

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006 AND CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE LISTING OF PACE SHARES ON THE OFFICIAL LIST OF THE UKLA AND OF TRADING IN PACE SHARES ON THE LONDON STOCK EXCHANGE'S MAIN MARKET FOR LISTED SECURITIES.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all your Pace Shares, please forward this document, but not the accompanying personalised Forms of Proxy or the reply paid envelopes, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Pace Shares, you should retain these documents and should contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Recommended Combination OF PACE PLC AND ARRIS GROUP, INC.

to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006

This document (including any document incorporated into it by reference) and the accompanying documents should be carefully read as a whole. Your attention is drawn to the letter from the Chairman of Pace in Part I of this document which contains the unanimous recommendation of the Pace Directors that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting. Part II of this document contains a letter from J.P. Morgan Cazenove explaining the Transaction and constitutes an explanatory statement in compliance with section 897 of the Companies Act.

Notices convening the Court Meeting and the General Meeting, both of which will be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 22 October 2015, are set out at the end of this document. The Court Meeting will start at 11.00 a.m. and the General Meeting will start at 11.10 a.m. (or, if later, as soon as the Court Meeting has been concluded or adjourned). The action to be taken in respect of the Meetings is set out on pages 9 and 10 of this document. Shareholders will find enclosed with this document a blue Form of Proxy for use in connection with the Court Meeting and a white Form of Proxy for use in connection with the General Meeting. **Whether or not you intend to attend both or either of the Meetings in person, please complete and sign both the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Pace's registrars, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU at least 48 hours before the time appointed for the relevant Meeting (excluding any day that is not a working day). The Forms of Proxy have a pre-paid address for your convenience for use in the UK only. If the blue Form of Proxy for use at the Court Meeting is not lodged by the above time, it may be handed to the Chairman of the Court Meeting before the taking of the poll at that Meeting. However, in the case of the General Meeting, unless the white Form of Proxy is lodged so as to be received by 11.10 a.m. on 20 October 2015 (or, in the case of an adjournment, no later than 48 hours (excluding any part of a day that is not a working day) before the time and date set for the adjourned Meeting), it will be invalid. If you hold your Pace Shares in uncertificated form (that is, in CREST) you may vote using the CREST proxy voting service by following the instructions set out in the section 'Action to be Taken'. Shareholders may also register their proxy appointments electronically by following the instructions set out in the section 'Action to be Taken'.**

The completion and return of the Forms of Proxy will not prevent you from attending and voting in person at either of the Meetings, or any adjournment thereof, should you wish to do so.

If you have any questions relating to the completion and return of your Forms of Proxy, please call Capita Asset Services between 9.00 a.m. and 5.30 p.m. on Monday to Friday (except UK public holidays), on 0371 664 0321 from within the UK (calls are charged at the standard geographic rate and will vary by provider) or on +44 208 639 3399 if calling from outside the UK (calls from outside the UK will be charged at the applicable rate). Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

J.P. Morgan Cazenove, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser exclusively for Pace and no one else in connection with the Transaction or the contents of this document and will not be responsible to anyone other than Pace for providing the protections afforded to clients of J.P. Morgan Cazenove nor for providing advice in relation to the Transaction, the contents of this document or any matter referred to in this document.

Evercore, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial advisor for ARRIS and no one else in connection with the Transaction and will not be responsible to anyone other than ARRIS for providing the protections afforded to clients of Evercore nor for providing advice in relation to the Transaction or any other matters referred to in this document.

Jefferies, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Pace and no one else in connection with the Transaction or the contents of this document and will not be responsible to anyone other than Pace for providing the protections afforded to clients of Jefferies nor for providing advice in relation to the Transaction, the contents of this document or any matter referred to in this document.

This document is dated 25 September 2015.

IMPORTANT NOTICE

GENERAL

This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document and the accompanying documents have been prepared in connection with a scheme of arrangement pursuant to and for the purpose of complying with English law, the Takeover Code and the Listing Rules of the London Stock Exchange and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England and Wales or if the Takeover Code and/or Listing Rules had not applied.

The release, publication or distribution of this document and the accompanying documents in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

No person has been authorised to make any representations on behalf of Pace concerning the Transaction which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part III of this document. Each Pace Shareholder is advised to read and consider carefully the text of the Scheme itself. This is because this document, and in particular the letter from the Chairman of Pace and the Explanatory Statement, has been prepared solely to assist Pace Shareholders in respect of voting on the Scheme and the Special Resolution to be proposed at the General Meeting. Nothing in this document or the accompanying documents should be relied on for any other purpose. No listing authority or equivalent has reviewed, approved or disapproved of this document or the Merger.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date. Nothing in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Pace, the Pace Group, ARRIS, the ARRIS Group, New ARRIS or the Combined Group except where otherwise stated.

OVERSEAS JURISDICTIONS

Details in relation to Overseas Shareholders are contained in paragraph 18 of Part II of this document. All Pace Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to or may have contractual or legal obligations to forward this document and the accompanying documents to a jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any such action.

Unless otherwise determined by New ARRIS, ARRIS and Pace or required by the Takeover Code and permitted by applicable law and regulation, the Offer is not being, and will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction, where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Resolutions by any such use, means or instrumentality from within a Restricted Jurisdiction. Accordingly, unless otherwise determined by Pace, New ARRIS and ARRIS, copies of this document and any other documentation relating to the Scheme or the Transaction (including, without limitation, the Forms of Proxy) are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send any such documents in, into or from any such Restricted Jurisdiction. Any person (including, without limitation, custodians, nominees and trustees) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or the Forms of Proxy (if

applicable) and/or any other related document to any jurisdiction outside the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of any relevant jurisdiction. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Note to residents in Australia

This document has not been, and will not be, lodged with the Australian Securities & Investments Commission as a disclosure document for the purposes of the Corporations Act 2001 (Cth) (“**Corporations Act**”). The issue of New ARRIS Shares under the Scheme is exempt from the requirement to issue a prospectus under Chapter 6D of the Corporations Act, pursuant to the provisions of the Australian Securities & Investments Commission Class Order 07/9.

Note to residents in China

The information contained in this document will not constitute an offer to sell or the solicitation of an offer to buy any of the New ARRIS Shares within the People’s Republic of China (which, for such purpose, does not include the Hong Kong or Macau Special Administration Regions or Taiwan) (the “**PRC**”). This document has not been and will not be submitted to or approved/verified by or registered with any relevant governmental authorities in the PRC and may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the New ARRIS Shares in the PRC. The New ARRIS Shares may only be offered or sold to PRC investors that are authorised to engage in the purchase of the New ARRIS Shares in the PRC. The New ARRIS Shares may only be offered or sold to PRC investors that are authorized to engage in the purchase of interests of the type being offered or sold. PRC investors are responsible for obtaining all relevant PRC government regulatory approvals/licences, verification and/or registration themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, the China Insurance Regulatory Commission, the Ministry of Human Resources and Social Security, the National Development and Reform Commission, the Ministry of Commerce and other regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant securities regulations, foreign exchange regulations and/or overseas investment regulations.

Note to residents in Guernsey

The issue of New ARRIS Shares that is referred to in this document is available, and is and may be made, in or from within the Bailiwick of Guernsey, and this document is being provided in or from within the Bailiwick of Guernsey only:

- (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended); or
- (ii) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended) or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000 (as amended).

The issue of New ARRIS Shares referred to in this document and this document are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs (i) and (ii) and must not be relied upon by any person in Guernsey unless made or received in accordance with such paragraphs.

Note to residents in Hong Kong

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer included in this document. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

Note to residents in Jersey

Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this document. Accordingly, the issue of New ARRIS Shares referred to in this document may only be made in Jersey where the issue is not an offer to the public. By accepting the offer included in this document each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer included in this document.

Note to residents in New Zealand

This document does not contain an offer for subscription of securities to any Pace Shareholders in New Zealand and this document is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (or any other relevant New Zealand law).

Note to residents in South Africa

No South African resident may participate in the offer included in this document unless they individually, as principal, acquire the New ARRIS Shares pursuant to the offer included in this document for an aggregate consideration of not less than R1,000,000. A South African resident who participates in the offer included in this document should only do so in compliance with all exchange control laws.

This document is not a prospectus for the purposes of the SA Companies Act No. 71 of 2008 as amended (“SA Companies Act”) and may not contain all of the information that a South African investor may find in a prospectus prepared in accordance with the SA Companies Act which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New ARRIS Shares. This document does not call attention to an offer to the public as described in the SA Companies Act.

Note to residents in Spain

Neither the New ARRIS Shares nor this document have been approved or registered in the administrative registries of the Spanish National Securities Exchange Commission, or Comision Nacional del Mercado de Valores, or CNMV. Accordingly, the securities to be issued under this document may not be offered in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of article 30.bis. of the Spanish Securities Market Law of July 28, 1988 (Ley 24/1988, de 28 Julio, del Mercado de Valores), as amended and restated, and supplemental rules enacted thereunder.

Note to residents in Switzerland

This document does not constitute a prospectus within the meaning of article 652a or article 1156 of the Swiss Code of Obligations nor, as the issuer has not applied for a listing of its shares on the SIX Swiss Exchange, a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange.

The New ARRIS Shares will not be publicly offered or sold in Switzerland. The New ARRIS Shares will be offered or sold only to a selected number of individual investors in Switzerland, under circumstances which will not result in the offer of the New ARRIS Shares qualifying as public within the meaning of article 652a or article 1156 of the Swiss Code of Obligations.

This document has not been filed with or approved by any Swiss regulatory authority or stock exchange. This document may not be distributed or used in Switzerland without New ARRIS’ prior written consent.

INFORMATION REGARDING US SECURITIES LAWS AND INFORMATION AVAILABLE IN THE UNITED STATES

The New ARRIS Shares to be issued to Pace Shareholders under the Scheme have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. The New ARRIS Shares to be issued by New ARRIS to Pace Shareholders under the Scheme will be issued in reliance upon an exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) imposes certain restrictions on resales of securities issued to affiliates of the issuer. See paragraph 6.2 of Part III of this document.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the Transaction or passed comment upon the merits or fairness of the Transaction or the adequacy or completeness of the information contained in this document or any other documentation relating to the Transaction. Any representation to the contrary is a criminal offence in the United States.

Pace Shareholders in the United States should note that the Merger is being implemented by means of a scheme of arrangement provided for under, and governed by, English company law. The Scheme is not subject to the proxy solicitation rules under the US securities laws; instead, it is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement that differ from the disclosure and other requirements that would be applicable to transactions involving US public companies that are subject to the proxy solicitation rules under the US securities laws (and that, in fact, are applicable to the ARRIS Merger). The financial information relating to Pace included, referred to or incorporated by reference in this document has been prepared in accordance with accounting standards applicable in the UK and may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The settlement procedure with respect to the Merger will be consistent with UK practice.

Pace and New ARRIS each are incorporated under the laws of England. Some of the officers, directors and affiliates of Pace and New ARRIS are residents of countries other than the United States. It may not be possible to bring an action against Pace or New ARRIS or those officers, directors and affiliates in a non-US court for violations of the US securities laws. It may be difficult to compel Pace, New ARRIS and their respective officers, directors and affiliates to subject themselves to the jurisdiction and judgment of a US court.

In connection with the issuance of New ARRIS Shares to ARRIS Stockholders pursuant to the ARRIS Merger that forms part of the Transaction, New ARRIS filed with the SEC a registration statement on Form S-4 which has since been declared effective by the SEC (the “**Form S-4**”) that contains, among other things, a prospectus relating to the issuance of the New ARRIS Shares to ARRIS Stockholders as well as a proxy statement in respect of the vote by ARRIS Stockholders to approve the ARRIS Merger, which has been sent to ARRIS Stockholders. The Form S-4 does not cover the issuance of the New ARRIS Shares to Pace Shareholders.

Shareholders are urged to read the Form S-4, as well as any other documents filed with the SEC in connection with the Transaction, because they contain important information about New ARRIS, the New ARRIS Shares, the Transaction and the risks associated with the Transaction. Those documents as well as ARRIS’ and New ARRIS’ other public filings with the SEC can be obtained without charge at the SEC’s website at www.sec.gov and at ARRIS’ website at <http://ir.arris.com>. Shareholders may also read and copy any reports, statements and other information filed with the SEC at the SEC public reference room at 100 F Street N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at +1 (800) 732-0330 or visit the SEC’s website for further information on its public reference room.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Securities Exchange Act of 1934, New ARRIS or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase Pace Shares outside of the United States, other than pursuant to the Merger, until the date on which the Merger becomes Effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK and will be available from the Regulatory Information Service of the London Stock Exchange available at <http://www.londonstockexchange.com>.

APPLICATION TO NASDAQ

The New ARRIS Shares are currently not traded or quoted on a stock exchange or quotation system. NASDAQ has advised ARRIS that NASDAQ will treat the Transaction as a “Substitution Listing Event” under its rules. New ARRIS is required to provide prior notice of the Transaction to NASDAQ, and upon notice of completion of the Transaction the New ARRIS ordinary shares will be listed on NASDAQ. New ARRIS expects that the New ARRIS ordinary shares will trade under the symbol “**ARRS**”.

NO PROFIT FORECAST

Save as set out in Appendix VII to this document, no statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Pace Share, ARRIS Share or New ARRIS Share for the current or future financial years would necessarily match or exceed the historical published earnings per Pace Share or ARRIS Share.

Pace Shareholders should not construe the contents of this document as legal, tax or financial advice and should consult with their own advisers as to the matters described in this document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to a possible combination involving ARRIS and Pace. The words “believe”, “expect”, “anticipate”, “project” and similar expressions, among others, generally identify forward-looking statements. These forward-looking statements are based on numerous assumptions and assessments made in light of ARRIS’ or, as the case may be, Pace’s experience and perception of historical trends, current conditions, business strategies, operating environment, future developments and other factors it believes appropriate. These 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: the possibility that a possible combination will not be completed; failure to obtain necessary regulatory approvals or required financing or to satisfy any of the other conditions to the possible combination; adverse effects on the market price of ARRIS Shares or Pace Shares and on ARRIS’ or Pace’s operating results because of a failure to complete the possible combination; failure to realise the expected benefits of the possible combination; negative effects relating to the announcement of the possible combination or any further announcements relating to the possible combination or the consummation of the possible combination on the market price of ARRIS Shares or Pace Shares; significant transaction costs and/or unknown liabilities; customer reaction to the Announcement; possible litigation relating to the possible combination or the public disclosure thereof; general economic and business conditions that affect the combined companies following the consummation of the possible combination or the individual companies prior to the consummation of the possible combination; changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax laws, regulations, rates and policies, future business combinations or disposals and competitive developments. These factors are not intended to be an all-encompassing list of risks and uncertainties. Additional information regarding these and other factors can be found in the Form S-4 and ARRIS’ periodic reports filed with the SEC. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this document could cause ARRIS’ plans with respect to Pace, or the Combined Group’s or New ARRIS’ actual results, performance or achievements to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this document are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. ARRIS and Pace expressly disclaim any obligation to release publicly any revisions to forward-looking statements as a result of subsequent events or developments, except as required by law.

DEALING DISCLOSURE REQUIREMENTS

Disclosure requirements of the Takeover Code (the “Code”)

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time)

on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 207 638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

ROUNDING

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

ELECTRONIC COMMUNICATIONS

Please be aware that addresses, electronic addresses and certain information provided by Pace Shareholders, persons with information rights and other relevant persons for the receipt of communications from Pace may be provided to ARRIS during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.12(c) of the Code.

PUBLICATION ON WEBSITE

A copy of this document (together with any document incorporated by reference) is and will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on ARRIS' website at <http://ir.arris.com> and Pace's website at www.pace.com during the course of the Offer. The contents of Pace's website and ARRIS' website are not incorporated into, and do not form part of, this document.

CREDIT RATINGS AND OUTLOOKS

There are no current ratings or outlooks publicly accorded to Pace or New ARRIS by rating agencies.

On 12 May 2015:

- Moody's Investors Service ("**Moody's**") affirmed ARRIS' Ba3 corporate family rating and Ba3-PD probability of default rating and affirmed the Ba3 ratings on its existing first lien debt. Moody's also assigned a Ba3 rating to the New ARRIS Facility; and
- Standard & Poor's Ratings Services ("**Standard & Poor's**") affirmed its 'BB' corporate credit rating on ARRIS. At the same time, Standard & Poor's affirmed their issue-level ratings on ARRIS's existing first lien debt at BB with recover ratings remaining '3'. Standard and Poor's also assigned a 'BB' issue-level rating to the New ARRIS Facility.

RIGHT TO RECEIVE COPIES IN HARD COPY FORM

Any person entitled to receive a copy of documents, announcements and information relating to the Offer is entitled to receive such documents in hard copy form. Such person may request that all future documents, announcements and information in relation to the Offer are sent to them in hard copy form.

You may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting Pace's registrars, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU between 9.00 a.m. and 5.30 p.m. on Monday to Friday (except UK public holidays), on 0371 664 0321 from within the UK (calls are charged at the standard geographic rate and will vary by provider) or on +44 208 639 3399 if calling from outside the UK (calls from outside the UK will be charged at the applicable rate), with your full name and the full address to which the hard copy may be sent (calls may be recorded and monitored for training and security purposes).

ACTION TO BE TAKEN

This page should be read in conjunction with the rest of this document and, in particular, the notices of the Court Meeting and the General Meeting at the end of this document.

To vote at the Meetings using the Forms of Proxy

Whether or not you plan to attend the Meetings, PLEASE:

- 1. Complete the BLUE Form of Proxy, to be received by no later than 11.00 a.m. on 20 October 2015;**
- 2. Complete the WHITE Form of Proxy, to be received by no later than 11.10 a.m. on 20 October 2015,**

and return them both to Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 20 October 2015 in the case of the Court Meeting (blue form) and by no later than 11.10 a.m. on 20 October 2015 in the case of the General Meeting (white form) (or, in the case of an adjournment, no later than 48 hours (excluding any part of a day that is not a working day) before the time and date set for the adjourned Meeting). This will enable your votes to be counted at the Meetings in the event of your absence. The Forms of Proxy have a pre-paid address for your convenience for use in the UK only. If the blue Form of Proxy for use at the Court Meeting is not lodged by 11.00 a.m. on 20 October 2015, it may be handed to the Chairman at the Court Meeting before the taking of the poll and will still be valid.

Pace Shareholders are entitled to appoint a proxy in respect of some or all of their Pace Shares and are also entitled to appoint more than one proxy. A space has been included in the Forms of Proxy to allow shareholders to specify the number of Pace Shares in respect of which that proxy is appointed. Pace Shareholders who return a Form of Proxy duly executed but leave this space blank will be taken to have appointed the proxy in respect of all of their Pace Shares.

If you wish to appoint multiple proxies in connection with the Court Meeting or the General Meeting you may:

- photocopy the relevant Form(s) of Proxy, fill in each copy in respect of different shares and send the multiple forms together to Capita Asset Services at the address above; or
- call Capita Asset Services on 0371 664 0321 (from within the UK) or +44 208 639 3399 (from outside the UK) who will then issue you with multiple Forms of Proxy.

In each case, please ensure that all of the multiple Forms of Proxy in respect of one registered holding are sent in the same envelope if possible.

To vote at the Meetings using an electronic proxy appointment

Pace Shareholders may register their proxy appointments electronically via <https://www.paceshares.com>, where full details of the procedure are given. This address is given only for the filing of proxies for the Meetings and not for any other purpose. If you choose to appoint a proxy electronically you will need your unique investor code which is printed on the Forms of Proxy. In order to be valid, such appointments and directions must be registered by no later than 11.00 a.m. on 20 October 2015 (in the case of the Court Meeting) or 11.10 a.m. on 20 October 2015 (in the case of the General Meeting) (or, in the case of an adjourned meeting, by no later than 48 hours before the time fixed for the holding of the adjourned Meeting (excluding any day that is not a working day)). Pace Shareholders are advised to read the terms and conditions of use carefully.

