - LTE Access Point plug-ins to Wi-Fi Access Points
 - Residential and enterprise gateway devices
- Standard 3GPP TD-LTE air and network interfaces
- Carrier-grade Quality of Service and Mobility, Enterprise-grade Cost and Simplicity

Cloud Services



Access Points



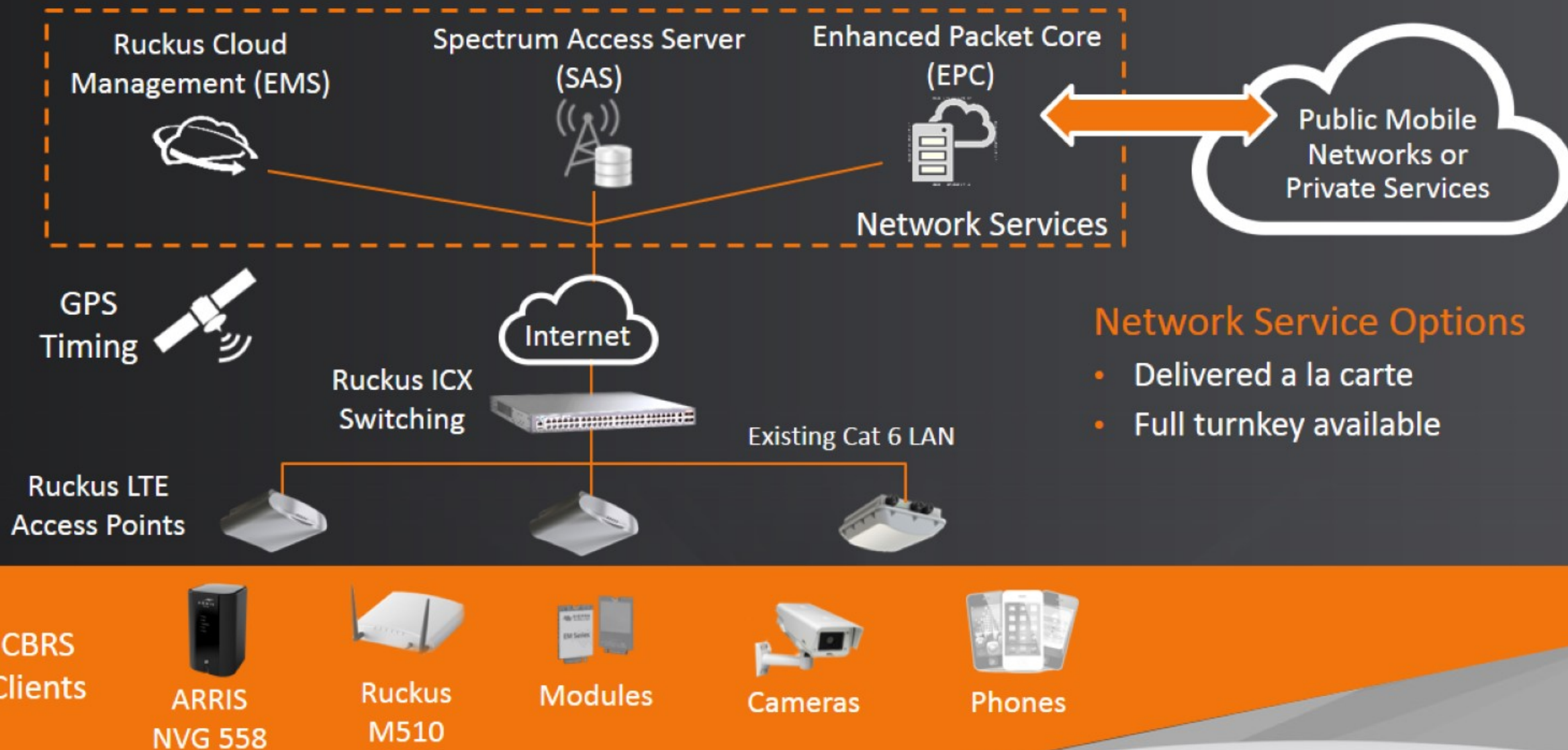
Devices & Gateways



Simplified Deployment & Operations

- Move complexity into Cloud
- Zero touch installation & provisioning
- Out of the box managed services solution

