



CONVERGENCE ENABLED

Chairman's Letter

2011 was a good year for ARRIS, during which we more than held our own in a challenging economy. We continued to invest in new products and platforms which will serve us well in the years ahead, as we meet the technology needs of a shifting customer mix with a broadening portfolio of IP-based solutions.

In spite of the economy, our domestic customers continue to add new broadband subscribers, which, in turn, drives increased shipments in CMTS ports and energy-efficient, voice and wireless enabled customer premises devices. Our Gateway product shows great promise and has gained good initial acceptance among cable service providers in the U.S. and Canada, which augurs well for our ability to thrive in the rapid expansion of this addressable market. Also, our next generation E6000 Converged Edge Router is now in trials with a major North American MSO, who will use its density to keep up with consumers' demand for more and more Internet video traffic.

Internationally, we see significant opportunities for our core businesses, as well as a great installed base of video-centric products that we added through the acquisition of BigBand Networks in late 2011. This enhanced portfolio, along with an expanded sales force and world-class research and development team positions us well for 2012 and beyond, and drives our strategy of becoming a leading global player in the next generation video, data, wireless and voice domains.

Our financial profile and balance sheet remains strong. We generated approximately \$113 million of cash from operating activities for the 2011 fiscal year and had over \$560 million of cash on hand at year end. We continue to aggressively pursue our strategy of share buybacks. In 2011, we increased that commitment by 47% over 2010, repurchasing approximately 10 million shares of ARRIS stock.

In 2012, we will continue to invest in high growth opportunities and expand and diversify our portfolio of products and our customer base to achieve long term growth. To do so, we will remain focused on execution. We will continue to work on delighting our customers and anticipating their bandwidth and operational needs as they provide their subscribers with the features and services they want.

In closing, I want to thank the more than 2,250 dedicated ARRIS employees worldwide. None of our success would be possible without their hard work, skills and commitment to excellence.

Sincerely,