To vote at the Meetings using the proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so using the procedures described in the CREST Manual, which can be viewed at www.euroclear.com. CREST members or other CREST sponsored members, and those CREST members

who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Pace’s registrars, Capita Asset Services (participant ID RA10) not later than 11.00 a.m. on 20 October 2015 in the case of the Court Meeting and not later than 11.10 a.m. on 20 October 2015 in the case of the General Meeting (or, in the case of an adjournment, no later than 48 hours (excluding any part of a day that is not a working day) before the time and date set for the adjourned Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting system providers, are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Pace may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Regulations.

The completion and return of the Forms of Proxy will not prevent you from attending and voting at the Court Meeting or the General Meeting, or any adjournment thereof, in person should you wish to do so.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF PACE SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO EITHER VOTE IN PERSON OR TO SIGN AND RETURN YOUR FORMS OF PROXY, APPOINT A PROXY ELECTRONICALLY, OR APPOINT A PROXY THROUGH CREST, AS SOON AS POSSIBLE.

Shareholder Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please call Capita Asset Services between 9.00 a.m. and 5.30 p.m. on Monday to Friday (except UK public holidays), on 0371 664 0321 from within the UK (calls are charged at the standard geographic rate and will vary by provider) or on +44 208 639 3399 if calling from outside the UK (calls from outside the UK will be charged at the applicable rate). Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown in this document are London times unless otherwise stated.

<i>Event</i>	<i>Time and/or date</i>
Latest time for receipt of Forms of Proxy for:	
Court Meeting (blue form)	11.00 a.m. on 20 October 2015 ¹
General Meeting (white form)	11.10 a.m. on 20 October 2015 ¹
Voting Record Time for the Court Meeting and General Meeting	6.00 p.m. on 20 October 2015 ²
ARRIS Stockholders' Meeting	10.00 a.m. (New York time) on 21 October 2015
Court Meeting	11.00 a.m. on 22 October 2015
General Meeting	11.10 a.m. on 22 October 2015³
The following dates are indicative only and are subject to change⁴	
Scheme Court Hearing (to sanction the Scheme)	A date expected to be in late 2015 subject to regulatory clearances (“D”) ⁵
Last day of dealings in, and for registrations of transfers and disablement in CREST of, Pace Shares	D+1 2015
Dealings in Pace Shares suspended	5.00 p.m. on D+1 2015
Scheme Record Time	6.00 p.m. on D+1 2015
Scheme Effective Date	D+5 2015⁶
Issue of New ARRIS Shares to Scheme Shareholders	D+5 2015
ARRIS Merger Effective Date	D+5 2015
Cancellation of admission of and dealings in Pace Shares	D+5 2015
Listing of New ARRIS Shares on NASDAQ	D+5 2015 ⁶
Latest date for despatch of cheques and/or crediting of CREST accounts for cash consideration due under the Scheme	Within 14 days of the Scheme Effective Date
Long Stop Date	22 April 2016 ⁷

- 1 If the blue Form of Proxy for the Court Meeting is not received by Capita Asset Services, by 11.00 a.m. on 20 October 2015, it may be handed to the Chairman at the Court Meeting at any time before the taking of the poll and still be valid. However, the white Form of Proxy for the General Meeting must be received by Capita Asset Services by 11.10 a.m. on 20 October 2015 in order for it to be valid or, if the General Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time and date set for the adjourned Meeting.
- 2 If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6.00 p.m. on the date which is two Business Days before the date fixed for the adjourned Meeting.
- 3 The General Meeting will commence at 11.10 a.m. on 22 October 2015 or, if later, as soon thereafter as the Court Meeting has been concluded or adjourned.
- 4 These dates are indicative only and will depend, amongst other things, on the date upon which (i) the Conditions are either satisfied or (if capable of waiver) waived; (ii) the Court sanctions the Scheme; and (iii) the Scheme Court Order is delivered to the Registrar of Companies (which will be dependent on, amongst other things, the period of time taken by HMRC to stamp the Scheme Court Order). **Pace will give adequate notice of all of these dates, when known, by issuing an announcement**

through a Regulatory Information Service and by posting notice of these dates on its website (www.pace.com). Further updates of changes to other times or dates indicated above shall, at Pace's discretion, be notified in the same way.

- 5 Any references to a day before or after "D" are references to a Business Day. It is currently intended to hold the Scheme Court Hearing only once all regulatory clearances have been received. Pace reserves the right, with ARRIS' consent, to delay the Scheme Court Hearing beyond late 2015 if any of the Conditions have not been met.
- 6 This date is indicative only and is subject to the Scheme Court Order having been stamped by HMRC.
- 7 This is the latest date by which the Scheme may become effective unless Pace and ARRIS agree, with the consent of the Panel and (if required) the Court, a later date.

PART I

LETTER FROM THE CHAIRMAN OF PACE



Directors:

Allan Leighton (*Chairman*)
Mike Pulli (*Chief Executive Officer*)
Mark Shuttleworth (*Chief Financial Officer*)
Patricia Chapman-Pincher (*Non-Executive Director*)
John Grant (*Non-Executive Director*)
Mike Inglis (*Non-Executive Director*)
Amanda Mesler (*Non-Executive Director*)

Pace plc
Salts Mill
Victoria Road
Saltaire
West Yorkshire BD18 3LF
United Kingdom
Registered in England and Wales
under no. 01672847

25 September 2015

To Pace Shareholders, persons with information rights and, for information only, to participants in the Pace Share Schemes

Dear Pace Shareholder,

RECOMMENDED COMBINATION OF PACE AND ARRIS

1. Introduction

On 22 April 2015, the boards of ARRIS and Pace announced that they had reached agreement on the terms of a recommended combination of Pace with ARRIS, through the acquisition of Pace and ARRIS by New ARRIS, a company incorporated in England and Wales by ARRIS for the purpose of implementing the Transaction. It is expected that the Merger will be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

This letter sets out the background to the proposals and explains why the Pace Directors, who have been so advised by J.P. Morgan Cazenove, consider the Merger to be fair and reasonable and why they unanimously recommend that Pace Shareholders should vote in favour of the Resolutions to be proposed at the Court Meeting and the General Meeting, as the Pace Directors have irrevocably agreed to do (or procure to be done) in respect of their beneficial holdings of Pace Shares.

In order to approve the terms of the Scheme by which the Merger is to be implemented, a sufficient majority of Scheme Shareholders will need to vote in favour of the Scheme at the Court Meeting and Pace Shareholders will need to pass the Special Resolution to be proposed at the General Meeting. Details of the actions you should take are set out in paragraph 16 of this letter. The unanimous recommendation of the Pace Directors is set out in paragraph 18 of this letter.

2. The Proposals

The Scheme is subject to the Conditions and the further terms set out in Appendix I to this document.

Under the terms of the Scheme, Scheme Shareholders on the register of members of Pace at the Scheme Record Time will be entitled to receive:

for each Pace Share 132.5 pence in cash
and
0.1455 New ARRIS Shares

The Merger terms represent an indicative value of 426.5 pence per Pace Share based on ARRIS' closing share price on 21 April 2015 (being the last Business Day prior to the Announcement) at a US\$-£ exchange rate of US\$1.4928 : £1 (as sourced from Bloomberg on 21 April 2015).

This indicative value of 426.5 pence per Pace Share values the entire issued and to be issued share capital of Pace on a fully diluted basis at approximately £1.4 billion and represents:

- a premium of approximately 27.6 per cent. to the Closing Price of 334.2 pence per Pace Share on 21 April 2015 (being the last Business Day prior to the Announcement); and
- an implied enterprise value/Adjusted EBITDA multiple of Pace of approximately 8.2x.

Based on the Closing Price of ARRIS Shares and a US\$-£ exchange rate of US\$1.5240: £1 on 23 September 2015 (being the Latest Practicable Date), the Merger values each Pace Share at 382.8 pence and the entire issued and to be issued share capital of Pace on a fully diluted basis at approximately £1.3 billion. This represents a premium of 14.6 per cent. to Pace's Closing Price of 334.2 pence on the last Business Day prior to the Announcement and a premium of 5.3 per cent. to Pace's Closing Price of 363.6 pence on the Latest Practicable Date.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. Further details of the Scheme are set out in the Explanatory Statement in Part II of this document.

If the Scheme becomes effective, Scheme Shareholders will receive Cash Consideration and New ARRIS Shares as consideration for their Scheme Shares in the proportions indicated above. New ARRIS Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid following the Scheme Effective Date and otherwise *pari passu* in all respects with all other New ARRIS Shares.

Fractions of New ARRIS Shares will not be allotted or issued to Scheme Shareholders and fractional entitlements to New ARRIS Shares will be rounded down to the nearest whole number of New ARRIS Shares and sold in the market, as soon as reasonably practicable after the Scheme Record Time, and the net proceeds of sale distributed pro rata to the Scheme Shareholders entitled thereto.

Fractional cash entitlements will be rounded down to the nearest whole penny.

The Explanatory Statement in compliance with section 897 of the Companies Act is set out in Part II of the document.

3. Background to and reasons for the Transaction

The Transaction will enable the Combined Group to better serve customers in markets across the globe with its enhanced scope and scale, broad geographic footprint and innovative product offerings.

The Transaction will result in compelling financial benefits, including expected pro forma revenues of approximately \$8 billion, an expected increase in non-GAAP earnings per share, a reduction in the non-GAAP tax rate, significant synergy opportunities from the optimization of back-office infrastructure, component procurement and go-to-market efficiencies, and the removal of Pace's public company costs while allowing New ARRIS to maintain flexibility in its capital structure to support future growth.

In particular, ARRIS believes:

- the Transaction will provide New ARRIS with a large scale entry into the satellite segment and increase New ARRIS' speed of innovation by enhancing the company's scope and scale, giving it the ability to invest in innovative technologies and customer responsiveness, enabling it to maintain pace with recent consolidation among operators and increase volumes across a broad array of product cost tiers and creating manufacturing and procurement efficiencies;
- the Transaction will diversify and broaden New ARRIS' customer base and increase New ARRIS' portfolio across equipment, software and services and add Pace's world-class technology and employees to the New ARRIS organization; and
- the Transaction will build on ARRIS' recent acquisitions and position the company for future growth.

ARRIS currently expects the Transaction to be \$0.65 – \$0.75 per share accretive to ARRIS' Non-GAAP EPS¹ in the first twelve months following completion, an increase of \$0.20 relative to the \$0.45-\$0.55 of accretion originally anticipated at the Announcement Date.

ARRIS expects the Transaction to reduce the non-GAAP effective tax rate of New ARRIS to approximately 26 to 28 per cent. beginning in fiscal year 2016.

ARRIS has a strong track record of successfully generating shareholder value from prior transactions, including its acquisition of Motorola Home in 2013, since the announcement of which ARRIS' share price has significantly increased.

It is New ARRIS' intent, upon completion of the Merger, to continue to invest in its organic businesses (including the businesses of Pace), to continue to add adjacent acquisitions, to reduce its leverage and to consider share repurchases as appropriate.

4. Background to and reasons for the Pace recommendation

Pace has a strong track record of innovation, first-to-market solutions and excellent customer service, having successfully operated as a provider of technology solutions to the PayTV and Broadband industries for over thirty years. Through a combination of organic development and acquisitions Pace has grown to be a leading technology solutions provider to the PayTV and Broadband industries serving cable, satellite and telco customers across the globe.

Over the past three years, Pace's management has significantly transformed Pace, resulting in a material improvement in operational efficiency, cash flow management and recent entry into the network infrastructure segment through the acquisition of Aurora Networks Inc. Since Mike Pulli was appointed CEO in December 2011 and as at the date of the Announcement, return on sales has increased from 6.1 per cent. to 9.2 per cent., Adjusted Basic EPS² has increased 114.1 per cent., approximately US\$600 million free cash flow³ has been delivered and Pace has delivered total shareholder returns of 403 per cent.

The Pace Board believes that the Transaction will create a global industry leader in the provision of technology solutions to the PayTV and Broadband industries. The Combined Group will be well positioned to better serve, and provide incrementally innovative solutions for, its customers in a rapidly evolving and increasingly complex digital communications landscape. The Transaction provides excellent opportunities for Pace's employees to continue providing world-class expertise for Pace's customers across a broadened remit and platform. The Pace Board believes the Pace-ARRIS combination represents the most compelling combination within the industry.

1 Non-GAAP EPS excludes stock compensation expense, amortization of intangible assets, restructuring charges, acquisition, integration, other one-time items and their related income tax effect. The statement that the Transaction is expected to be earnings accretive should not be construed as a profit forecast and is therefore not subject to the requirements of Rule 28 of the Code. It should not be interpreted to mean that the earnings per share in any future financial period will necessarily match or be greater than those for the relevant preceding financial period.

2 Based on earnings before the post-tax value of exceptional costs and amortisation of other intangibles.

3 Calculated as cash flow before proceeds from issue of shares, dividends, acquisition cash flows and debt repayment/drawdown.

Pace and ARRIS have complementary customer profiles and the breadth and depth of commercial, research, and development experience and capabilities of the Combined Group will accelerate the ability of both companies to reach their full potential for shareholders and customers across the globe. Pace will benefit from the Combined Group's financial resources and the expected cost savings the combination is expected to generate. The share component of the consideration provides Pace Shareholders with meaningful ownership in New ARRIS allowing them to access the benefits of the Merger in addition to the continued exposure to the PayTV and Broadband technology solutions sector.

In light of these factors, the Pace Board believes the terms of the Transaction substantially recognise Pace's growth potential and its longer term prospects and the Transaction is in the best interests of Pace Shareholders as a whole. In reaching its conclusion, the Pace Directors considered the terms of the Transaction in relation to the value and prospects of the underlying business, the potential benefits ARRIS expects to achieve from combining its operations with those of Pace and the potential medium term standalone value of Pace Shares.

5. Current trading and prospects of Pace

On 28 July 2015 Pace announced its interim results for the six month period ended 30 June 2015. In this announcement, Pace reported a solid H1 2015 in line with the Pace Directors' expectations. Reported revenue, gross margin and Adjusted EBITA⁴ were US\$1,078.6 million, 23.2 per cent. and US\$118.0 million respectively (H1 2014: \$1,138.9 million, 21.6 per cent. and \$106.3 million respectively).

In the interim results announcement, Pace's Chief Executive Officer, Mike Pulli, commented:

"I am pleased to report we have had a solid first half of the year. As expected, revenue was lower than the comparable period as challenging economic conditions, the strength of the US Dollar and industry consolidation reduced demand in a number of regions. However, through a broader mix of revenue, improving supply chain effectiveness and continuing improvements in operational efficiency, the Group has shown the flexibility to continue to deliver improved profitability and strong cash generation despite weaker trading conditions."

Pace Shareholders are referred to the full text of the interim results announcement which is incorporated into this document by reference and copies of which can be found on Pace's website at www.pace.com/IR.

On 18 September 2015, Pace announced a combination and trading update which reported that, as previously stated, Pace continues to expect strong revenue growth in H2 2015 as against H1 2015, driven by new product launches and additional demand for existing products. Due to continuing challenging economic conditions in certain regions, phasing delays at major customers in North America and delayed decisions by customers, Pace's current forecasts indicate that revenue growth will be slightly lower than previously expected. However, due to an improved product mix, improving supply chain effectiveness and increased operational efficiencies, Pace expects no change to previously communicated profitability and cash flow for the financial year ended 31 December 2015.

Your attention is drawn to the profit forecast given by the Pace Directors in Part One of Appendix VII of this document.

6. Current trading and prospects of ARRIS

On 29 July 2015, ARRIS announced, in a press release, preliminary and unaudited financial results for the second quarter 2015, ended 30 June 2015. On 7 August 2015 ARRIS filed with the SEC its quarterly report for the quarterly period ended 30 June 2015 on Form 10-Q (the "**10-Q**"), which is incorporated into this document by reference and can be accessed at <http://ir.arris.com> under the section headed "SEC Filings".

ARRIS' sales in the second quarter and first half of 2015 were \$1,260.1 million and \$2,475.2 million, respectively, as compared to \$1,429.1 million and \$2,654.1 million in the same periods in 2014. ARRIS reported adjusted net income (a non-U.S. GAAP measure) for the quarter and six months ended 30 June

⁴ Adjusted EBITA is operating profit before exceptional costs and amortisation of other intangible assets.

2015 of US\$0.53 and US\$0.97, respectively, per diluted share compared to US\$0.70 and US\$1.17, respectively, per diluted share for the same periods in 2014.

In the press release, ARRIS stated as follows: *“With respect to the third quarter 2015, we expect revenues will be in the range of \$1,210 million to \$1,260 million, with adjusted net income per diluted share in the range of \$0.52 to \$0.58 and GAAP net income per diluted share in the range of \$0.17 to \$0.23.”*

Your attention is drawn to the profit forecast given by the ARRIS Directors in Part Two of Appendix VII of this document.

7. Directors, management and employees

ARRIS and Pace attach great importance to the skills and experience of the existing management and employees of ARRIS and Pace, and New ARRIS will benefit from the combined talent of both organisations.

ARRIS has confirmed that, following implementation of the Merger, the existing contractual and statutory employment rights, including in relation to pensions, of all Pace Group employees will be fully safeguarded. Further, ARRIS has confirmed that it has no intention to change Pace’s existing employer contributions to its pension plan and no decisions have been taken in relation to the admission of new members. The Pace Board welcomes the importance that ARRIS attaches to the skills and experience of the employees and management of Pace and the fact that ARRIS has confirmed to it that the existing contractual and statutory employment rights, including in relation to pensions, of all Pace Group employees will be fully safeguarded.

The ARRIS Board recognises that, in order to achieve the expected benefits of the Merger, operational and administrative restructuring will be required following completion of the Merger. The detailed steps for such a restructuring are not yet known but ARRIS will aim to retain the best talent across the Combined Group. Other than as described below, no decisions have yet been made by ARRIS in relation to specific actions that may be taken and no detailed discussions have yet been held between ARRIS and Pace in this regard.

ARRIS continues its detailed review of the combined business to identify realisable cost synergies, including duplicate business activity, which will likely lead to some redundancies at both ARRIS and Pace and some combination of facilities, but that review is on-going and will not be completed until after completion of the Transaction. Until such detailed review is complete, ARRIS cannot be certain what impact there will be on the employment of the management and employees of Pace, or the location of their places of business or any redeployment of fixed assets. Nevertheless, this preliminary review has reinforced ARRIS’ strong confidence in the strategic, operational and financial merits of the Transaction, including in the synergies from the optimisation of back-office infrastructure, component procurement and go-to-market efficiencies, and the removal of Pace’s public company costs. The Pace Board notes that the conclusions of ARRIS’ detailed review carried out to date have indicated the likelihood of redundancies, but also notes that the review is on-going. Accordingly, the Pace Board is not able to express an opinion on the impact of the Merger on the areas subject to that review.

Following the Announcement and after consultation and agreement with ARRIS, Pace has put in place a non-contractual cash retention plan for the benefit of employees of the Pace Group who are not entitled to a material number of awards under the Pace Share Plans. The Cash Retention Plan is intended to retain and incentivise employees during the long and uncertain period between Announcement and the Effective Date. Payments thereunder are conditional, inter alia, upon certain performance criteria, the Transaction becoming Effective and the recipient not having given notice to terminate employment prior to the relevant payment date. It is expected that approximately 1,250 employees will participate in the Cash Retention Plan and that up to US\$8.5 million of bonus payments will be paid by Pace. No Director or senior executive will be eligible under the Cash Retention Plan.