Ruckus OpenG Network Topology



Network Service Options

- Delivered a la carte
- Full turnkey available

Ruckus LTE Access Point Highlights

- **Plug-and-play, deployed like Wi-Fi**
 - Attractive design, internal antennas
 - Connect to existing Ethernet LAN
 - CBRS Category A, no professional install required
 - SON technology for automatic configuration
 - Cloud management system, unified with WiFi
- **Advanced Technology**
 - 3GPP TD-LTE Release 10 on Band 48 (CBRS)
 - PoE+ power (802.3at Type 2) or AC adapters
 - Built-in timing (GPS & IEEE1588 PTP)
 - Built-in BeamFlex™ Smart Antennas

Stand-alone LTE



Q710 (Indoor)

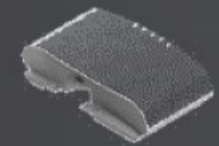


Q910 (Outdoor)

Wi-Fi Plug-in Modules



Q210 (H510 plug-in)

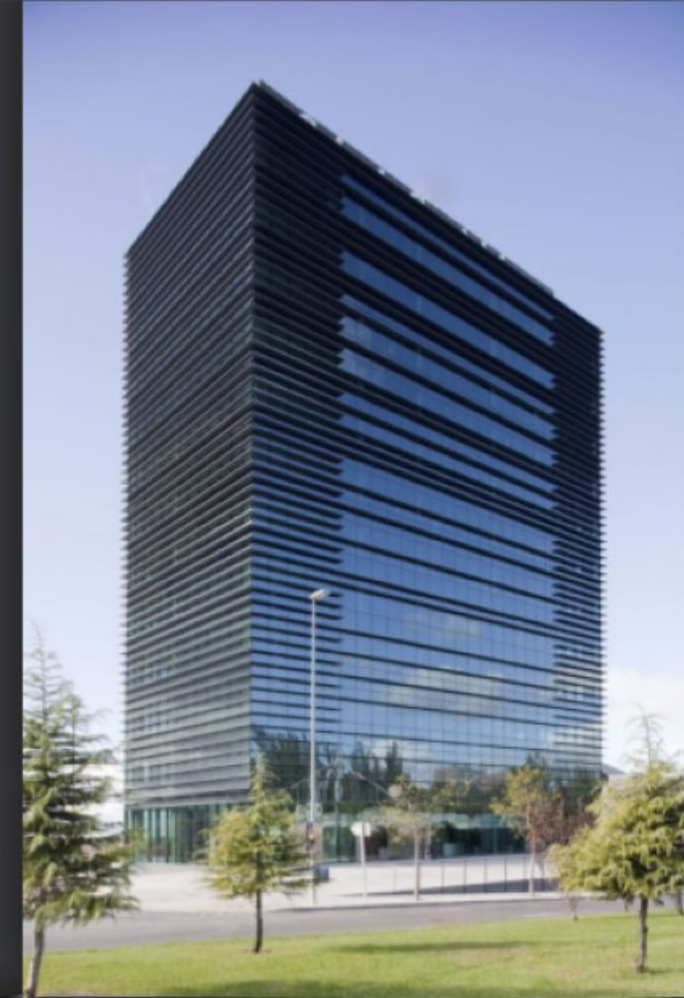


Q410 (R510 plug-in)

The ARRIS/Ruckus CBRS Advantage

Building the Future

- Products and Solutions
 - LTE with the deployment and cost model of Wi-Fi
 - Unified services platform for delivering LTE, Wi-Fi, Switching, & Analytics
 - Innovations include Zero Touch install, automatic timing, and LTE ChannelFly™
- Go To Market
 - Leveraging ARRIS strength with NA Service Providers
 - Leveraging Ruckus enterprise distribution channels for unprecedented reach
- Competitive
 - Traditional mobile equipment vendors locked into costly models
 - Other Wi-Fi market leaders not participating
- Strategic Leverage
 - Continues to build on cloud services delivery model
 - Opens expansion opportunity to worldwide LTE and 5G markets
 - Positions Ruckus as next gen, cost efficient, radio agnostic RAN vendor