It is intended that each of the non-executive Pace Directors, being Allan Leighton, Patricia Chapman-Pincher, John Grant, Mike Inglis and Amanda Mesler will resign from the Pace Board conditionally upon the Scheme becoming Effective and with effect from the Effective Date. It has been agreed that, on the Effective Date, the employment of Mike Pulli (Chief Executive Officer) and Mark Shuttleworth (Chief Financial Officer) by the Pace Group will terminate with immediate effect, although each will remain

available to assist New ARRIS for a period of 30 calendar days from the Effective Date. Under the severance agreements entered into between each of them and the Pace Group, each will receive payment in lieu of his 12 month notice period and a pro rata bonus for the financial year 2015. Any share options or awards held by Mike Pulli and Mark Shuttleworth will be exercisable according to the rules of the relevant Pace Share Scheme.

8. Pace Share Schemes

Details of the effect of the Merger on each of the Pace Share Schemes and of the choices available to participants will be set out in full in separate letters to participants which will be sent to participants shortly after the date of this Scheme Document.

All Pace Shares issued on the exercise of options or vesting of awards granted under the Pace Share Schemes on or before the Scheme Record Time will be considered Scheme Shares subject to the terms of the Scheme.

The Pace Performance Share Plan (the “PSP”), the Pace International Performance Share Plan (the “IPSP”), the Pace plc Deferred Share Plan (the “DSP”), the Pace Approved Discretionary Share Option Plan 2005 and the Pace Unapproved Discretionary Share Option Plan 2005 (the “Market Value Options”)

All awards granted under the PSP, the IPSP and the DSP (“Awards”) will vest, to the extent described below, on the sanction of the Scheme by the Court at the Scheme Court Hearing. Where Awards have been granted in the form of options, participants will be invited to exercise their options in advance, with such exercise to take effect on the date of the Scheme Court Hearing (subject to the sanction of the Scheme by the Court). PSP and IPSP options will lapse if not so exercised, whereas DSP options will continue to be exercisable for a period of one month following notification that the Court has sanctioned the Scheme, and will then lapse. PSP and IPSP awards which have not already vested shall vest to the extent determined by the Remuneration Committee in accordance with the rules of the PSP and the IPSP. DSP awards will vest in full. All Market Value Options have already vested or will vest prior to the Scheme Court Hearing. Holders of such Market Value Options will be invited to exercise their options in advance, subject to the sanction of the Scheme by the Court, with such exercise to take effect on the date of the Scheme Court Hearing. If not so exercised, options may continue to be exercised for a period of three months thereafter.

Unless a participant directs otherwise, Awards and Market Value Options will be partially cancelled in exchange for a cash payment which, when added to the Cash Consideration received under the Scheme in respect of the Pace Shares received on vesting or exercise and transferred under the Scheme, will result in each participant having sufficient cash to cover the amount of any tax and social security liabilities arising on vesting or exercise and, where relevant, the exercise price.

Where Awards under the DSP and/or Market Value Options under the Pace Unapproved Discretionary Share Option Plan (the “Unapproved Plan”) are exercised following the Scheme Court Hearing, they will be satisfied by a transfer of the consideration that would have been received under the Scheme had the Pace Shares in respect of which they are exercised been Scheme Shares.

The Pace Sharesave Plan (“UK Sharesave”) and the Pace Americas US Sharesave Plan (“US Sharesave”)

UK Sharesave participants may either:

- accept an exchange of options, so that their options under UK Sharesave are released in consideration of the grant of options of equivalent value over New ARRIS Shares. Options will continue to be governed by the rules of UK Sharesave and participants will be able to continue saving under the terms of their original savings arrangements; or
- exercise their options from the date of the Scheme Court Hearing to the extent of their savings under the relevant savings contract for a period of one month from the date of notification that the Court has sanctioned the Scheme.

US Sharesave participants may exercise their options from the date of the Scheme Court Hearing to the extent of their savings under the relevant savings contract for a period of one month from the date of notification that the Court has sanctioned the Scheme.

Holders of options under UK Sharesave and US Sharesave will be invited to exercise their options in advance, with such exercise to take effect on the date of the Scheme Court Hearing. If not so exercised, options may continue to be exercised for the one month period referred to above.

Employee Benefit Trust

Pace Shares held in the Pace plc Employee Benefit Trust will be used to satisfy Market Value Options which are exercised and awards which vest and/or are exercised under the DSP, PSP and IPSP. Sufficient Pace Shares to satisfy unexercised options under the DSP and/or unexercised Market Value Options under the Unapproved Plan following the Scheme Court Hearing will remain in the Trust at the Scheme Record Time. They will be transferred as Scheme Shares and the consideration in respect of such Scheme Shares may then be applied in satisfying the exercise of options which are exercised after the Scheme Record Time as detailed above.

9. Irrevocable undertakings to vote in favour of the Merger

The Pace Directors who hold Pace Shares, being Mike Pulli, Allan Leighton, Patricia Chapman-Pincher, John Grant and Mike Inglis, have irrevocably undertaken to vote (or procure the registered holder votes) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting in respect of their own beneficial holdings of 1,743,455 Pace Shares in aggregate, which amount, in aggregate, to approximately 0.54 per cent. of Pace's issued share capital on the Latest Practicable Date, together with any Pace Shares to which they may become beneficially entitled upon exercise of option or vesting of awards held by them.

Further details of these irrevocable undertakings are set out in paragraph 7 of Appendix III of this document.

10. Information on the Pace Group

Pace is a leading technology developer for the global PayTV industry, working across satellite, cable, Internet Protocol Television ("IPTV") and terrestrial platforms. Pace has highly experienced specialist engineering teams, developing intelligent and innovative products and services for both PayTV operators and Telcos across the world. Pace has built up its experience and expertise over 30 years and enjoys a customer base of over 200 operators around the globe (including eight of the world's largest PayTV operators).

Pace's principal activities are the development, design and distribution of technologies, products and services for managed subscription television, telephony and broadband services and the provision of engineering design and software applications to its customers. It also provides related support services including consulting, systems integration and customer care centres.

Pace was founded in 1982 and is headquartered in Saltaire, United Kingdom. It employs over 2,000 people in locations around the world, including France, the USA, Brazil, India and China.

Pace is a member of the FTSE 250 and listed on the Official List of the London Stock Exchange. Its shares were admitted to trading on 27 June 1996.

For the year ended 31 December 2014, Pace generated revenues of US\$2,620 million and Adjusted EBITDA of approximately US\$270 million.

11. Information on the ARRIS Group

ARRIS is a global provider of entertainment and communications solutions. It operates in two business segments: CPE and Network & Cloud ("N&C"). It enables service providers, including cable, telephone, and digital broadcast satellite operators, and media programmers to deliver media, voice, and IP data services to their subscribers.

ARRIS is a leader in set tops, digital video and IPTV distribution systems, broadband access infrastructure platforms, and associated data and voice CPE, which it also sells directly to consumers through retail

channels. ARRIS' solutions are complemented by a broad array of services including technical support, repair and refurbishment, and system design and integration.

ARRIS is headquartered in Suwanee, Georgia, USA, and is listed on NASDAQ. For the year ended 31 December 2014, ARRIS generated revenues of approximately US\$5,323 million and operating income of approximately US\$341 million.

12. Information on New ARRIS

The New ARRIS Group will operate under a new holding company, New ARRIS, and will retain operational headquarters in Suwanee, Georgia, USA.

New ARRIS is a private limited company incorporated and tax resident in England and Wales. New ARRIS was formed solely for the purpose of effecting the Transaction. As at the date of this document, the New ARRIS Directors are Robert J. Stanzione, David B. Potts and Lawrence A. Margolis. Prior to the Effective Date, it is intended New ARRIS will be converted, pursuant to section 90 of the Companies Act, to a public limited company. To date, New ARRIS has not conducted any activities other than those incidental to its formation, the execution of the Co-operation Agreement and the New ARRIS Facility and the consummation of the Transaction. Following completion of the Transaction, New ARRIS will become the holding company of the Pace Group and the ARRIS Group.

Upon re-registration as a public company, New ARRIS will adopt new articles of association. Certain provisions of the proposed New ARRIS articles of association are summarised and compared with the current Pace articles of association in Appendix VI of this document.

To satisfy the minimum share capital requirements for English public companies, ARRIS holds £50,000 worth of shares in New ARRIS divided into 100 ordinary shares of £0.01 each and 4,999,900 redeemable shares of £0.01 and has given an undertaking to pay New ARRIS the consideration for those shares. On completion of the capital reduction described below, New ARRIS will repurchase or redeem all New ARRIS shares held by ARRIS, the consideration for which will be offset against the consideration due from ARRIS to New ARRIS. ARRIS' undertaking will then be discharged.

Under English law, New ARRIS will be able to declare dividends, make distributions or repurchase shares (other than out of the proceeds of a new issuance of shares made for that purpose) only out of distributable reserves.

Distributable reserves are a company's accumulated, realized profits, to the extent not previously utilized by distribution or capitalization, less its accumulated, realized losses, to the extent not previously written off in a reduction or reorganization of capital duly made. Immediately following the Transaction New ARRIS will not have distributable reserves.

In order to have sufficient distributable reserves to repurchase shares and/or to pay dividends or make distributions for the foreseeable future, New ARRIS will seek to have an amount approximately equal to the total amount of New ARRIS' share premium account as of a date after the Transaction created as distributable reserves following a reduction of capital of New ARRIS implemented through a customary process in the UK, which is subject to the approval of the Court.

As such, prior to the closing of the Transaction, ARRIS (as the current sole shareholder of New ARRIS) will pass a resolution to reduce the capital of New ARRIS to allow the creation of distributable reserves. Following the Transaction, New ARRIS will therefore seek the approval of the Court through a customary procedure, which is required for the creation of distributable reserves to be effective, as soon as practicable.

13. Trading in New ARRIS Shares

NASDAQ has advised ARRIS that NASDAQ will treat the Transaction as a "Substitution Listing Event" under its rules. New ARRIS is required to provide prior notice of the Transaction to NASDAQ, and upon

notice of completion of the Transaction the New ARRIS ordinary shares will be listed on NASDAQ. New ARRIS expects that the New ARRIS ordinary shares will trade under the symbol “ARRS”.

14. Delisting of Pace Shares

The attention of Pace Shareholders is drawn to paragraph 19 of the Explanatory Statement set out in Part II of this document. Applications will be made to the UK Listing Authority and the London Stock Exchange for the cancellation of the listing of the Pace Shares on the Official List and of the trading in Pace Shares on the London Stock Exchange’s main market for listed securities on the Scheme Effective Date.

15. Taxation

A summary of relevant UK taxation, which is intended as a general guide only, is set out in Part A of Appendix II to this document. A summary of relevant US taxation, which is intended as a general guide only, is set out in Part B of Appendix II to this document. If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction outside the UK or the United States, you should consult your independent professional adviser.

16. Action to be taken

The Merger is subject to the satisfaction or waiver of the Conditions referred to in Part II of this document and set out in full in Appendix I to this document. In order to become effective, the Scheme must be approved by a majority in number of those Scheme Shareholders who are present and voting either in person or by proxy at the Court Meeting and who represent 75 per cent. or more in value of all Scheme Shares held by such Scheme Shareholders. Implementation of the Scheme will also require the passing of the Special Resolution by Pace Shareholders at the General Meeting. The Court Meeting and the General Meeting will both be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL. The Court Meeting will be held at 11.00 a.m. on 22 October 2015 and the General Meeting will be held at 11.10 a.m. on the same date (or, if later, as soon thereafter as the Court Meeting has been concluded or adjourned). Under the Companies Act, the Scheme is also subject to the sanction of the Court.

You will find enclosed with this document:

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a white Form of Proxy for use in respect of the General Meeting.

Whether or not you plan to attend both or either of the Meetings, please complete and sign the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received by post by Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU at least 48 hours before the time of the relevant Meeting. Forms of Proxy have a pre-paid address for your convenience for use in the UK only. Forms of Proxy sent by fax only will not be valid.

If the blue Form of Proxy for use at the Court Meeting is not lodged by the above time, it may be handed to the Chairman of the Court Meeting before the taking of the poll and will still be valid. However, in the case of the General Meeting, unless the white Form of Proxy is lodged so as to be received by 11.10 a.m. on 20 October 2015 (or, in the case of an adjournment, no later than 48 hours (excluding any part of a day that is not a working day) before the time and date set for the adjourned Meeting), it will be invalid. The completion and return of the Forms of Proxy will not prevent you from attending and voting at either the Court Meeting or the General Meeting, or any adjournment thereof, in person should you wish to do so.

Pace Shareholders are entitled to appoint more than one proxy. Please refer to pages 9 and 10 (Action to be Taken) for further details.

If you hold your Pace Shares in uncertificated form (that is, in CREST) you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to

the accompanying notes for the Notice of the General Meeting set out at the end of this document). Proxies submitted via CREST (under CREST participant RA10) must be received by Capita Asset Services not later than 11.00 a.m. on 20 October 2015 in the case of the Court Meeting and 11.10 a.m. on 20 October 2015 in the case of the General Meeting (or, in the case of an adjournment, not less than 48 hours (excluding any part of a day that is not a working day) prior to the time and date set for the adjourned Meeting).

Shareholders may also register their proxy appointments electronically via <https://www.paceshares.com>, where full details of the procedure are given. This address is given only for the filing of proxies for the Court Meeting and the General Meeting and not for any other purpose. If you choose to appoint a proxy electronically you will need your unique investor code which is printed on the Forms of Proxy. In order to be valid, such electronic appointments and directions must be registered by no later than 11.00 a.m. on 20 October 2015 (in the case of the Court Meeting) and by no later than 11.10 a.m. on 20 October 2015 (in the case of the General Meeting) or, in the case of an adjourned Meeting, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a working day). Shareholders are advised to read the terms and conditions of use carefully.

It is important that, for the Court Meeting, as many votes (whether in person or by proxy) as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Pace Shareholder opinion.

You are therefore strongly urged to vote in person or complete and return the blue Form of Proxy, appoint a proxy electronically or appoint a proxy through CREST as soon as possible and, in any event, so as to be received by 11.00 a.m. on 20 October 2015 for the Court Meeting.

Provided the Scheme becomes effective, Scheme Shareholders will receive their consideration without having to take further action.

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please call Capita Asset Services between 9.00 a.m. and 5.30 p.m. on Monday to Friday (except UK public holidays), on 0371 664 0321 from within the UK (calls are charged at the standard geographic rate and will vary by provider) or on +44 208 639 3399 if calling from outside the UK (calls from outside the UK will be charged at the applicable rate). Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Overseas Shareholders should refer to paragraph 18 of the Explanatory Statement set out in Part II of this document. Details relating to settlement are included in paragraph 21 of the Explanatory Statement set out in Part II of this document.

Notices convening the Court Meeting and the General Meeting are set out at the end of this document.

17. Further Information

Your attention is drawn to the letter from J.P. Morgan Cazenove set out in Part II of this document (being the Explanatory Statement pursuant to section 897 of the Companies Act). The terms of the Scheme are set out in full in Part III of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Conditions to the implementation of the Merger in Appendix I, the information on UK and US taxation in Appendix II and the additional information set out in Appendix III to this document.

18. Recommendation

The Pace Board, which has been so advised by J.P. Morgan Cazenove, considers the terms of the Merger to be fair and reasonable. In providing its advice, J.P. Morgan Cazenove has taken into account the commercial assessments of the Pace Directors.

The Pace Board considers that the Merger is in the best interests of Pace Shareholders as a whole and accordingly unanimously recommends that all Pace Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting, as those Pace Directors who hold

Pace Shares have irrevocably undertaken to do (or procure to be done) in respect of their own beneficial shareholdings of 1,743,455 Pace Shares in aggregate, which represent, in aggregate, approximately 0.54 per cent. of Pace's issued share capital on the Latest Practicable Date, together with any Pace Shares to which they may become beneficially entitled upon exercise of options or vesting of awards held by them.

Yours sincerely

Allan Leighton
Chairman

PART II

EXPLANATORY STATEMENT

(in compliance with Section 897 of the Companies Act)

J.P.Morgan CAZENOVE

J.P. Morgan Limited
25 Bank Street
Canary Wharf
London E14 5JP

Registered in England and Wales under no. 248609

25 September 2015

To Pace Shareholders, persons with information rights and, for information only, to participants in the Pace Share Schemes

Dear Sir or Madam,

RECOMMENDED COMBINATION OF PACE AND ARRIS

1. Introduction

On 22 April 2015, the boards of ARRIS and Pace announced that they had reached agreement on the terms of a recommended combination of Pace with ARRIS, through the acquisition of Pace and ARRIS by New ARRIS, a company incorporated in England and Wales by ARRIS for the purpose of implementing the Transaction. It is expected that the Merger will be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

Implementation of the Scheme will require the approval by the Scheme Shareholders at a meeting convened by order of the Court. In addition, a special resolution must be passed at the General Meeting to deal with certain ancillary matters in connection with the Merger. The Scheme also requires the sanction of the Court.

Your attention is drawn to the letter from the Chairman of Pace set out in Part I of this document, which forms part of this Explanatory Statement and which contains the background to and reasons for the Pace Board's unanimous recommendation and which states that the Pace Board, which has been so advised by J.P. Morgan Cazenove, considers the terms of the Merger to be fair and reasonable. In providing our advice to the Pace Board, we have taken into account the Pace Board's commercial assessment of the Merger. The Pace Board unanimously recommends that all Pace Shareholders vote in favour of the Resolutions to be proposed at the Meetings, as those Pace Directors who hold Pace Shares have irrevocably undertaken to do (or procure the registered holders to do) in respect of their own beneficial shareholdings of 1,743,455 Pace Shares in aggregate, which represent, in aggregate, approximately 0.54 per cent. of Pace's issued share capital on the Latest Practicable Date, together with any Pace Shares to which they may become beneficially entitled upon exercise of options or vesting of awards held by them.

We have been authorised by the Pace Directors to write to you to explain the Scheme and the Transaction and to provide you with other relevant information. This letter sets out and explains the provisions of the Scheme. The terms of the Scheme are set out in full in Part III of this document. Your attention is also drawn to the Conditions set out in Appendix I to this document and the further information set out in Appendices II to IX to this document.

2. The Proposals

Under the terms of the Scheme, Scheme Shareholders on the register of members of Pace at the Scheme Record Time will be entitled to receive:

for each Scheme Share 132.5 pence in cash
and
0.1455 New ARRIS Shares

The Merger terms represent an indicative value of 426.5 pence per Pace Share based on ARRIS' Closing Price on 21 April 2015 (being the last Business Day prior to the Announcement) and an exchange rate of US\$1.4928 : £1 (as sourced from Bloomberg on 21 April 2015).

This indicative value of 426.5 pence per Pace Share values the entire issued and to be issued share capital of Pace on a fully diluted basis at approximately £1.4 billion and represents:

- a premium of approximately 27.6 per cent. to the Closing Price of 334.2 pence per Pace Share on 21 April 2015; and
- an implied enterprise value/Adjusted EBITDA multiple of Pace of approximately 8.2x.

Based on the Closing Price of ARRIS Shares and a US\$-£ exchange rate of US\$1.5240: £1 on 23 September (being the Latest Practicable Date), the Merger values each Pace Share at 382.8 pence and the entire issued and to be issued share capital of Pace on a fully diluted basis at approximately £1.3 billion. This represents a premium of 14.6 per cent. to Pace's Closing Price of 334.2 pence on the last Business Day prior to the Announcement and a premium of 5.3 per cent. to Pace's Closing Price of 363.6 pence on the Latest Practicable Date.

3. Irrevocable undertakings to vote in favour of the Merger

The Pace Directors who hold Pace Shares, being Mike Pulli, Allan Leighton, Patricia Chapman-Pincher, John Grant and Mike Inglis, have irrevocably undertaken to vote (or procure the registered holder to vote) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting in respect of their own beneficial holdings of 1,743,455 Pace Shares in aggregate, which amount, in aggregate, to approximately 0.54 per cent. of Pace's issued share capital on the Latest Practicable Date, together with any Pace Shares to which they may become beneficially entitled upon exercise of options or vesting of awards held by them.

Further details of these irrevocable undertakings are set out in paragraph 7 of Appendix III of this document.

4. Structure of the Merger

(a) Introduction

It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement between Pace and the Scheme Shareholders under Part 26 of the Companies Act.

The purpose of the Scheme is to provide for New ARRIS to become the direct or indirect owner of the entire issued and to be issued share capital of Pace. In order to achieve this, the Scheme Shares will be transferred to New ARRIS. In consideration for this, the Scheme Shareholders will receive cash and be issued New ARRIS Shares on the basis set out in paragraph 2 above. The transfer of the Scheme Shares to New ARRIS will result in Pace becoming a direct or indirect wholly owned subsidiary of New ARRIS.

The implementation of the Merger is subject to the Conditions, which are summarised in paragraph 4 (e) of this Part II and set out in full in Appendix I to this document.

The Scheme will become effective upon the delivery to the Registrar of Companies of an office copy of the Court Order.

(b) ***The Meetings***

Notices of the Court Meeting and the General Meeting are set out at the end of this document. Entitlement to attend and vote at the Meetings and the number of votes which may be cast thereat will be determined by reference to the register of members of Pace at the Voting Record Time. All Pace Shareholders (other than Excluded Shareholders in the case of the Court Meeting) whose names appear on the register of members of Pace at 6.00 p.m. on 20 October 2015 or, if such meetings are adjourned, on the register of members at 6.00 p.m. on the date two days before the date fixed for such adjourned meeting, shall be entitled to attend and speak and vote at the relevant meeting in respect of the number of Pace Shares registered in their name at the relevant time.

The Court Meeting

You will find set out at the end of this document notice of the Meeting of the Scheme Shareholders which has been convened by order of the Court for the purpose of considering and, if thought fit, approving the Scheme (with or without modification).

The Court Meeting, which has been convened for 11.00 a.m. on 22 October 2015, is being held at the direction of the Court to seek the approval of the Scheme Shareholders to the Scheme. At the Court Meeting, voting will be by way of poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders who are present and vote, either in person or by proxy, and who represent 75 per cent. or more in value of all Scheme Shares held by such Scheme Shareholders.

Scheme Shareholders have the right to raise any objections they may have to the Scheme at the Court Meeting.

It is important that, for the Court Meeting, as many votes (whether in person or by proxy) as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Pace Shareholder opinion.

You are therefore strongly urged to vote in person or complete and return the blue Form of Proxy, appoint a proxy electronically or appoint a proxy through CREST as soon as possible, and, in any event so as to be received by 11.00 a.m. on 20 October 2015 for the Court Meeting. A Form of Proxy for the Court Meeting not lodged at the relevant time may be handed in to the Chairman of the Court Meeting before the taking of the poll.

The General Meeting

In addition to the Court Meeting, the General Meeting has been convened for 11.10 a.m. on 22 October 2015, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the Special Resolution (which requires votes in favour representing at least 75 per cent. of the votes cast) to approve:

- (i) the Scheme; and
- (ii) certain amendments to the Pace Articles as described below.

You will find the notice of the General Meeting set out at the end of this document.

Voting on the Special Resolution will be on a show of hands unless a poll is demanded. The Chairman reserves the right to demand a poll and, in such event, each Pace Shareholder present in person or by proxy will be entitled to one vote for every Pace Share held.

All Pace Shareholders will be entitled to vote on the Special Resolution.

It is proposed that the Pace Articles be amended to ensure that any Pace Shares which are issued after the General Meeting but before the Scheme Record Time will be subject to and bound by the Scheme. Any Pace Shares issued on the exercise of options under the Pace Share Schemes after the Scheme

Record Time will not be subject to the Scheme. Accordingly, it is also proposed that the Pace Articles be amended so that any Pace Shares issued to any person other than New ARRIS (or its nominee(s)) on or after the Scheme Record Time will automatically be acquired by New ARRIS in consideration for (i) the payment by New ARRIS to such person of such Cash Consideration and (ii) the issue of such number of New ARRIS Shares to such person, as would have been due under the Scheme had such Pace Shares been Scheme Shares.

The proposed amendments to the Pace Articles are set out in full in the notice of the General Meeting.

(c) ***Modifications to the Scheme***

The Scheme contains a provision for Pace and ARRIS jointly to consent on behalf of all concerned to any modifications, additions or conditions to the Scheme which the Court may think fit to approve or impose. The Court would be unlikely to approve or impose any modifications, additions or conditions to the Scheme which might be material to the interests of Pace Shareholders unless Pace Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Pace Shareholders should be held. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Pace Directors, is of such a nature or importance as to require the consent of Pace Shareholders at a further meeting, the Pace Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

(d) ***Alternative means of implementing the Merger***

ARRIS and New ARRIS have reserved the right, subject to the prior consent of Pace and the Panel, to implement the Merger by way of a Contractual Offer, in which case additional documents will be sent to Pace Shareholders. In such event, the Offer will (unless otherwise agreed between ARRIS, Pace and the Panel) be implemented on the same terms and conditions (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme.

(e) ***Conditions to the Scheme***

The Scheme is subject to the Conditions and certain further terms referred to in Appendix I of this document. The Conditions in Appendix I provide that the Scheme is conditional on, amongst other things:

- (i) the Court Meeting and General Meeting being held on or before 13 November 2015, or such later date (if any) as ARRIS and Pace may agree;
- (ii) the Scheme Court Hearing being held on or before 13 November 2015, or such later date (if any) as ARRIS and Pace may agree;
- (iii) approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment thereof) and at any separate class meeting which may be required by the Court (or at any adjournment thereof);
- (iv) all resolutions required to approve and implement the Scheme (including, without limitation, to amend Pace's articles of association) being duly passed by the requisite majority or majorities of the Pace Shareholders at the General Meeting, or at any adjournment thereof;
- (v) the sanction of the Scheme by the Court with or without modifications, on terms reasonably acceptable to ARRIS and Pace and the delivery of a copy of the Scheme Court Order to the Registrar of Companies in England and Wales;
- (vi) the Scheme becoming unconditional and becoming effective by no later than 22 April 2016 or such later date (if any) as ARRIS and Pace may agree and (if required) the Court may allow;

- (vii) the Form S-4 having become effective under the Securities Act and not having been the subject of any stop order suspending its effectiveness, and no proceedings seeking any such stop order having been initiated or threatened by the SEC;
- (viii) the US Merger Agreement being duly adopted by the affirmative vote of the holders of a majority of the outstanding ARRIS Shares entitled to vote on such matter at an ARRIS Stockholders' meeting duly called and held for such purpose in accordance with applicable law and the certificate of incorporation and bylaws of ARRIS;
- (ix) NASDAQ having authorised the listing of all of the New ARRIS Shares upon official notice of issuance and not having withdrawn such authorisation; and
- (x) all notifications and filings as may be required under the HSR Act having been made in connection with the acquisition of Pace Shares by New ARRIS and all applicable HSR Act waiting periods (including any extensions thereof) relating to the acquisition of Pace Shares by New ARRIS having expired or been terminated.

The Scheme is also generally conditional on the receipt of various other anti-trust clearances in a number of jurisdictions: Brazil, Colombia, Germany, Portugal and South Africa.

Pace Shareholders should note that completion of the Scheme will be conditional upon the satisfaction or, where appropriate, waiver of all the above Conditions in addition to the satisfaction or, where appropriate, waiver of the other Conditions and certain further terms set out in Appendix I to this document.

Merger control clearance processes have commenced in all relevant jurisdictions and at the Latest Practicable Date approvals have been received from the German and South African authorities. Pace and ARRIS each continue to work with the merger control authorities in the United States, Brazil, Colombia and Portugal in order to obtain the remaining required merger control approvals. In the United States, Pace and ARRIS have received a request for additional information and documentary material (referred to as a "second request") from the Antitrust Division of the U.S. Department of Justice (the "**Antitrust Division**") regarding the Combination and continue to work with it to respond promptly to its requests for information. Pace and ARRIS currently expect that the Antitrust Division will conclude its review of the Merger by or before the middle of December 2015.

On 15 September 2015, the Form S-4 became effective under the Securities Act and the ARRIS Stockholders' meeting was duly called for 21 October 2015 to adopt the US Merger Agreement.

Scheme Shares will be acquired under the Scheme fully paid and free from all liens, charges and encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions and returns of value declared, paid or made after the date on which the Scheme becomes effective. If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Pace in respect of a Scheme Share on or after the Announcement Date and prior to the Scheme becoming effective (other than the Permitted Dividend), New ARRIS reserves the right to reduce the value of the consideration payable for each Scheme Share by up to the amount per Scheme Share of such dividend, distribution or return of capital except where the Scheme Share is or will be acquired pursuant to the Scheme on a basis which entitles New ARRIS to receive the dividend, distribution or return of capital and to retain it.

If any such dividend or distribution (other than the Permitted Dividend) is paid or made after the Announcement Date and New ARRIS exercises its rights described above, any reference in this document to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by New ARRIS of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.

(f) ***Sanction of the Scheme by the Court***

Under the Companies Act, the Scheme also requires the sanction of the Court. ARRIS and New ARRIS have confirmed that they will be represented by Counsel at the Scheme Court so as to consent to the Scheme and to undertake to the Court to be bound thereby.

The Scheme will become effective in accordance with its terms on delivery of an office copy of the Scheme Court Order to the Registrar of Companies.

If the Scheme becomes effective, it will be binding on all Pace Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the Special Resolution proposed at the General Meeting. It is anticipated that the Scheme Court Hearing will take place in late 2015. If, however, any Condition has not been satisfied by such time, the date of the Scheme Court Hearing will be delayed. If the Scheme does not become effective by 22 April 2016 (or such later date (if any) as ARRIS and Pace may agree and (if required) the Court may allow) the Scheme will not become effective and the Merger will not proceed.

5. The ARRIS Merger and ARRIS Stockholder Approval

(a) ***The ARRIS Merger***

Immediately following the Merger, US Merger Sub will merge with and into ARRIS, with ARRIS continuing as the surviving corporation. On the Effective Date, all ARRIS Shares will be cancelled and will automatically be converted into the right to receive New ARRIS Shares on a one-for-one basis. Following the ARRIS Merger, ARRIS will become an indirect wholly owned subsidiary of New ARRIS. The ARRIS Merger is subject to the terms and conditions of the US Merger Agreement.

(b) ***ARRIS Stockholder approval***

The US Merger Agreement must be duly adopted by the affirmative vote of the holders of a majority of the outstanding ARRIS Shares entitled to vote on such matter at the ARRIS Stockholders' Meeting, to be held on 21 October 2015. The ARRIS Board has approved the Transaction and has unanimously recommended that ARRIS Stockholders vote in favour of the adoption of the US Merger Agreement.

6. Background to and reasons for recommending the Merger

The details of the background to and reasons for the Pace Directors unanimously recommending the Merger are set out in full in the letter from the Chairman of Pace in Part I of this document.

7. Information on the Pace Group

Pace is a leading technology developer for the global PayTV industry, working across satellite, cable, IPTV and terrestrial platforms. Pace has highly experienced specialist engineering teams, developing intelligent and innovative products and services for both PayTV operators and Telcos across the world. Pace has built up its experience and expertise over 30 years and enjoys a customer base of over 200 operators around the globe (including eight of the world's largest PayTV operators).

Pace's principal activities are the development, design and distribution of technologies, products and services for managed subscription television, telephony and broadband services and the provision of engineering design and software applications to its customers. It also provides related support services including consulting, systems integration and customer care centres.

Pace was founded in 1982 and is headquartered in Saltaire, United Kingdom. It employs over 2,000 people in locations around the world, including France, the USA, Brazil, India and China.

Pace is a member of the FTSE 250 and listed on the Official List of the London Stock Exchange. Its shares were admitted to trading on 27 June 1996.

For the year ended 31 December 2014, Pace generated revenues of US\$2,620 million and Adjusted EBITDA of approximately US\$270 million.

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ARRIS is a global provider of entertainment and communications solutions. It operates in two business segments: CPE and N&C. It enables service providers, including cable, telephone, and digital broadcast satellite operators, and media programmers to deliver media, voice, and IP data services to their subscribers.

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9. Information on New ARRIS

The New ARRIS Group will operate under a new holding company, New ARRIS, and will retain operational headquarters in Suwanee, Georgia, USA.

New ARRIS is a private limited company incorporated and tax resident in England and Wales. New ARRIS was formed solely for the purpose of effecting the Transaction. As at the date of this document, the New ARRIS Directors are Robert J. Stanzione, David B. Potts and Lawrence A. Margolis. Prior to the Scheme Effective Date, it is intended New ARRIS will be converted, pursuant to section 90 of the Companies Act, to a public limited company. To date, New ARRIS has not conducted any activities other than those incidental to its formation, the execution of the Co-operation Agreement and the New ARRIS Facility and the consummation of the Transaction. Following completion of the Transaction, New ARRIS will become the holding company of the Pace Group and the ARRIS Group.

Upon re-registration as a public company, New ARRIS will adopt new articles of association. Certain provisions of the proposed New ARRIS articles of association are summarised and compared with the current Pace articles of association in Appendix VI of this document.

To satisfy the minimum share capital requirements for English public companies, ARRIS holds £50,000 worth of shares in New ARRIS divided into 100 ordinary shares of £0.01 each and 4,999,900 redeemable shares of £0.01 and has given an undertaking to pay New ARRIS the consideration for those shares. On completion of the capital reduction described below, New ARRIS will repurchase or redeem all New ARRIS shares held by ARRIS, the consideration for which will be offset against the consideration due from ARRIS to New ARRIS. ARRIS' undertaking will then be discharged.

Under English law, New ARRIS will be able to declare dividends, make distributions or repurchase shares (other than out of the proceeds of a new issuance of shares made for that purpose) only out of distributable reserves.

Distributable reserves are a company's accumulated, realized profits, to the extent not previously utilized by distribution or capitalization, less its accumulated, realized losses, to the extent not previously written off in a reduction or reorganization of capital duly made. Immediately following the Transaction New ARRIS will not have distributable reserves.

In order to have sufficient distributable reserves to repurchase shares and/or to pay dividends or make distributions for the foreseeable future, New ARRIS will seek to have an amount approximately equal to the total amount of New ARRIS' share premium account as of a date after the Transaction created as distributable reserves following a reduction of capital of New ARRIS implemented through a customary process in the UK, which is subject to the approval of the Court.

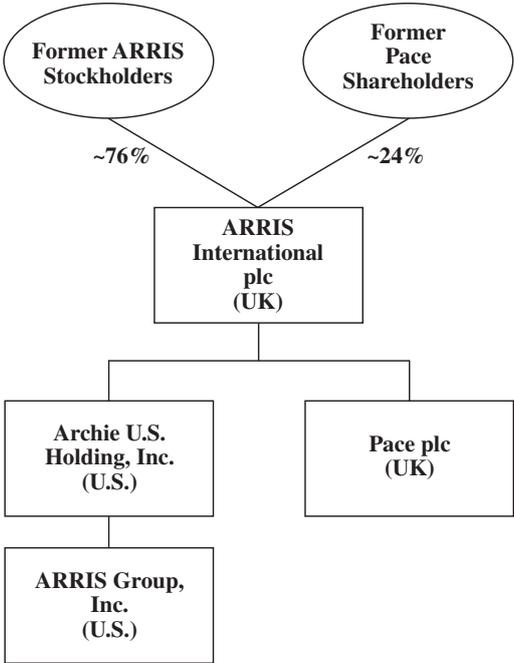
As such, prior to the closing of the Transaction, ARRIS (as the current sole shareholder of New ARRIS) will pass a resolution to reduce the capital of New ARRIS to allow the creation of distributable reserves. Following the Transaction, New ARRIS will therefore seek the approval of the Court through a customary procedure, which is required for the creation of distributable reserves to be effective, as soon as practicable.

NASDAQ has advised ARRIS that NASDAQ will treat the Transaction as a “Substitution Listing Event” under its rules. New ARRIS is required to provide prior notice of the Transaction to NASDAQ, and upon notice of completion of the Transaction the New ARRIS ordinary shares will be listed on NASDAQ. New ARRIS expects that the New ARRIS ordinary shares will trade under the symbol “ARRS”.

10. The Combined Group

Combined Group Structure

Following completion of the Transaction, the final structure of the Combined Group will be as set out in the simplified structure chart below:



ARRIS has estimated that, following completion of the Transaction, existing ARRIS Stockholders and Pace Shareholders will own approximately 76 per cent. and 24 per cent. of New ARRIS Shares, respectively. This estimate is based on the following assumptions:

- The fully diluted ordinary share capital of Pace is 330,824,664 Pace Shares, which is calculated as follows:
 - o the issued and outstanding share capital of Pace of 320,283,780 Pace Shares as of the Latest Practicable Date, plus
 - o additional Pace Shares which are expected to be issued on or after the Latest Practicable Date on the exercise of options or vesting of awards under the Pace Share Schemes, in the aggregate amount of 12,438,816 Pace Shares (based on information relating to Pace Share Schemes as of the Latest Practicable Date), minus
 - o 1,897,932 Pace Shares held by the Pace plc Employee Benefit Trust.
- The fully diluted number of ARRIS Shares is 154,817,008, which is calculated as follows:
 - o the issued and outstanding share capital of ARRIS of 146,592,391 ARRIS Shares as of the Latest Practicable Date, plus
 - o additional ARRIS Shares which may be issued on or after the Latest Practicable Date on the exercise of options or settlement of awards under ARRIS’ equity award plans, in the aggregate amount of 8,224,617 (based on information relating to ARRIS’ equity award plans as of the Latest Practicable Date).

Combined Group Board

Following completion of the Transaction, the then-current ARRIS Board will serve as the directors of New ARRIS as follows:

<i>Name</i>	<i>Position</i>
Robert J. Stanzione	Chief Executive Officer
Alex B. Best	Independent Director
Harry L. Bosco	Independent Director
J. Timothy Bryan	Independent Director
James A. Chiddix	Independent Director
Andrew T. Heller	Independent Director
Dr. Jeong Kim	Independent Director
Doreen A. Toben	Independent Director
Debora J. Wilson	Independent Director
David A. Woodle	Independent Director

11. Directors, management and employees

ARRIS and Pace attach great importance to the skills and experience of the existing management and employees of ARRIS and Pace, and New ARRIS will benefit from the combined talent of both organisations.

ARRIS has confirmed that, following implementation of the Merger, the existing contractual and statutory employment rights, including in relation to pensions, of all Pace Group employees will be fully safeguarded. Further, ARRIS has confirmed that it has no intention to change Pace's existing employer contributions to its pension plan and no decisions have been taken in relation to the admission of new members. The Pace Board welcomes the importance that ARRIS attaches to the skills and experience of the employees and management of Pace and the fact that ARRIS has confirmed to it that the existing contractual and statutory employment rights, including in relation to pensions, of all Pace Group employees will be fully safeguarded.

The ARRIS Board recognises that, in order to achieve the expected benefits of the Merger, operational and administrative restructuring will be required following completion of the Merger. The detailed steps for such a restructuring are not yet known but ARRIS will aim to retain the best talent across the Combined Group. Other than as described below, no decisions have yet been made by ARRIS in relation to specific actions that may be taken and no detailed discussions have yet been held between ARRIS and Pace in this regard.