Financial Update

David Potts

Value Creation Drivers

**Addressable
Market Growth**

**International
Expansion**

**Margin and
Earnings
Growth**

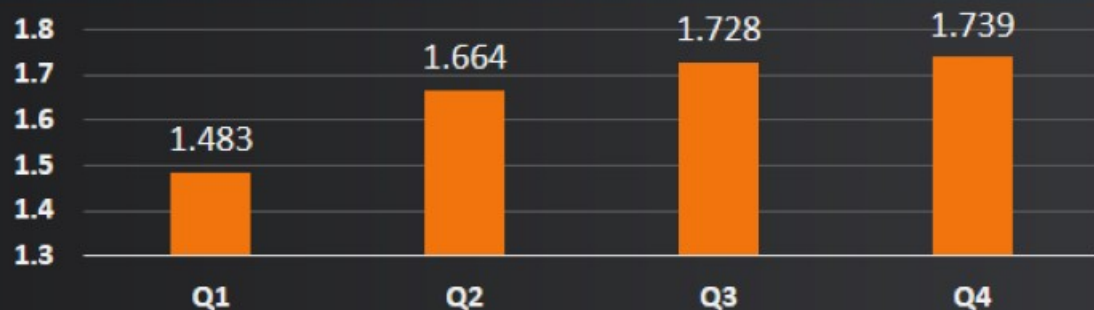
**Portfolio
Expansion**

**Strategic M&A
and Capital
Return**

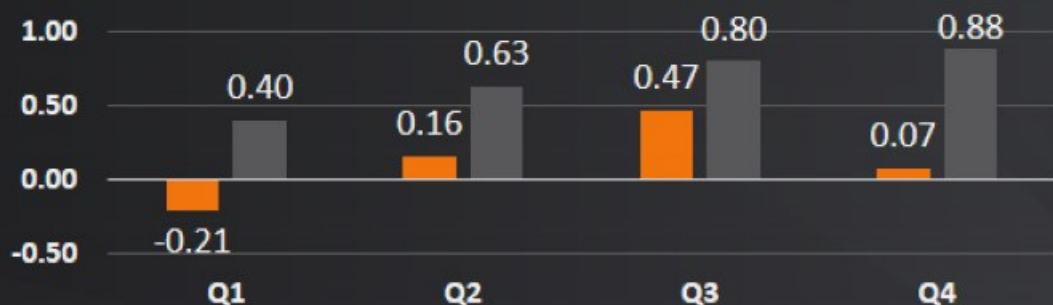


2017: Gained Momentum Through the Year

Sales \$B



EPS*



* See GAAP to Non-GAAP reconciliation

■ GAAP ■ Non-GAAP

- Achieved Sales and Non-GAAP EPS targets
- International Sales growth > 15% YoY
- Meaningful improvement in customer diversification
- Generated ~\$600M of cash from operating activities, excluding Ruckus
- \$197M of share repurchases
- Refinanced all long-term debt
- Completed acquisition of Ruckus

2018

Sales - \$M	7,100 – 7,350
EPS - GAAP	\$0.48 - \$0.73
Adjusted EPS – Non-GAAP ^(*)	\$2.80 - \$3.05
Cash From Operating Activities	\$750M - \$850M
Capex	\$80M – \$90M
Non-GAAP Tax Rate	20%