ARRIS continues its detailed review of the combined business to identify realisable cost synergies, including duplicate business activity, which will likely lead to some redundancies at both ARRIS and Pace and some combinations of facilities, but that review is on-going and will not be completed until after completion of the Transaction. Until such detailed review is complete, ARRIS cannot be certain what impact there will be on the employment of the management and employees of Pace, or the location of their places of business or any redeployment of fixed assets. Nevertheless, this preliminary review has reinforced ARRIS' strong confidence in the strategic, operational and financial merits of the Transaction, including in the synergies from the optimisation of back-office infrastructure, component procurement and go-to-market efficiencies, and the removal of Pace's public company costs. The Pace Board notes that the conclusions of ARRIS' detailed review carried out to date have indicated the likelihood of redundancies, but also notes that the review is on-going. Accordingly, the Pace Board is not able to express an opinion on the impact of the Merger on the areas subject to that review.

Following the Announcement and after consultation and agreement with ARRIS, Pace has put in place a non-contractual cash retention plan for the benefit of employees of the Pace Group who are not entitled to a material number of awards under the Pace Share Plans. The Cash Retention Plan is intended to retain and incentivise employees during the long and uncertain period between Announcement and the Effective Date. Payments thereunder are conditional, inter alia, upon certain performance criteria, the Transaction becoming Effective and the recipient not having given notice to terminate employment prior to the relevant payment date. It is expected that approximately 1,250 employees will participate in the Cash Retention Plan and that up to US\$8.5 million of bonus payments will be paid by Pace. No Director or senior executive will be eligible under the Cash Retention Plan.

It is intended that each of the non-executive Pace Directors, being Allan Leighton, Patricia Chapman-Pincher, John Grant, Mike Inglis and Amanda Mesler will resign from the Pace Board conditionally upon the Scheme becoming Effective and with effect from the Effective Date. It has been agreed that, on the Effective Date, the employment of Mike Pulli (Chief Executive Officer) and Mark Shuttleworth (Chief Financial Officer) by the Pace Group will terminate with immediate effect, although each will remain available to assist New ARRIS for a period of 30 calendar days from the Effective Date. Under the severance agreements entered into between each of them and the Pace Group, each will receive payment in lieu of his 12 month notice period and a pro rata bonus for the financial year 2015. Any share options or awards held by Mike Pulli and Mark Shuttleworth will be exercisable according to the rules of the relevant Pace Share Scheme.

12. Financing the Merger and cash confirmation

(a) *Cash confirmation*

Evercore, as financial adviser to ARRIS, is satisfied that ARRIS and New ARRIS have the necessary financial resources available to satisfy in full the cash consideration payable under the Merger.

(b) *Financing*

New ARRIS, ARRIS and various related entities have entered into the New ARRIS Facility that has an aggregate maximum commitment amount of approximately US\$2.834 billion from Bank of America, N.A. and various other lenders to finance the cash portion of the consideration payable under the Scheme.

Under the terms of the New ARRIS Facility, New ARRIS has agreed that it will not, without the consent of the administrative agent:

- (i) amend or waive any term of certain documents relating to the Scheme in a manner materially adverse to the interests of the lenders from those in the Announcement, unless required by the Takeover Panel, the Takeover Code, a court or any other applicable law, regulation or regulatory body; and
- (ii) should the Merger be implemented by way of a Contractual Offer, amend or waive the acceptance condition (as determined under the terms of that offer at the relevant time) to permit the Contractual Offer to become unconditional as to acceptances until New ARRIS has (directly or indirectly) acquired acceptances which, when aggregated with all Pace shares to which the Contractual Offer relates (excluding Treasury Shares) directly or indirectly acquired by New ARRIS represent at least 90 per cent. of the Pace shares to which the Contractual Offer relates (excluding Treasury Shares).

After giving effect to the Transaction, and assuming payment of estimated fees and expenses, including estimated financing costs, and assuming a late 2015 Transaction closing, New ARRIS expects to have total external debt aggregating approximately US\$2.4 billion.

13. Offer-related arrangements

(a) *Confidentiality agreements*

Pace and ARRIS have entered into a mutual confidentiality agreement, as amended and restated, dated 20 April 2015, a clean team confidentiality agreement dated 13 April 2015 and a synergies clean team confidentiality agreement dated 17 April 2015. Please see a summary of the agreements set out in paragraph 6.1 of Appendix III to this document.

(b) *Joint defence agreement*

Pace and ARRIS' external legal advisers have entered into a joint defence, common interest and confidentiality agreement on their own behalf and on behalf of Pace and ARRIS respectively. Please see a summary set out in paragraph 6.2 of Appendix III to this document.

(c) ***Co-operation Agreement***

On 22 April 2015 ARRIS, New ARRIS and Pace entered into the Co-operation Agreement in connection with the proposed Transaction. Pursuant to the Co-operation Agreement, the parties have agreed to provide each other with such information and assistance as may reasonably be required for the purposes of obtaining all regulatory clearances and making any submission, filing or notification to any regulatory authority. ARRIS has also given certain undertakings regarding the implementation of the Transaction and the conduct of its business from the date of the Co-operation Agreement until the Effective Date. The Co-operation Agreement will terminate if the Scheme is withdrawn or lapses. ARRIS has the right to terminate the Co-operation Agreement if the Pace Board withdraws its recommendation of the Scheme or if certain deadlines are not met, including the Scheme not being consummated by 22 April 2016. As compensation for any loss suffered by Pace in connection with the preparation and negotiation of the Scheme, the Co-operation Agreement and any other document relating to the Transaction, ARRIS has undertaken in the Co-operation Agreement that, on the occurrence of certain Break Payment Events, ARRIS will pay to Pace US\$20 million or, in certain other instances, Pace's costs up to a cap of US\$12 million. The Co-operation Agreement also, among other things, contains certain arrangements relating to Pace's share incentive plans. Further details of the Co-operation Agreement are set out in paragraph 6.3 of Appendix III to this document.

(d) ***Fee reimbursement letter***

On 17 June 2015 Pace and ARRIS entered into a back-to-back fee letter whereby ARRIS agreed to reimburse Pace for the fees incurred by Pace in connection with its appointment of Ernst & Young LLP to provide advice to Pace on the conversion of its consolidated financial statements for the year ended and quarter ended 31 December 2014 and for the six months ended 30 June 2015 from IFRS to U.S. generally accepted accounting principles. Please see a summary at paragraph 6.4 of Appendix III to this document.

(e) ***Representation letter***

On 11 September 2015, Pace entered into a representation letter in favour of Troutman Sanders LLP (as counsel to ARRIS and New ARRIS) pursuant to which Pace gave certain representations (without liability) regarding, *inter alia*, the share capital of Pace and the contents of this document. Please see a summary at paragraph 6.5 of Appendix III to this document.

14. Pace Share Schemes

The effect of the Scheme in relation to the Pace Share Schemes is described in paragraph 8 of the letter from the Chairman of Pace in Part I of this document.

15. New ARRIS Share Schemes

Upon the occurrence of the Merger, New ARRIS will assume the existing Arris Group, Inc. 2011 Stock Incentive Plan ("**2011 SIP**"), and any obligations under awards that are outstanding under the 2011 SIP, in order to facilitate the retention and continued motivation of key employees and directors. At the same time, the 2011 SIP will be amended and restated to reflect the differences in practice and law between the United Kingdom (New ARRIS' governing jurisdiction) and Delaware (ARRIS' governing jurisdiction). Awards granted under the 2011 SIP may be in the form of stock options (including incentive stock options that meet certain requirements of the US Internal Revenue Code), stock grants, stock units, restricted stock, stock appreciation rights, performance shares and units and dividend equivalent rights.

Upon the occurrence of the Merger, New ARRIS also is assuming the Arris Group, Inc. Employee Stock Purchase Plan ("**ESPP**"), and any obligations under awards that are outstanding under the ESPP, in order to facilitate the retention and continued motivation of employees. At the same time, the ESPP will be amended and restated for similar reasons as for the 2011 SIP. The ESPP will allow eligible employees to purchase New ARRIS Shares pursuant to options with an option price per New ARRIS Share equal to 85 per cent. of the fair market value of the New ARRIS Shares on either the date of exercise or on the date of grant, whichever amount is the lesser.

16. The Pace Directors and the effect of the Scheme on their interests

The Pace Directors and the details of their interests (for the purposes of Part 10 of the Companies Act) in the share capital of Pace are set out in paragraph 4.2 of Appendix III to this document. Certain Pace Directors are participants in the Pace Share Schemes and paragraph 8 of Part I of this document will apply to their interests in such schemes in the same manner as in the case of other participants in the Pace Share Schemes. Save as disclosed, the effect of the Scheme on such interests of the Pace Directors (whether as directors, members, creditors or otherwise) does not differ from its effect on the like interests of any other person.

Details of the service contracts (including termination provisions) and severance agreements of the executive Pace Directors, the letters of appointment of the non-executive Pace Directors and the effect of the Merger thereon are set out in paragraph 9 of Appendix III to this document.

The total emoluments received by the Directors of Pace will not be varied as a consequence of the Merger.

17. Taxation

A summary of relevant UK taxation, which is intended as a general guide only, is set out in Part A of Appendix II to this document. A summary of relevant US taxation, which is intended as a general guide only, is set out in Part B of Appendix II to this document. If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction outside the UK or the United States, you should consult your independent professional adviser.

18. Overseas shareholders

The implications of the Scheme and the Transaction for Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

If, in respect of any Overseas Shareholder, New ARRIS is advised that the allotment and issue of New ARRIS Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require New ARRIS to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of New ARRIS, it would be unable to comply or which it regards as unduly onerous, then New ARRIS may in its sole discretion either: (a) determine that no New ARRIS Shares shall be allotted and issued to such Overseas Shareholder, but that instead those New ARRIS Shares shall be allotted and issued to a nominee appointed by New ARRIS, as trustee for such Overseas Shareholder, on terms that they shall be sold on behalf of such Overseas Shareholder as soon as reasonably practicable following the Effective Date, with the net proceeds of sale (after deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) being remitted to the Overseas Shareholder concerned (by sending a cheque in sterling) as soon as reasonably practicable after the sale at the risk of such Overseas Shareholder; or (b) determine that such New ARRIS Shares shall be sold on behalf of such Overseas Shareholder, in which event the New ARRIS Shares shall be issued to such Overseas Shareholder and New ARRIS shall appoint a person to procure that those shares be sold as soon as reasonably practicable following the Effective Date, with the net proceeds of sale (after deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) being remitted to the Overseas Shareholder concerned (by sending a cheque in sterling) as soon as reasonably practicable after the sale at the risk of such Overseas Shareholder.

The New ARRIS Shares to be issued to Pace Shareholders will not be registered under the US Securities Act, in reliance on the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. The New ARRIS Shares issued to a Pace Shareholder who is not an affiliate of New ARRIS on or after the Effective Date may be resold without restriction under the US Securities Act. Pace Shareholders who are affiliates of New ARRIS on or after the Effective Date will be subject to certain restrictions under the US Securities Act on the resale of any New ARRIS Shares received by them in the

Scheme. For the purposes of the US Securities Act, an affiliate of New ARRIS is any person who directly or indirectly controls, or is controlled by, or is under common control with New ARRIS. Whether a person is an affiliate of New ARRIS for the purposes of the US Securities Act depends on the circumstances, but affiliates under appropriate circumstances may include officers, directors and significant shareholders. Persons who believe that they may be affiliates of New ARRIS should consult their own legal advisers prior to any sale of the New ARRIS Shares received upon the implementation of the Scheme.

For the purpose of qualifying for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof with respect to the New ARRIS Shares issued pursuant to the Scheme to Pace Shareholders, Pace will advise the Court that its sanctioning of the Scheme will be relied upon by New ARRIS as an approval of the Scheme following a hearing on its fairness to Pace at which hearing all Pace Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such shareholders.

This document has been prepared for the purposes of complying with English law, the Takeover Code and the Listing Rules and the information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction or if the Takeover Code and/or Listing Rules had not applied.

19. Delisting of Pace Shares and re-registration

The last day of dealings in, and for registration of transfers of, and disablement in CREST of, Pace Shares is expected to be the next Business Day following the Scheme Court Hearing, and no transfers will be registered after 6.00 p.m. on that date (other than the registration of the transfer of the Pace Shares to New ARRIS pursuant to the Scheme), following which the Pace Shares will be suspended from the Official List and from trading on the London Stock Exchange's market for listed securities.

Prior to the Scheme Effective Date, applications will be made to the UK Listing Authority for the listing of the Pace Shares to be cancelled and to the London Stock Exchange for the Pace Shares to cease to be admitted to trading on the London Stock Exchange's market for listed securities.

After the Scheme Record Time, all share certificates in respect of Pace will cease to be valid and should be destroyed. In addition, on the Scheme Effective Date, entitlements to Scheme Shares held within the CREST system will be cancelled and such entitlements rematerialised.

It is proposed that, following the Scheme becoming effective, and after the Pace Shares have been delisted, Pace will be re-registered as a private company.

20. Application of the Takeover Code to New ARRIS

Based upon New ARRIS' current and intended plans for its directors and management, it is anticipated that the Takeover Code will not apply to New ARRIS. Accordingly, holders of New ARRIS Shares will not enjoy the protection normally afforded to shareholders in companies to which the Takeover Code applies. It is possible that, in the future, circumstances could change that may cause the Takeover Code to apply to New ARRIS.

21. Settlement

Subject to the Scheme becoming effective, settlement of the consideration to which any Scheme Shareholder is entitled thereunder will be effected within 14 days of the Scheme Effective Date in the manner set out below. Different arrangements may apply in respect of Pace Shares acquired under the Pace Share Schemes and holders of awards under such schemes will receive further correspondence in due course.

Except with the consent of the Panel, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which New ARRIS may otherwise be, or claim to be, entitled against such Scheme Shareholder.

All documents and remittances sent to, from, by or on behalf of Pace Shareholders will be sent entirely at their own risk.

(a) ***Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)***

Cash Consideration

On the Scheme Effective Date, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course. Pace Shareholders who hold Scheme Shares in uncertificated form will receive the Cash Consideration to which they are entitled through CREST by New ARRIS procuring the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Pace Shareholder holds such uncertificated shares in respect of the Cash Consideration due to him within 14 days of the Scheme Effective Date. Fractional cash entitlements will be rounded down to the nearest whole penny.

New ARRIS reserves the right to pay all or any part of the Cash Consideration referred to above to all or any Pace Shareholder(s) who holds Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in paragraph (b) below if, for any reason, it wishes to do so.

Issue of New ARRIS Shares

Unlike Pace Shares, because the New ARRIS Shares will be listed on the NASDAQ, they will not be held, transferred or settled directly through the usual UK settlement systems, such as CREST. All of the New ARRIS Shares issued by New ARRIS will be issued directly to Cede, as nominee of DTC, on the Scheme Effective Date.

In respect of New ARRIS Shares being issued to Pace Shareholders who hold their Pace Shares in uncertificated form, DTC will credit book entry interests in respect of the New ARRIS Shares to the DTC account of CTCNA, as exchange agent, which will hold the New ARRIS Shares for the benefit of uncertificated Pace Shareholders.

Uncertificated Pace Shareholders will then have the option of electing to receive their entitlement to New ARRIS Shares into the DTC account of a nominated DTC participant by the relevant Pace Shareholder accurately completing and returning an election form with the appropriate Medallion Guarantee applied. In default of such an election, the New ARRIS Shares will remain in the DTC account of CTCNA which will hold the New ARRIS Shares in the Unallocated Pool for the benefit of the relevant Pace Shareholders.

(i) **Receiving New ARRIS Shares to a nominated DTC participant**

Prior to the Scheme Effective Date, the Receiving Agents will, on request, provide the broker or other nominee of any uncertificated Pace Shareholders with an election form (which will also be made available on Pace's website at www.pace.com) allowing a Pace Shareholder to instruct CTCNA, as exchange agent, to transfer the book entry interests it holds in respect of the New ARRIS Shares on behalf of such Pace Shareholder to the DTC account of the DTC participant nominated by such Pace Shareholder.

This election form, which will include a Medallion Guarantee, may be completed and submitted in accordance with the instructions printed on the election form by the broker or other nominee of the relevant Pace Shareholder to CTCNA, as exchange agent, at any time prior to the Scheme Effective Date.

If an uncertificated Pace Shareholder validly nominates a DTC participant by its broker or nominee submitting an accurately completed election form to CTCNA with the appropriate Medallion Guarantee applied prior to the Scheme Effective Date, then on or shortly after the Scheme Effective Date CTCNA, as exchange agent, will process a "Deliver Order", such that the book entry interests in the relevant New ARRIS Shares will be debited from CTCNA's DTC account and credited to the account of the nominated DTC participant. The nominated DTC

participant will then credit the relevant Pace Shareholder's account with the DTC participant with the New ARRIS Shares, which it will hold for the benefit of such Pace Shareholder.

- (ii) **Leaving New ARRIS Shares in the Unallocated Pool**
If a Pace Shareholder does not validly nominate a DTC participant prior to the Scheme Effective Date, then the relevant New ARRIS Shares will remain in the DTC account of CTCNA, which will hold, at New ARRIS' cost, those New ARRIS Shares in the Unallocated Pool for the benefit of the relevant Pace Shareholder. Paragraph (c) below explains how such Pace Shareholder can claim such New ARRIS Shares from the Unallocated Pool and trade them. Pace Shareholders holding New ARRIS Shares in the Unallocated Pool will not be able to exercise any voting rights in respect of such New ARRIS Shares unless and until such shares are claimed from the Unallocated Pool. New ARRIS reserves the right to close the Unallocated Pool at any time.

(b) ***Consideration where Scheme Shares are held in certificated form (that is, not CREST)***

On the Effective Date, share certificates in respect of Scheme Shares held in certificated form will be cancelled and share certificates for such Scheme Shares will cease to be valid and should be destroyed (and not be returned to the receiving agent or exchange agent).

Cash Consideration

Settlement of the Cash Consideration due under the Scheme in respect of Scheme Shares held in certificated form will be despatched:

- by first class post, by cheque drawn on a branch of a UK clearing bank; or
- by such other method as may be approved by the Panel.

All such cash payments will be made in pounds sterling. Payments made by cheque will be payable to the Scheme Shareholder concerned or, in the case of joint holders, to all joint holders who are named in the register of members. Cheques will be despatched as soon as practicable after the Effective Date and, in any event, within 14 days after the Effective Date. Fractional cash entitlements will be rounded down to the nearest whole penny.

Issue of New ARRIS Shares

- (i) **CSN Restricted Shareholders**
The process by which New ARRIS Shares will be issued to Pace Shareholders who hold Pace Shares in certificated form (that is, they hold a share certificate) and who are CSN Restricted Shareholders is the same as the process set out in paragraph (a) above by which New ARRIS Shares will be issued to Pace Shareholders who hold shares in uncertificated form.
- (ii) **Pace Shareholders who are not CSN Restricted Shareholders**
Pace Shareholders who currently hold their Pace Shares in certificated form (that is, they hold a share certificate) may find that holding New ARRIS Shares directly involves a number of formalities that may be unfamiliar for them. Dealing with an exchange agent (the equivalent of a registrar in the UK) in a different jurisdiction and time zone may also prove inconvenient in certain circumstances.

Accordingly, New ARRIS will arrange for the Corporate Sponsored Nominee to act as a corporate sponsored nominee to hold New ARRIS Shares for the benefit of Pace Shareholders who hold their Pace Shares in certificated form on the Scheme Effective Date and who are not CSN Restricted Shareholders. The Corporate Sponsored Nominee Facility will not be made available to any CSN Restricted Shareholder.

As described above, on the Scheme Effective Date the New ARRIS Shares will be issued by New ARRIS directly to Cede, as nominee of DTC. In respect of New ARRIS Shares being

issued to Pace Shareholders who hold their shares in certificated form and who are not CSN Restricted Shareholders, DTC will credit book entry interests in the New ARRIS Shares to the DTC account of CTCNA as custodian for the Corporate Sponsored Nominee, unless a Pace Shareholder voluntarily opts out of the Corporate Sponsored Nominee Facility.

The Corporate Sponsored Nominee will hold such New ARRIS Shares in its capacity as nominee for the relevant Pace Shareholders using the Corporate Sponsored Nominee Facility. The Corporate Sponsored Nominee will maintain a register of the beneficial entitlements of the Pace Shareholders for whom it holds New ARRIS Shares and Pace Shareholders will receive a statement of ownership showing the number of New ARRIS Shares in which they are interested instead of new share certificates.

Pace Shareholders who use the Corporate Sponsored Nominee Facility will be able to vote, hold and/or sell their New ARRIS Shares by instructing the Corporate Sponsored Nominee, who will provide a dealing facility. The detailed provisions of these nominee arrangements and dealing terms are set out in the terms and conditions on which the Corporate Sponsored Nominee Facility will be provided to such Pace Shareholder. The Corporate Sponsored Nominee Terms and Conditions are available on Pace's website at www.pace.com and on ARRIS' website at <http://ir.arris.com> and accompany this document. Pace Shareholders whose New ARRIS Shares are held by the Corporate Sponsored Nominee on the Scheme Effective Date will have a period of 14 days from the Scheme Effective Date in which they can, without charge, either elect to credit their New ARRIS Shares to the DTC account of a nominated DTC participant and arrange for their shares to be traded through such nominated DTC participant or request that their shares are withdrawn from DTC and sent to them in certificated form by the Pace Shareholder accurately completing and returning an instruction in a format agreed with the Corporate Sponsored Nominee. Such requests after a period of 14 days may incur an administration fee. In order to trade New ARRIS Shares held in certificated form, holders will need to arrange for their shares to later be re-deposited into DTC to a chosen DTC participant. This may cause significant delays to their ability to trade and holders will be required to have first paid any relevant stamp and transfer taxes, currently 1.5 per cent. of the share value.

In respect of New ARRIS Shares being issued to Pace Shareholders who are not CSN Restricted Shareholders and who voluntarily opt out of the Corporate Sponsored Nominee Facility prior to the Scheme Effective date by writing to the Corporate Sponsored Nominee, on the Scheme Effective Date DTC will credit book entry interests in respect of those New ARRIS Shares to the DTC account of CTCNA and those New ARRIS Shares will be held by CTCNA in the Unallocated Pool for the benefit of such Pace Shareholders.

(c) ***The Unallocated Pool***

On or before the date which is five Business Days after the Scheme Effective Date, CTCNA, as exchange agent, will mail an election (via a letter of transmittal) to the Pace Shareholders whose New ARRIS Shares are held by CTCNA in the Unallocated Pool to enable such Pace Shareholders to claim their New ARRIS Shares from the Unallocated Pool by:

- validly nominating a DTC participant, by the broker or the nominee of the relevant Pace Shareholder submitting an accurately completed election form with the appropriate Medallion Guarantee applied to CTCNA as exchange agent. CTCNA will then process a "Deliver Order", such that the book entry interests in the relevant New ARRIS Shares will be debited from CTCNA's DTC account and credited to the account of the nominated DTC participant. The nominated DTC participant will then credit the relevant Pace Shareholder's account with the New ARRIS Shares, which it will hold for the benefit of the Pace Shareholder; or
- by requesting that their New ARRIS Shares be withdrawn from DTC and sent to them in certificated form.

Holders in the Unallocated Pool will not be able to vote or trade their shares directly from the Unallocated Pool. In order to do so, they will first need to return a letter of transmittal to CTCNA, as

exchange agent, providing details on how they would like to receive their New ARRIS Shares. If they are eligible to do so and elect to hold their shares via the Corporate Sponsored Nominee Facility, they can take the action detailed above. If they choose to hold through an alternative DTC participant, including (where eligible) a custodian service provided by CTCNA, they will need to contact their chosen DTC participant for information and terms of their dealing service. Should holders choose to receive New ARRIS Shares in certificated form, in order to trade them, they will need to arrange for their shares to later be re-deposited into DTC to a chosen DTC participant, noting that this may cause significant delays to their ability to trade and that they will be required to have first paid any relevant stamp and transfer taxes, currently 1.5 per cent. of the share value.

(d) **General**

All documents and remittances sent to, from, by or on behalf of Pace Shareholders will be sent entirely at their own risk.

All mandates, where possible, relating to the payment of dividends and other instructions (or deemed instructions, including communication preference) given (or deemed given) to Pace by Pace Shareholders in force at the Scheme Effective Time relating to holdings of Pace Shares will, where possible, unless and until amended or revoked, be deemed as from the Scheme Effective Date to be effective mandates or instructions in respect of the corresponding New ARRIS Shares, including where entitlements to New ARRIS Shares are held through the Corporate Sponsored Nominee Facility.

22. Action to be taken

Your attention is drawn to paragraph 16 of the letter from the Chairman set out in Part I of this document which explains the actions you should take in relation to the Scheme.

23. Further information

The terms of the Scheme are set out in full in Part III of this document. Your attention is also drawn to the further information contained in this document, including to the Conditions to the implementation of the Scheme and the Merger in Appendix I, the information on UK and U.S. taxation in Appendix II and the additional information set out in Appendix III to this document.

Yours faithfully

J. P. Morgan Cazenove

PART III

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

COMPANIES COURT

No. 6119 of 2015

IN THE MATTER OF PACE PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

BETWEEN

PACE PLC

and

THE HOLDERS OF SCHEME SHARES

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

ARRIS	ARRIS Group, Inc., a Delaware corporation of 3871 Lakefield Drive, Suwanee, Georgia, GA30024, USA
ARRIS Group	ARRIS and its subsidiaries
ARRIS Merger	the merger, immediately following the consummation of the Merger, of ARCHIE U.S. Merger LLC of Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, County of Newcastle, Delaware 19808 with and into ARRIS
ARRIS Shares	the common shares of ARRIS
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London
Cash Consideration	the cash consideration due to each Scheme Shareholder pursuant to clause 2.1 of the Scheme
Cede	the nominee of DTC, Cede & Co.
certificated or in certificated form	a share or other security which is not in uncertificated form (that is, not in CREST)
Code	the City Code on Takeovers and Mergers

Companies Act	the Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time
Company or Pace	Pace plc registered in England and Wales with registered number 01672847 and with its registered office at Salts Mill, Victoria Road, Saltaire, West Yorkshire BD18 3LF, United Kingdom
Contractual Offer	a takeover offer as defined in Section 974 of the Companies Act
Co-operation Agreement	the agreement dated 22 April 2015 between New ARRIS, ARRIS and Pace relating, among other things, to the implementation of the Merger
Corporate Sponsored Nominee	Computershare Investor Services PLC a company incorporated in England and Wales with registered number 3498808 and with its registered office at The Pavilions, Bridgwater Road, Bristol BS13 8AE
Corporate Sponsored Nominee Account Terms and Conditions	the terms and conditions of the Corporate Sponsored Nominee Facility which have been made available on the Pace website at www.pace.com at the same time as the Scheme Document
Corporate Sponsored Nominee Facility	the facility established by New ARRIS pursuant to which Scheme Shareholders who hold Scheme Shares in certificated form (other than CSN Restricted Shareholders) will not receive new share certificates in respect of their New ARRIS Shares but instead, unless they elect otherwise, their New ARRIS Shares will be issued to the DTC participant account of the Corporate Sponsored Nominee who will hold such New ARRIS Shares on behalf of such Scheme Shareholders
Court	the High Court of Justice in England and Wales
Court Meeting	the meeting of the Scheme Shareholders convened by order of the Court pursuant to Section 896 of the Companies Act to consider and, if thought fit, approve (with or without modification) the Scheme, notice of which is set out in Appendix VIII to the Scheme Document, including any adjournment thereof
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations
CSN Restricted Shareholders	a Scheme Shareholder (other than a Restricted Overseas Person) who is not an individual who is resident in, or with a registered address in, Argentina, Austria, Belgium, Botswana, Brazil, Bulgaria, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Guinea, Hungary, Iceland, Indonesia, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Namibia, The Netherlands, Norway, Paraguay, Peru, Poland,

	Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan or the United Kingdom
CTCNA	Computershare Trust Co. N.A.
DTC	the Depository Trust Company, a securities depository and clearing agency which facilitates the transfer of shares in the US
DTC participant	an account holder holding a securities account with DTC
Encumbrances	all mortgages, pledges, liens, charges, options, encumbrances, equitable rights, rights of pre-emption, assignments, hypothecations or any other third party rights of any nature whatsoever
directors	the directors of the Company and any one of them as the context may require
Euroclear	Euroclear UK & Ireland Limited, a limited company incorporated in England and Wales with registered number 02878738
holder	a registered holder and any person(s) entitled by transmission
members	members of the Company on the register of members at any relevant date
Merger	the direct or indirect acquisition of the entire issued and to be issued share capital of Pace by New ARRIS to be implemented by way of the Scheme or (should New ARRIS so elect, subject to the consent of the Panel (where necessary) and subject to the provisions of the Co-Operation Agreement) by way of a Contractual Offer
NASDAQ	the NASDAQ Stock Market
New ARRIS	ARRIS International Limited, a company incorporated in England and Wales with registered number 09551763 and with its registered office at 20-22 Bedford Row, London, WC1R 4JS and formed for the purposes of the Offer and to act as the ultimate holding company of the ARRIS Group and the Pace Group following the Scheme becoming effective
New ARRIS Group	ARRIS, New ARRIS, and their respective subsidiary undertakings
New ARRIS Shares	the new ordinary shares in New ARRIS, to be allotted pursuant to the Scheme
Offer	the offer by New ARRIS for the entire issued and to be issued ordinary share capital of the Company to be implemented by means of the Scheme (or if ARRIS so elects, by means of a Contractual Offer) on the terms and subject to the Conditions set out in this Scheme and, where the context admits, any subsequent revision, variation, extension or renewal thereof
Optionholder Letters	the letters to be sent to participants in the Pace Share Schemes explaining the effect of the Scheme on their rights

	under the Pace Share Schemes and the actions they may take in respect of their options and awards under such schemes
Overseas Shareholders	Pace Shareholders who are resident in, ordinarily resident in, located in, or citizens or nationals of, jurisdictions outside the United Kingdom
Pace Group	Pace and its subsidiary undertakings
Pace Shares	ordinary shares of 5 pence each in the capital of the Company
Pace Shareholders	holders of Pace Shares
Pace Share Schemes	the following share incentive plans operated by Pace: <ul style="list-style-type: none"> (i) Pace Sharesave Plan; (ii) Pace Americas US Sharesave Plan; (iii) Pace Approved Discretionary Share Option Plan 2005; (iv) Pace Unapproved Discretionary Share Option Plan 2005; (v) Pace Performance Share Plan; (vi) Pace International Performance Share Plan; and (vii) Pace Plc Deferred Share Plan
Panel or Takeover Panel	the Panel on Takeovers and Mergers
Permitted Dividend	the final dividend for 2014 of 4.75 cents, paid by the Company on 3 July 2015 to Pace Shareholders on the register on 5 June 2015
Registrar of Companies	the Registrar of Companies in England and Wales
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
Restricted Jurisdiction	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which ARRIS or Pace regards as unduly onerous
Restricted Overseas Person	Overseas Shareholders who are resident in any Restricted Jurisdiction
Scheme	this scheme of arrangement under Part 26 of the Companies Act between the Company and the Scheme Shareholders in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and ARRIS
Scheme Court Hearing	the hearing by the Court at which the Scheme Court Order is made

Scheme Court Order	the order of the Court to sanction the Scheme under Part 26 of the Companies Act
Scheme Document	the document dated 25 September 2015 sent by the Company to Scheme Shareholders comprising the particulars required by Part 26 of the Companies Act, of which the Scheme forms part, and the notice convening the Court Meeting and the General Meeting
Scheme Effective Date	the date on which this Scheme becomes effective in accordance with its terms and “ Scheme Effective Time ” means the time on such date at which the Scheme becomes effective
Scheme Record Time	6.00 p.m. on the Business Day following the date on which the Scheme Court Hearing is held
Scheme Shareholders	registered holders of Scheme Shares
Scheme Shares	<p>the Pace Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of the Scheme Document and which remain in issue at the Scheme Record Time; (ii) (if any) issued after the date of Scheme Document but before the Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time <p>excluding, in any case, any Pace Shares held by or on behalf of New ARRIS or the ARRIS Group at the Scheme Record Time</p>
Securities Act	the US Securities Act of 1933, as amended
subsidiary and subsidiary undertaking	has the meaning given in Section 1162 of the Companies Act
Unallocated Pool	a facility established by New ARRIS through an agreement with Computershare Inc. and CTCNA, as the exchange agent, to beneficially hold New ARRIS Shares in DTC for Pace Shareholders that will not receive the beneficial interest in New ARRIS Shares through a nominated DTC participant or through the Corporate Sponsored Nominee Facility on the Scheme Effective Date
uncertificated or in uncertificated form	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST

- | | |
|----------------------------|--|
| US or United States | the United States of America, its territories and possessions, any state of the United States of America, any other areas subject to its jurisdiction and the District of Columbia |
| Voting Record Time | 6.00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before the date fixed for the adjourned meeting |
- (B) The issued share capital of the Company as at the close of business on 23 September 2015 (being the latest practicable date prior to the publication of the Scheme Document) was £16,014,189 divided into 320,283,780 ordinary shares of 5 pence each, all of which have been issued and are fully paid or credited as fully paid.
- (C) Options and other rights to acquire 12,438,816 Pace Shares have been granted pursuant to the Pace Share Schemes and remain unexercised at the close of business on 23 September 2015 (being the latest practicable date prior to the publication of the Scheme Document).
- (D) The purpose of this Scheme is to provide for transfer of the Scheme Shares in consideration for the payment of cash to, and allotment of New ARRIS Shares to the holders of, the Scheme Shares.
- (E) ARRIS was incorporated in Delaware, on 17 December 2012. The issued and outstanding share capital of ARRIS as at the close of business on 23 September 2015 (being the latest practicable date prior to the publication of the Scheme Document) was 146,592,391 shares of common stock of par value \$0.01 each.
- (F) New ARRIS was incorporated on 20 April 2015. The issued share capital of New ARRIS as at the close of business on 23 September 2015 (being the latest practicable date prior to the publication of the Scheme Document) was £50,000 divided into 100 ordinary shares of £0.01 each and 4,999,900 redeemable shares of £0.01 each.
- (G) New ARRIS and ARRIS have agreed to appear by Counsel at the Scheme Court Hearing to sanction this Scheme and to consent thereto and to undertake to the Court to be bound thereby and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.

THE SCHEME

1. TRANSFER OF SCHEME SHARES

- 1.1 On the Scheme Effective Date, New ARRIS shall acquire all of the Scheme Shares, fully paid-up with full title guarantee, and free from all Encumbrances and other interests, and together with all rights at the Scheme Effective Date or thereafter attached thereto, including the right to receive and retain all dividends and other distributions declared, paid or made thereon (if any).
- 1.2 For such purposes, the Scheme Shares shall be transferred to New ARRIS and to give effect to such transfers any person may be appointed by New ARRIS as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant Scheme Shareholder to execute and deliver as transferor a form of transfer or other instrument or instructions of the transfer, or procure the transfer by means of CREST, of any Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred.
- 1.3 Pending the transfer of the Scheme Shares pursuant to clauses 1.1 and 1.2 of this Scheme each Scheme Shareholder irrevocably:
- 1.3.1 appoints New ARRIS (or its nominee(s)) as its attorney and agent to exercise any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares;

- 1.3.2 appoints New ARRIS (or its nominee(s)) as its attorney and agent to sign any consent to short notice of any general or separate class meeting of Pace and on their behalf to execute a form of proxy in respect of such Scheme Shares appointing any person nominated by New ARRIS to attend general and separate class meetings of Pace; and
- 1.3.3 authorises Pace to send to New ARRIS any notice, circular, warrant or other document or communication which Pace sends to its shareholders or any class thereof.

2. CONSIDERATION FOR THE TRANSFER OF SCHEME SHARES

- 2.1 In consideration for the transfer of the Scheme Shares to New ARRIS as provided in clauses 1.1 and 1.2 of this Scheme, New ARRIS shall, subject to as hereinafter provided, in respect of the Cash Consideration pay or procure that there shall be paid, and in respect of the New ARRIS Shares issue on the Scheme Effective Date, to or for the account of each Scheme Shareholder whose name appears in the register of members of Pace at the Scheme Record Time:

for each Scheme Share 132.5 pence in cash
and
0.1455 New ARRIS Shares

- 2.2 Fractions of New ARRIS Shares will not be allotted or issued to Scheme Shareholders and fractional entitlements to New ARRIS Shares will be rounded down to the nearest whole number of New ARRIS Shares and sold in the market, as soon as reasonably practicable after the Scheme Record Time, and the net proceeds of sale distributed pro rata in pounds sterling to the Scheme Shareholders entitled thereto. Fractional entitlements to the Cash Consideration shall be rounded down to the nearest whole penny.
- 2.3 If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Pace in respect of a Scheme Share on or after the date of this Scheme and prior to the Scheme becoming effective New ARRIS reserves the right to reduce the value of the consideration payable for each Scheme Share by up to the amount per Scheme Share of such dividend, distribution or return of value except where the Scheme Share is or will be acquired pursuant to the Scheme on a basis which entitles New ARRIS to receive the dividend, distribution or return of value and to retain it.
- 2.4 If any such dividend or distribution is paid or made after the date of this Scheme and New ARRIS exercises its rights described above, any reference in this document to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by New ARRIS of its rights referred to in clause 2.3 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.
- 2.5 The New ARRIS Shares shall be issued, free from Encumbrances credited as fully paid, and shall rank in full for all dividends, distributions and other entitlements declared, made or paid by New ARRIS by reference to a record date on or after the Scheme Effective Date and otherwise pari passu with all other fully paid New ARRIS Shares in issue at the Scheme Effective Date.

3. SETTLEMENT

- 3.1 As soon as practicable (and in any event not later than 14 days) after the Scheme Effective Date, New ARRIS shall make all such allotments of and shall issue such New ARRIS Shares as are required to be issued by it, and shall pay such Cash Consideration as is required to be paid by it, to give effect to this Scheme to the persons respectively entitled thereto, such consideration to be settled as set out in this clause 3 but subject to clause 5 of this Scheme.