* See GAAP to Non-GAAP reconciliation

Expanded Segment Disclosures: 2017

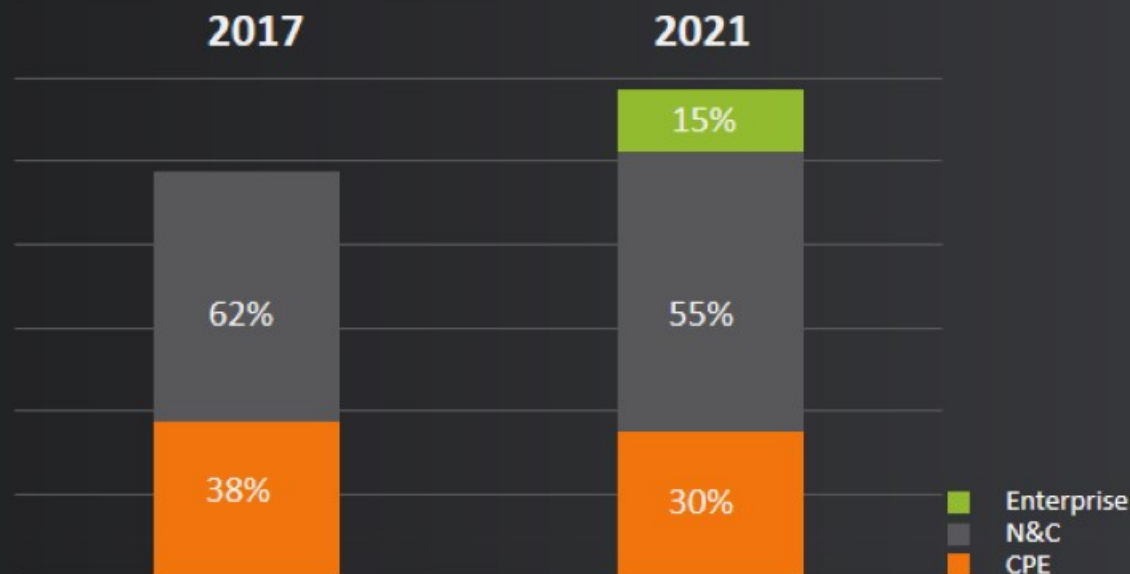
Adjusted Direct Contribution

	CPE	N&C	ENT	CORP	TOTAL
Revenue \$M	4,475	2,094	46	(1)	6,614
Adjusted Direct Contribution \$M	437	673	2	(292)	820
Adjusted Direct Contribution %	9.8%	32.1%	NM	NM	12.4%

- New “Adjusted Direct Contribution” more closely aligned to EBITDA
- Moved certain Corporate costs to segments where appropriate
- Additional Details Attached

Adjusted Direct Contribution (Excluding Corporate)

Organic Outlook Drivers



Organic Non-GAAP EPS **\$2.71*** → **6% - 9% CAGR**

* See GAAP to Non-GAAP reconciliation

- **Segment Revenue Assumptions**
 - CPE: -5% to +1%
 - N&C: 4% to 7%
 - Enterprise: 10% to 15%
- **Keys to Revenue**
 - CPE: Refresh cycles, international share, pricing
 - N&C: Bandwidth growth, share gains, migration to DAA
 - Enterprise: Growth in core markets, Service Providers, 802.11 upgrades, CBRS
- **Margins**
 - CPE: Improvement related to lower memory costs and pricing
 - N&C: Consistent with historical trends
 - Enterprise: Consistent with historical trends, 60% to 65% Gross Margin
 - Nominal growth in OPEX

- Growth in core business EPS with more diversified contribution mix
- Accretive M&A and Share Repurchases provide incremental upside

Strong Capital Structure

Debt	Leverage	Cash	Shares
<p>Current Debt \$2.2B</p> <ul style="list-style-type: none">• Matures in 2022/2024• All-in Rate ~3.6%	<p>Target Leverage 2.5x</p> <ul style="list-style-type: none">• Currently 2.4x• Provides flexibility	<p>Target Cash: \$500M Target Revolver: \$500M</p> <ul style="list-style-type: none">• On target• Liquidity buffer• Provides flexibility	<p>Share Count ~190M</p> <ul style="list-style-type: none">• \$25M Repurchase, Q1 2018• ~\$375M Repurchases over past two years• \$500M authorization

Capital Allocation Priorities



Summary



Growing profitability with strong cash generation



Significant growth opportunity with Enterprise and N&C



Flexibility provided by strong balance sheet & capital structure

Today's Key Messages

- Well-positioned to benefit from mass-market Gigabit Internet spend
- Deeply entrenched leadership in evolving video market
- Expanded addressable market with increasingly diversified customer base
- Leadership in emerging mobile CBRS LTE small cell market
- Three year outlook and earnings growth target
- Capital allocation strategy

THANK YOU

ARRIS INVESTOR DAY 2018

2018 Estimated GAAP to Non-GAAP EPS Guidance Reconciliation

	Full Year 2018 Guidance
Estimated GAAP EPS	\$ 0.48 - \$ 0.73
Reconciling Items:	
Amortization of Intangibles	2.12
Stock Compensation Expense	0.50
Integration and Other Costs	0.15
Purchase Accounting Items	0.20
Impairment of Goodwill and Intangibles	0.04
Net tax items	(0.69)
Subtotal	2.32
Estimated Adjusted Non-GAAP EPS	\$ 2.80 - \$ 3.05

2017 GAAP to Non-GAAP EPS Guidance Reconciliation

(in thousands, except per share data)

	Q1 2017		Q2 2017		Q3 2017		Q4 2017		YTD 2017	
	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share	Amount	Per Diluted Share
Net (loss) income attributable to ARRIS International plc	\$ (39,098)	\$ (0.21)	\$ 30,336	\$ 0.16	\$ 88,320	\$ 0.47	\$ 12,469	0.07	\$ 92,027	\$ 0.49
Highlighted items:										
<i>Impacting gross margin:</i>										
Stock compensation expense	3,252	0.02	3,495	0.02	3,897	0.02	3,303	0.02	13,947	0.07
Reduction in net sales related to warrants	2,423	0.01	2,658	0.01	3,064	0.02	(8,145)	(0.04)	-	-
Acquisition accounting impacts of deferred revenue	-	-	-	-	-	-	1,120	0.01	1,120	0.01
Acquisition accounting impacts of inventory valuation	908	-	-	-	-	-	7,560	0.04	8,468	0.04
<i>Impacting operating expenses:</i>										
Integration, acquisition, restructuring and other costs	10,095	0.05	9,690	0.05	10,837	0.06	67,735	0.36	98,357	0.52
Amortization of intangible assets	93,646	0.49	91,011	0.48	90,162	0.48	100,588	0.53	375,407	1.98
Impairment of goodwill and intangibles	-	-	-	-	-	-	55,000	0.29	55,000	0.29
Stock compensation expense	16,163	0.08	18,829	0.10	16,316	0.09	15,403	0.08	66,711	0.35
Noncontrolling interest share of non-GAAP adjustments	(804)	-	(811)	-	(711)	-	(20,026)	(0.11)	(22,352)	(0.12)
<i>Impacting other (income) / expense:</i>										
Impairment (gain) on Investments	2,750	0.01	-	-	(1,821)	(0.01)	-	-	929	-
Reversal of deferred taxes	2,112	0.01	2,828	0.01	3,569	0.02	851	-	9,360	0.05
Debt amendment fees	-	-	2,782	0.01	-	-	3,069	0.02	5,851	0.03
<i>Net tax items</i>	(13,333)	(0.07)	(40,854)	(0.22)	(62,696)	(0.33)	(73,266)	(0.39)	(190,151)	(1.00)
Total highlighted items	117,212	0.61	89,628	0.47	62,615	0.33	153,192	0.81	422,647	2.23
Net income excluding highlighted items	\$ 78,114	\$ 0.40	\$ 119,964	\$ 0.63	\$ 150,935	\$ 0.80	\$ 165,661	\$ 0.88	\$ 514,674	\$ 2.71
Weighted average ordinary shares - basic		189,796		186,803		187,064		186,548		187,133
Weighted average ordinary shares - diluted		192,879		189,002		188,941		188,829		189,616

NOTES TO GAAP/ADJUSTED NON-GAAP FINANCIAL MEASURES

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

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 maturities 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.

The Approach

Direct Contribution – Prior Reporting Format

Less: Direct Bonus, Equity Compensation and Other

= Direct Contribution – New Reporting Format

Less: Allocated Facility Costs, Service Provider Sales and Marketing Costs

Plus: Depreciation and Equity Compensation

= Adjusted Direct Contribution

What's Left on Corporate

- Executive, Finance, HR, Legal, IT and Other Costs
- Unallocated Bonus and Equity Compensation
- Unallocated Facility Costs
- Purchase Accounting Items (Fair Market Value of Inventory Adjusted, Deferred Revenue Adjustments)
- Customer Warrant Costs, if Applicable

Adjusted Direct Segment Contribution - 2017

Direct Contribution

	Prior	New
CPE	498	457
N&C	806	724
Enterprise	6	1
Corporate	(659)	(531)
Total	652	652

Expanded Disclosure

	CPE	N&C	Ent	Corp	Total
Revenue	4,475	2,094	46	(1)	6,614
Direct Contribution - New ⁽¹⁾	457	724	1	(531)	652
Adjusted Direct Contribution - \$ ⁽²⁾	437	673	2	(292)	820
Adjusted Direct Contribution - %	9.8%	32.1%	4.3%	NM	12.4%
Other Items					
Amortization of Intangibles	257	105	10	3	375
Impairment	0	55	0	0	55
Integration/Restructuring/Other	4	13	78	3	98
Depreciation	38	29	1	20	88
Equity Compensation	24	36	1	20	81

- (1) Direct Contribution New – Prior Direct Contribution less direct bonus, equity compensation and other costs.
- (2) Adjusted Direct Contribution – Direct Contribution New less allocated facility and service provider costs plus depreciation and equity compensation