Settlement of the consideration shall be effected as follows:

- 3.2 In the case of Scheme Shares held by Shareholders who at the Scheme Record Time hold their Scheme Shares in uncertificated form (that is, in CREST) and CSN Restricted Shareholders who at the Scheme Record Time hold their Scheme Shares in certificated form:
- 3.2.1 on the Scheme Effective Date the New ARRIS Shares to which such Scheme Shareholders are entitled will be issued by New ARRIS directly to Cede, as nominee of DTC. DTC will credit book entry interests in respect of the New ARRIS Shares to the DTC account of CTCNA, as exchange agent, which will hold such New ARRIS Shares for the benefit of such Scheme Shareholders;
 - 3.2.2 in the case of any such Scheme Shareholder who prior to the Scheme Effective Date has made an election to instruct CTCNA, as exchange agent, to transfer the book entry interests it holds in respect of the New ARRIS Shares to the DTC account of a nominated DTC participant, on or shortly after the Scheme Effective Date, New ARRIS will instruct CTCNA to process a “Deliver Order”, such that the book entry interests in the relevant New ARRIS Shares will be debited from CTCNA’s DTC account and credited to the account of the relevant nominated DTC participant. The nominated DTC participant will then credit the relevant Scheme Shareholder’s account with the number of New ARRIS Shares it is entitled to receive under the Scheme and will hold those New ARRIS Shares for the benefit of such Scheme Shareholder;
 - 3.2.3 in the case of any such Scheme Shareholder who has not made an election described in clause 3.2.2 above prior to the Scheme Effective Date, the relevant New ARRIS Shares will remain in the DTC account of CTCNA who will hold the New ARRIS Shares in the Unallocated Pool for the benefit of such Scheme Shareholder;
 - 3.2.4 settlement of the Cash Consideration will be effected through CREST by the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Scheme Shareholder holds the relevant Scheme Shares in respect of the Cash Consideration due to him in accordance with the terms of the Scheme no later than 14 days after the Scheme Effective Date; and
 - 3.2.5 in the case of Scheme Shares held in certificated form by CSN Restricted Shareholders, settlement of the Cash Consideration due pursuant to the Scheme will be effected by cheque posted no later than 14 days after the Scheme Effective Date.

New ARRIS reserves the right to issue the New ARRIS Shares to all or any Scheme Shareholder who holds Scheme Shares in uncertificated form in CREST at the Scheme Record Time in the manner referred to in clause 3.3.1(a) below if, for any reason, it wishes to do so.

- 3.3 In the case of Scheme Shares held by Shareholders who at the Scheme Record Time hold their Scheme Shares in certificated form and are not CSN Restricted Shareholders:
- 3.3.1 on the Scheme Effective Date, the New ARRIS Shares will be issued by New ARRIS directly to Cede, as nominee of DTC and either:
 - (a) if a Scheme Shareholder does not opt out of the Corporate Sponsored Nominee Facility prior to the Scheme Effective Date, on the Scheme Effective Date DTC will credit book entry interests in the New ARRIS Shares to the DTC account of CTCNA as custodian for the Corporate Sponsored Nominee which will hold the Scheme Shares for the benefit of such Scheme Shareholder pursuant to the Corporate Sponsored Nominee Facility and send to such Scheme Shareholder a statement of ownership in respect of such Scheme Shares. These Scheme Shareholders will then have a period of 14 days in which they can either elect to credit the Scheme Shares to the DTC account of a nominated DTC participant, request that their Scheme Shares are withdrawn from DTC and sent to them in certificated form or make no election or request, in which case their Scheme Shares will remain in the Corporate Sponsored Nominee Facility; or

- (b) if a Scheme Shareholder opts out of the Corporate Sponsored Nominee Facility prior to the Scheme Effective Date, on the Scheme Effective Date DTC will credit book entry interests in respect of the New ARRIS Shares of such Scheme Shareholder to the DTC account of CTCNA and those New ARRIS Shares will be held by CTCNA in the Unallocated Pool for the benefit of such Scheme Shareholder; and
- 3.3.2 settlement of the Cash Consideration due pursuant to the Scheme will be effected by cheque posted no later than 14 days after the Scheme Effective Date.
- 3.4 In the case of Scheme Shares acquired by employees or directors of the Company or any member of the Pace Group on the exercise of options or awards under the Pace Share Schemes, New ARRIS shall procure the payment of the Cash Consideration either through the relevant employing companies' payroll (and subject to all relevant payroll deductions), or into the bank account nominated by the relevant individual, in accordance with the terms of the Optionholder Letters. A certain number of the New ARRIS Shares issued to the relevant share plan administrator on behalf of such employees or directors may also be sold (shortly after being issued) to permit fractional entitlements to be settled in accordance with the terms of the Optionholder Letters.
- 3.5 All deliveries of share certificates, statements of ownership and cheques required to be made pursuant to this Scheme shall be effected by sending the same by first class post (or international standard (formerly airmail) post, if overseas) in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses as appearing in the register of members of the Company at the Scheme Record Time (or in the case of any joint holders, at the address of the joint holder whose name stands first in the register of members of the Company in respect of such joint holding) and none of New ARRIS, ARRIS or the Company or their respective agents or nominees shall be responsible for any loss or delay in the transmission of any share certificates or cheques sent in accordance with this clause 3.5, which shall be sent at the risk of the person or persons entitled thereto.
- 3.6 All cheques shall be in pounds sterling and shall be made payable to the person or persons respectively entitled to the monies represented thereby and the encashment of any such cheque shall be a complete discharge of New ARRIS' obligation under this Scheme to pay the monies represented thereby.
- 3.7 In respect of payments made through CREST, New ARRIS shall ensure that an assured payment obligation is created in accordance with the CREST assured payment arrangements. The creation of such an assured payment obligation shall be a complete discharge of New ARRIS' obligation under this Scheme with reference to the payments made through CREST.
- 3.8 The preceding paragraphs of this clause 3 shall take effect subject to any prohibition or condition imposed by law.

4. CERTIFICATES AND CANCELLATIONS

- 4.1 With effect from and including the Scheme Effective Date:
 - 4.1.1 all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of the Scheme Shares shall be bound at the request of the Company to deliver up the share certificate to the Company or, as it may direct, to destroy the same; and
 - 4.1.2 each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.
- 4.2 On or as soon as reasonably practicable after the Scheme Effective Date and subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with clause 4.1 and the payment of any stamp duty thereon, appropriate entries will be made in the register of members of the Company to reflect the transfer of the Scheme Shares to New ARRIS. Any such transfer, form, instrument or instruction which is in writing and which constitutes an instrument of transfer shall be deemed to be the principal instrument.

5. OVERSEAS SHAREHOLDERS

- 5.1 Without prejudice to the generality of the foregoing, if, in respect of any Scheme Shareholders with a registered address in a jurisdiction outside the United Kingdom, or whom New ARRIS, ARRIS or the Company reasonably believe to be a citizen, national or resident of a jurisdiction outside the United Kingdom, New ARRIS is advised that the allotment and/or issue of New ARRIS Shares would or may infringe the laws of such jurisdiction or would or may require New ARRIS, ARRIS or the Company to comply with any governmental or other consent or any registration, filing or formality with which New ARRIS, ARRIS or the Company, in their opinion, is unable to comply or ensure compliance with or which New ARRIS, ARRIS or the Company regards as unduly onerous, New ARRIS and ARRIS may, in their sole discretion, either:
- 5.1.1 determine that such New ARRIS Shares shall be sold, in which event the New ARRIS Shares shall be issued for the account of such Scheme Shareholder and New ARRIS shall appoint a person to be authorised on behalf of such Scheme Shareholder to procure that any New ARRIS Shares in respect of which New ARRIS, ARRIS or the Company have made such determination shall, as soon as practicable following the Scheme Effective Date, be sold; or
 - 5.1.2 determine that such New ARRIS Shares shall not be issued for the account of such Scheme Shareholder but shall instead be issued to a nominee for such Scheme Shareholder appointed by New ARRIS on terms that the nominee shall, as soon as practicable following the Scheme Effective Date, sell the New ARRIS Shares so issued.
- 5.2 Any sale under clause 5.1 shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid in pounds sterling to such Scheme Shareholder by sending a cheque or creating an assured payment obligation in accordance with the provisions of clause 3.
- 5.3 To give effect to any sale under clause 5.1, the person appointed by New ARRIS in accordance with clause 5.1.1 shall be authorised as attorney and agent on behalf of the Scheme Shareholder concerned, and the nominee appointed by New ARRIS in accordance with clause 5.1.2 shall be authorised, to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of New ARRIS, ARRIS and the Company or their respective directors, officers, advisers or agents or the person or nominee so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

6. US SECURITIES LAWS

6.1 *Exemption from registration under the Securities Act*

The New ARRIS Shares to be issued to the account of Scheme Shareholders under the Scheme will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof and, as a consequence, will not be registered thereunder or under the securities laws of any state or other jurisdiction of the United States. Section 3(a)(10) exempts securities issued in exchange for one or more bona fide outstanding security from the general requirement of registration where the fairness of the terms and conditions of the issuance and exchange of the securities have been approved by any court or authorised government entity, after a hearing upon the fairness of the terms and conditions of exchange at which all persons to whom the securities will be issued have the right to appear and to whom adequate notice of the hearing has been given. As such, for purposes of qualifying for the exemption from the registration requirements of the Securities Act under Section 3(a)(10), Pace will advise the Court that its approval of the Scheme will be relied upon by New ARRIS as an approval of the Scheme following a hearing on its fairness to Scheme Shareholders, at which hearing all such Scheme Shareholders are entitled to attend in person or through representation to support or oppose the approval of the Scheme and with respect to which notification has been given to all such Scheme Shareholders.

6.2 *Certain US transfer restrictions*

Scheme Shareholders who are or will be “affiliates” (as such term is defined in Rule 144 under the Securities Act) of New ARRIS after the Effective Date, will be subject by reason of the US securities laws to certain transfer restrictions relating to New ARRIS Shares received pursuant to the Scheme. Under US securities laws, a Scheme Shareholder who is deemed to be an affiliate of New ARRIS after completion of the Scheme, may not resell New ARRIS Shares received pursuant to the Scheme without registration under the Securities Act, except (i) pursuant to the applicable resale provisions of Rule 144 promulgated under the Securities Act, (ii) pursuant to another applicable exemption from the registration requirements of the Securities Act or (iii) in a transaction not subject to such registration requirements. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers, directors and significant shareholders of that company.

7. DIVIDEND MANDATES

All mandates, where possible, relating to the payment of dividends on Scheme Shares and other instructions (or deemed instructions, including communication preference) given (or deemed given) in Pace in relation to notices and other communications by Scheme Shareholders which are in force at the Scheme Effective Date relating to holdings of Pace Shares shall, where possible, unless and until revoked or amended, be deemed as from the Scheme Effective Time to be valid and effective mandates or instructions to New ARRIS in relation to the corresponding New ARRIS Shares allotted and issued pursuant to the Scheme, including where entitlements to New ARRIS Shares are held through the Corporate Sponsored Nominee Facility.

8. THE EFFECTIVE TIME

- 8.1 This Scheme shall become effective in accordance with its terms as soon as an office copy of the Scheme Court Order shall have been delivered to the Registrar of Companies for registration.
- 8.2 Unless this Scheme shall become effective on or before the close of business 22 April 2016 (London time) or such later date, if any, as New ARRIS, ARRIS and the Company may agree and the Court and the Panel may allow, this Scheme shall never become effective.

9. MODIFICATION

- 9.1 New ARRIS, ARRIS and the Company may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose. Any such modification or addition may require the consent of the Panel.
- 9.2 Nothing in this Scheme shall prevent the articles of association of New ARRIS from being altered from time to time in any manner permitted by law.

10. GOVERNING LAW

This Scheme is governed by the laws of England and Wales and is subject to the jurisdiction of the English courts. The rules of the Code will apply to this Scheme.

Dated: 25 September 2015

APPENDIX I

CONDITIONS AND CERTAIN FURTHER TERMS OF THE MERGER

Part 1: Conditions of the Scheme and the ARRIS Merger

1. The ARRIS Merger will be conditional upon:

- (a) the Court Meeting and General Meeting being held on or before 13 November 2015, or such later date (if any) as ARRIS and Pace may agree;
- (b) the Scheme Court Hearing being held on or before 13 November 2015, or such later date (if any) as ARRIS and Pace may agree; and
- (c) the Scheme becoming unconditional and becoming Effective by no later than 22 April 2016 or such later date (if any) as ARRIS and Pace may agree and (if required) the Court may allow.

2. The Scheme will be conditional on:

- (a) approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment thereof) and at any separate class meeting which may be required by the Court (or at any adjournment thereof);
- (b) all resolutions required to approve and implement the Scheme (including, without limitation, to amend Pace's articles of association) being duly passed by the requisite majority or majorities of the Pace Shareholders at the General Meeting, or at any adjournment thereof; and
- (c) the sanction of the Scheme by the Court with or without modifications, on terms reasonably acceptable to ARRIS and Pace and the delivery of a copy of the Scheme Court Order to the Registrar of Companies in England and Wales.

3. In addition, subject as stated in Part 2 below and to the requirements of the Panel, the Merger will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless such Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Approval of ARRIS Stockholders

- (a) the US Merger Agreement being duly adopted by the affirmative vote of the holders of a majority of the outstanding ARRIS Shares entitled to vote on such matter at an ARRIS Stockholders' meeting duly called and held for such purpose in accordance with applicable law and the certificate of incorporation and bylaws of ARRIS;

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- (b) the Form S-4 having become effective under the Securities Act and not having been the subject of any stop order suspending its effectiveness, and no proceedings seeking any such stop order having been initiated or threatened by the SEC;

Admission of the New ARRIS Shares

- (c) NASDAQ having authorised the listing of all of the New ARRIS Shares upon official notice of issuance and not having withdrawn such authorisation;

Merger Control

United States

- (d) all notifications and filings as may be required under the HSR Act, having been made in connection with the acquisition of Pace shares by ARRIS and all applicable HSR Act waiting periods (including

any extensions thereof) relating to the acquisition of Pace shares by ARRIS having expired or been terminated;

Brazil

- (e) insofar as the Merger triggers a mandatory filing requirement in Brazil, CADE having approved the consummation of the Merger on terms reasonably satisfactory to ARRIS, pursuant to the Brazilian competition law No 12529 of 30 November 2011, Title VII Chapter I;

South Africa

- (f) insofar as the Merger triggers a mandatory merger control filing requirement in South Africa, the South African Competition Commission, Competition Tribunal or Competition Appeal Court having approved the consummation of the Merger on terms reasonably satisfactory to ARRIS, or the Merger being regarded as having been approved, pursuant to the South African Competition Act 89 of 1998, as amended;

Germany

- (g) insofar as the Merger triggers a mandatory merger control filing requirement in Germany, German competition clearance having been obtained as follows:
 - (a) the German Competition Authority having decided that the Merger does not fall within the scope of the German Act against Restraints of Competition (the “**German Act**”);
 - (b) expiry of the period of one month from the German Competition Authority’s receipt of the complete filing without the German Competition Authority having informed ARRIS and Pace within that period that it has initiated an examination of the Merger pursuant to section 40(1) sentence 1 of the German Act;
 - (c) clearance of the Merger by the German Competition Authority pursuant to section 40(2) sentence 2 of the German Act by expiry of a period of four months from receipt of the complete filing or any period extended pursuant to section 40(2) sentences 4 to 7 of the German Act, without ARRIS and Pace having received the decision that the Merger is prohibited;
 - (d) the German Competition Authority’s decision that it clears the Merger without conditions and obligations; or
 - (e) the German Competition Authority’s decision that it clears the Merger with conditions and obligations in terms reasonably satisfactory to ARRIS;

Colombia

- (h) insofar as the Merger triggers a mandatory merger control filing requirement in Colombia, Colombian competition clearance having been obtained as follows:
 - (a) the Superintendence of Industry and Commerce (the “**SIC**”), having issued the acknowledgement of receipt of the notification of the Merger, in accordance with the provisions of article 9 of Law 1340/2009, and Section 3.3, Second Chapter, Title VII of the SIC Basic Regulation (the “**Basic Regulation**”);
 - (b) the SIC having issued a decision clearing the Merger in accordance with the provisions of Article 9 and Article 10 of Law 1340/2009, during the preliminary review under Section 2.4, or during the substantive review under Section 2.6, Second Chapter, Title VII of the Basic Regulation, in terms reasonably satisfactory to ARRIS; or
 - (c) the Merger being tacitly approved by virtue of Article 10, numeral 5 of Law 1340/2009 once the maximum period set forth to adopt and notify a final decision has elapsed, and in accordance with the provisions of Section 2.8, Second Chapter, Title VII of the Basic Regulation;

Portugal

- (i) insofar as the Merger triggers a mandatory merger control filing requirement in Portugal, Portuguese competition clearance having been obtained as follows:
 - (a) the Board of the Directors of the Portuguese Competition Authority (the “PCA”) having issued a decision that the Merger does not give rise to a concentration falling within the scope of Article 50(1)(a) of the Portuguese Competition Act (Law No. 19/2012 of 8 May) (the “Portuguese Act”);
 - (b) the PCA having issued a decision under Article 50(1)(b) of the Portuguese Act, not to oppose the Merger, in terms reasonably satisfactory to ARRIS, or, following the expiry of the applicable term, an implicit decision not to oppose the Merger, under Article 50(4), of the Portuguese Act; or
 - (c) the PCA having issued a decision under Article 53(1)(a) of the Portuguese Act, not to oppose the Merger, in terms reasonably satisfactory to ARRIS, or, following the expiry of the applicable term, an implicit decision not to oppose the Merger, under Article 53(5) of the Portuguese Act;

Regulatory

- (j) no Relevant Authority or any other person or body in any jurisdiction having decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation, enquiry or reference, or made, proposed or enacted any statute, regulation, order or decision or taken any other steps, and there not continuing to be outstanding any statute, regulation, order or decision, which would or would reasonably be expected to:
 - (i) make the acquisition of any Pace Shares or of control of Pace by ARRIS or New ARRIS void, illegal or unenforceable or otherwise materially restrict, restrain, prohibit, delay or interfere with the implementation thereof, or impose additional conditions or obligations with respect thereto, or require material amendment thereof or otherwise challenge or interfere therewith;
 - (ii) require or prevent the divestiture by any member of the Pace Group or the Wider Pace Group or by any member of the ARRIS Group or the Wider ARRIS Group of all or a portion of either of their respective businesses, assets, intellectual property, equity holdings, or property or impose any limitation on the ability of any of them to conduct their respective businesses or own any of their assets, intellectual property, equity holdings, or property which is material in the context of the Pace Group taken as a whole or material in the context of the Merger;
 - (iii) impose any limitation on or result in a delay in the ability of any member of the Wider Pace Group or the Wider ARRIS Group to acquire or to hold or to exercise effectively any rights of ownership of shares or loans or securities convertible into shares in any member of the Wider Pace Group or of the Wider ARRIS Group held or owned by it or to exercise management control over any member of the Wider Pace Group or of the Wider ARRIS Group to an extent which is material in the context of the Pace Group taken as a whole or the ARRIS Group taken as a whole or material in the context of the Merger; or
 - (iv) otherwise materially and adversely affect the assets, business, profits or prospects of any member of the Wider ARRIS Group or of any member of the Wider Pace Group,

and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

- (k) except as publicly announced by Pace prior to 22 April 2015 (by the delivery of an announcement to a Regulatory Information Service), there being no provision of any arrangement, agreement, licence, permit or other instrument to which any member of the Wider Pace Group is a party or by or to which

any such member or any of their assets is or may be bound, entitled or subject to and which, in consequence of the Transaction or the acquisition or proposed acquisition of any Pace Shares, or control of Pace by New ARRIS or otherwise, would or would reasonably be expected to result in:

- (i) any monies borrowed by, or other indebtedness actual or contingent of, any such member of the Wider Pace Group being or becoming repayable or being capable of being declared repayable immediately or prior to its or their stated maturity or the ability of any such member to borrow monies or incur any indebtedness being inhibited or becoming capable of being withdrawn;
- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such security (whenever arising or having arisen) being enforced or becoming enforceable;
- (iii) any such arrangement, agreement, licence or instrument being terminated or adversely modified or any action being taken of an adverse nature or any obligation or liability arising thereunder;
- (iv) any obligation to obtain or acquire any license, permission, approval, clearance, permit, notice, consent, authorisation, waiver, grant, concession, agreement, certificate, exemption, order or registration from any governmental authority or any other person;
- (v) any assets of any such member being disposed of or charged, or any right arising under which any such asset could be required to be disposed of or charged, other than in the ordinary course of business;
- (vi) the interest or business of any such member of the Wider Pace Group in or with any firm or body or person, or any agreements or arrangements relating to such interest or business, being terminated or adversely modified or affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so;
- (viii) the creation of liabilities (actual or contingent) by any such member or for which any such member may be responsible;
- (ix) the creation or acceleration of any liability to taxation of any such member; or
- (x) the financial or trading position of any such member being prejudiced or adversely affected,

which in each case is material in the context of the Pace Group taken as a whole or material in the context of the Merger, and no event having occurred which, under any provision of any arrangement, agreement, licence or other instrument to which any member of the Wider Pace Group is a party, or to which any such member or any of its assets may be bound, entitled or subject, could result in any of the events or circumstances as are referred to in paragraphs (i) to (x) of this condition (k);

Certain events occurring since 31 December 2014

- (l) except as publicly announced by Pace (by the delivery of an announcement to a Regulatory Information Service) prior to 22 April 2015, no member of the Wider Pace Group having, since 31 December 2014:
 - (i) issued, agreed to issue or proposed the issue of additional shares or securities of any class, or securities convertible into, or exchangeable for or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities (save as between Pace and wholly-owned subsidiaries of Pace and save for options or awards granted, and for any Pace Shares allotted upon exercise of options or vesting of awards granted under and in accordance with the terms of the Pace Share Schemes), or redeemed, purchased or reduced any part of its share capital;

- (ii) sold or transferred or agreed to sell or transfer any Treasury Shares;
- (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution other than to Pace or another member of the Pace Group, save for the Permitted Dividend;
- (iv) agreed, authorised, proposed or announced its intention to propose any merger or demerger or acquisition or disposal of assets or shares which is material in the context of the Pace Group taken as a whole or material in the context of the Merger (other than in the ordinary course of trading) or to any material change in its share or loan capital (or equivalent thereof);
- (v) issued, authorised or proposed the issue of any debentures or incurred any indebtedness or contingent liability (other than in the ordinary course of trading) which is material in the context of the Pace Group taken as a whole or material in the context of the Merger;
- (vi) acquired or disposed of or transferred, mortgaged or encumbered any asset or any right, title or interest in any asset (other than in the ordinary course of trading) in a manner which is material in the context of the Pace Group taken as a whole or material in the context of the Merger;
- (vii) entered into or varied or announced its intention to enter into or vary any contract, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long-term or unusual nature or is outside the ordinary course of business or involves or could involve an obligation of a nature or magnitude and in either case which is material in the context of the Pace Group taken as a whole or material in the context of the Merger;
- (viii) entered into or proposed or announced its intention to enter into any reconstruction, amalgamation, transaction or arrangement (otherwise than in the ordinary course of business) which is material in the context of the Pace Group taken as a whole or material in the context of the Merger;
- (ix) taken any action nor having had any steps taken or legal proceedings started or threatened against it for its winding-up or dissolution or for it to enter into any arrangement or composition for the benefit of its creditors, or for the appointment of a receiver, administrator, trustee or similar officer of it or any of its assets (or any analogous proceedings or appointment in any overseas jurisdiction) (save in respect of a member of the Wider Pace Group which is dormant and was solvent at the relevant time);
- (x) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xi) entered into or varied or made any offer to enter into or vary the terms of any service agreement or arrangement with any of the directors or senior executives of Pace other than in accordance with ordinary course annual reviews in line with past practice and consistent with Pace's approved remuneration policy;
- (xii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Pace Group;
- (xiii) made or agreed or consented to any change to the terms of the trust deeds and rules constituting the pension scheme(s) established for its directors, employees or their dependants or any change to the benefits which accrue, or to the pensions which are payable, thereunder, or to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined or to the basis upon which the liabilities (including pensions) of such pension schemes are funded or made or agreed or consented to, in each case which is material in the context of the Pace Group taken as a whole or material in the context of the Merger;

- (xiv) taken any action which results in the creation or acceleration of any material tax liability for any member of the Wider Pace Group;
- (xv) waived, compromised or settled any claim which is material in the context of the Wider Pace Group; or
- (xvi) entered into or made an offer (which remains open for acceptance) to enter into any agreement, arrangement or commitment or passed any resolution with respect to any of the transactions or events referred to in this condition (l);

No adverse change, litigation, regulatory enquiry or similar

- (m) since 31 December 2014, except as publicly announced by Pace prior to 22 April 2015 (by the delivery of an announcement to a Regulatory Information Service), or as disclosed in the Announcement, or where not material in the context of the Pace Group taken as a whole:
 - (i) there having been no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the Wider Pace Group;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been instituted, announced or threatened by or against or remaining outstanding against any member of the Wider Pace Group and no enquiry or investigation by or complaint or reference to any Relevant Authority against or in respect of any member of the Wider Pace Group having been threatened, announced or instituted or remaining outstanding; and
 - (iii) no contingent or other liability having arisen or been incurred which might reasonably be expected to adversely affect any member of the Wider Pace Group;

No discovery of certain matters regarding information, liabilities and environmental issues

- (n) New ARRIS not having discovered that, except as publicly announced by Pace (by the delivery of an announcement to a Regulatory Information Service) prior to 22 April 2015, in each case which is material in the context of the Pace Group taken as a whole or material in the context of the Merger:
 - (i) the financial, business or other information concerning the Wider Pace Group which has been disclosed at any time by or on behalf of any member of the Wider Pace Group publicly (by the delivery of an announcement to a Regulatory Information Service), either contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not materially misleading;
 - (ii) any member of the Wider Pace Group is subject to any liability, contingent or otherwise, which is not disclosed in the annual report and accounts of Pace for the financial year ended 31 December 2014;
 - (iii) any past or present member of the Wider Pace Group has not complied with all applicable legislation or regulations of any jurisdiction or any notice or requirement of any Relevant Authority with regard to the storage, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance reasonably likely to impair the environment or harm human health, which non-compliance would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Pace Group;
 - (iv) there has been a disposal, spillage, emission, discharge or leak of waste or hazardous substance or any substance reasonably likely to impair the environment or harm human health on, or from, any land or other asset now or previously owned, occupied or made use of by any past or present member of the Wider Pace Group, or in which any such member may now or previously have had an interest, which would be reasonably likely to give rise to any liability (whether actual or contingent) on the part of any member of the Wider Pace Group;

- (v) there is or is reasonably likely to be any obligation or liability (whether actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Pace Group or in which any such member may now or previously have had an interest under any environmental legislation or regulation or notice, circular or order of any Relevant Authority in any jurisdiction; or
- (vi) circumstances exist whereby any Relevant Authority or any person or class of persons would be reasonably likely to have any claim or claims in respect of any product or process of manufacture, or materials used therein, now or previously manufactured, sold, licensed or carried out by any past or present member of the Wider Pace Group which claim or claims would be reasonably likely to affect adversely any member of the Wider Pace Group.

Conditions 3(a) to (n) (other than Condition 3(c)) inclusive must be fulfilled, be determined by ARRIS or New ARRIS to be satisfied or (if capable of waiver) be waived by ARRIS or New ARRIS prior to commencement of the Scheme Court Hearing (or such later date as agreed between ARRIS and Pace and with the approval of the Panel (if required)), failing which the Scheme shall lapse.

To the extent permitted by law and subject to the requirements of the Panel, ARRIS or New ARRIS reserves the right to waive all or any of the Conditions (other than Conditions 1, 2, 3(a), 3(b) and 3(c) inclusive), in whole or in part. ARRIS shall be under no obligation to waive or treat as fulfilled any of the Conditions by a date earlier than the date of the Scheme Court Hearing notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

Part 2: Certain further terms of the Merger

1. ARRIS or New ARRIS reserves the right, subject to the prior consent of the Panel and Pace's right of consent set out in the Co-operation Agreement, to elect to implement the Merger by way of a takeover offer (as defined in section 974 of the Companies Act). In such event, such Contractual Offer will be implemented on the same terms and conditions subject to appropriate amendments to reflect the change in method of effecting the Merger, which: (i) will include an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as ARRIS or New ARRIS may decide) of the voting rights then exercisable at a general meeting of Pace, including, for this purpose, any such voting rights attaching to Pace Shares that are unconditionally allotted or issued, and to any Treasury Shares which are unconditionally transferred or sold by Pace, before the Contractual Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise; and (ii) may include changing the consideration structure under the terms of the Merger.
2. If ARRIS is required by the Panel to make an offer for Pace Shares under the provisions of Rule 9 of the Code, ARRIS or New ARRIS may make such alterations to any of the above conditions as are necessary to comply with the provisions of that Rule.
3. The Scheme and the Co-operation Agreement and any dispute or claim arising out of, or in connection with, them (whether contractual or non-contractual in nature) are governed by English law and are subject to the jurisdiction of the Courts of England.
4. The terms of the Scheme provide that the Scheme Shares will be acquired under the Scheme fully paid and free from all liens, charges and encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions declared, paid or made after the date on which the Scheme becomes Effective. If any dividend or other distribution or return of capital is proposed, declared, made, paid or becomes payable by Pace in respect of a Scheme Share on or after the Announcement Date and prior to the Scheme becoming Effective, other than the Permitted Dividend, New ARRIS reserves the right to reduce the value of the consideration payable for each Scheme Share under the Scheme by up to the amount per Scheme Share of such dividend, distribution or return of capital except where the Scheme Share is or will be acquired pursuant to the Scheme on a basis which entitles New ARRIS to receive the dividend, distribution or return of capital and to retain it.
5. If any such dividend or distribution is paid or made after the Announcement Date, other than the Permitted Dividend, and New ARRIS exercises its rights described above, any reference in this document to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by ARRIS of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.
6. The New ARRIS Shares to be issued under the Scheme will be issued credited as fully paid and will rank in full for all dividends and other distributions, if any, declared, made or paid after the date hereof and otherwise *pari passu* with all other New ARRIS Shares, including the right to receive in full all dividends and other distributions, if any, declared, made or paid after the date hereof.
7. Fractions of New ARRIS Shares will not be allotted or issued to Scheme Shareholders and fractional entitlements to New ARRIS Shares will be rounded down to the nearest whole number of New ARRIS Shares and sold in the market, as soon as reasonably practicable after the Scheme Record Time, and the net proceeds of sale distributed pro rata to the Scheme Shareholders entitled thereto. Fractional cash entitlements will be rounded down to the nearest whole penny.
8. Under Rule 13.5 of the Code, neither ARRIS nor New ARRIS may invoke a condition to the Merger so as to cause the Merger not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to ARRIS or New ARRIS in the context of the Merger. The determination of whether or not such a condition can be invoked would be determined by the Panel. Conditions 1 and 2 are not subject to this provision of the Code.

APPENDIX II

PART A: UNITED KINGDOM TAXATION

1. Background

- 1.1 The comments set out below summarize the material aspects of the United Kingdom taxation treatment of Scheme Shareholders in respect of the Scheme and their holding of New ARRIS Shares and do not purport to be either (i) a complete analysis of all tax considerations relating to the New ARRIS Shares or (ii) an analysis of the tax position of New ARRIS, ARRIS or Pace. They are based on current UK legislation and what is understood to be current HM Revenue and Customs practice, both of which are subject to change, possibly with retrospective effect.
- 1.2 The comments are intended as a general guide and apply only to Scheme Shareholders who are resident for tax purposes in the UK, who hold their Scheme Shares or New ARRIS Shares as an investment (other than under a personal equity plan or individual savings account) and who are the absolute beneficial owners of their Scheme Shares or New ARRIS Shares. These comments do not deal with certain types of Scheme Shareholders such as charities, dealers in securities, persons holding or acquiring shares in the course of a trade, persons who have or could be treated for tax purposes as having acquired their Scheme Shares or New ARRIS Shares by reason of their employment, collective investment schemes, persons subject to UK tax on the remittance basis and insurance companies. Scheme Shareholders are encouraged to consult an appropriate independent professional tax advisor in respect of their tax position.

2. Taxation of Chargeable Gains

- 2.1 The receipt of cash by Scheme Shareholders who are resident in the United Kingdom for tax purposes will be treated as a part disposal of their Scheme Shares. The proportion of the shareholder's base cost attributable to that part disposal should be equal to the proportion that the cash received bears to the aggregate value of the cash and New ARRIS Shares received on completion of the Scheme. To the extent the receipt of cash by a Scheme Shareholder is small, (broadly, less than £3,000) such a Scheme Shareholder may not be treated as part disposing of their shares and instead such amount would be deducted from the base cost of their New ARRIS Shares.
- 2.2 Subject to the comments made below, the receipt of New ARRIS Shares by Scheme Shareholders pursuant to the Scheme should be treated as an exchange of securities for the purposes of section 135 of the Taxation of Chargeable Gains Act 1992 ("TCGA"). This means that, except to the extent the Scheme Shareholders are treated as disposing of their Scheme Shares as a consequence of the receipt of cash under the Scheme (see above), the Scheme Shareholders should not be treated as disposing of their Scheme Shares and, instead, the New ARRIS Shares received by them would be treated as the same asset, acquired at the same time, and for the same amount, as the Scheme Shares in respect of which they are issued.
- 2.3 In the case of Scheme Shareholders who alone, or together with persons connected with them, hold 5 per cent. or more of the shares or debentures, or any class of shares or debentures, of Pace, such "rollover" treatment will only apply if the provisions of section 137(1) of the TCGA (exchange must be for bona fide commercial purposes and not part of a scheme for the avoidance of UK tax) do not prevent it. In this regard, clearance has been obtained from HMRC confirming that section 137(1) TCGA should not prevent the rollover treatment. If the Scheme is not treated as an exchange of securities, UK resident Scheme Shareholders would be treated as having disposed of their entire holding of Scheme Shares in consideration of the payment to them of the cash and issue of the New ARRIS Shares pursuant to the Scheme.

3. Disposal of New ARRIS Shares by Scheme Shareholders

A disposal or deemed disposal of New ARRIS Shares by a Scheme Shareholder who is resident in the United Kingdom for tax purposes may, depending on the particular circumstances of the Scheme Shareholder and subject to any available exemptions or reliefs, give rise to a chargeable gain or an allowable loss for capital gains tax purposes.

Individuals

- 3.1 An individual Scheme Shareholder who is resident in the United Kingdom for tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his New ARRIS Shares, are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (currently £31,785) (the “**Band Limit**”) will generally be subject to capital gains tax at a flat rate of 18 per cent. in respect of any gain arising on a disposal or deemed disposal of his New ARRIS Shares.
- 3.2 An individual Scheme Shareholder who is resident in the United Kingdom for tax purposes and whose total taxable gains and income in a given tax year, excluding any gains made on the disposal or deemed disposal of his New ARRIS Shares, are more than the Band Limit will generally be subject to capital gains tax at a flat rate of 28 per cent. in respect of the gain arising on a disposal or deemed disposal of his New ARRIS Shares.

Corporation Tax Payers

- 3.3 A gain on the disposal or deemed disposal of New ARRIS Shares by a Scheme Shareholder within the charge to UK corporation tax will form part of the Scheme Shareholders profits chargeable to corporation tax (the rate of which is currently 20 per cent.). For such Scheme Shareholders tax indexation allowance may be available in respect of the full period of ownership of the New ARRIS Shares to reduce any chargeable gain arising (but not to create or increase any allowable loss).

Overseas Shareholders and Temporary Non-Residents

- 3.4 Subject to the paragraph below (dealing with temporary non-residents) Scheme Shareholders who are not resident in the UK for UK tax purposes will not generally be subject to UK tax on chargeable gains, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) permanent establishment and the New ARRIS Shares disposed of are used or held for the purposes of that branch, agency or permanent establishment.
- 3.5 However, Scheme Shareholders who are not resident in the UK may be subject to charges to foreign taxation depending on their personal circumstances.
- 3.6 A Scheme Shareholder who is an individual, who has ceased to be resident for tax purposes in the UK for a period of less than five years and who disposes of New ARRIS Shares during that period may be liable to UK taxation on capital gains (subject to any available exemption or relief). If applicable, the tax charge will arise in the tax year that the individual returns to the UK.

4. Taxation of Dividends on New ARRIS Shares

New ARRIS will not be required to withhold in respect of UK tax at source from dividend payments it makes.

Individuals – Pre 6 April 2016

- 4.1 A Scheme Shareholder who is an individual resident in the UK for tax purposes and who receives a dividend from New ARRIS will be entitled to a tax credit which may be set off against his total income tax liability. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the “**Gross Dividend**”), which is also equal to one-ninth of the amount of the cash dividend received.

- 4.2 In the case of such a Scheme Shareholder who is not liable to UK income tax at either the higher or the additional rate, that Scheme Shareholder will be subject to UK income tax on the Gross Dividend at the rate of 10 per cent. The tax credit will, in consequence, satisfy in full the Scheme Shareholder's liability to UK income tax on the Gross Dividend.
- 4.3 In the case of a Scheme Shareholder who is liable to UK income tax at the higher rate, the Scheme Shareholder will be subject to UK income tax on the Gross Dividend, at the rate of 32.5 per cent., to the extent that the Gross Dividend falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax when it is treated as the top slice of the Scheme Shareholder's income. The tax credit will, in consequence, satisfy only part of the Scheme Shareholder's liability to UK income tax on the Gross Dividend and the Scheme Shareholder will have to account for UK income tax equal to 22.5 per cent. of the Gross Dividend (which is also equal to 25 per cent. of the cash dividend received). For example, if the Scheme Shareholder received a dividend of £80 from New ARRIS, the dividend received would carry a tax credit of £8.89 and therefore represent a Gross Dividend of £88.89. The Scheme Shareholder would then be required to account for UK income tax of £20 on the Gross Dividend (being £28.89 (i.e. 32.5 per cent. of £88.89) less £8.89 (i.e. the amount of the tax credit)).
- 4.4 In the case of a Scheme Shareholder who is liable to UK income tax at the additional rate, the Scheme Shareholder will be subject to UK income tax on the Gross Dividend, at the rate of 37.5 per cent., to the extent that the Gross Dividend falls above the threshold for the additional rate of UK income tax when it is treated as the top slice of the Scheme Shareholder's income. After setting off the tax credit comprised in the Gross Dividend, the Scheme Shareholder will, accordingly, have to account for UK income tax equal to 27.5 per cent. of the Gross Dividend (which is also equal to 30.55 per cent. of the cash dividend received). For example, if the Scheme Shareholder received a dividend of £80 from New ARRIS, the dividend received would carry a tax credit of £8.89 and therefore represent a Gross Dividend of £88.89. The Scheme Shareholder would then be required to account for UK income tax of £24.44 on the Gross Dividend (being £33.33 (i.e. 37.5 per cent. of £88.89) less £8.89 (i.e. the amount of the tax credit)).
- 4.5 A UK resident individual Scheme Shareholder whose liability to UK income tax in respect of a dividend received from New ARRIS is less than the tax credit attaching to the dividend will not be entitled to any payment from HM Revenue and Customs in respect of any part of the tax credit attaching to the dividend.

Individuals – Post 6 April 2016

- 4.6 The UK Government announced in its Summer Budget 2015 that the taxation of dividends received by individuals will change from 6 April 2016 onwards. The legislation enacting this change has not yet been made available and may differ from the details announced thus far. The summary set out below is based on information published as part of the Summer Budget 2015.
- 4.7 The Government announced that from 6 April 2016 the dividend tax credit referred to above will be replaced by a new £5,000 tax-free dividend allowance.
- 4.8 A Scheme Shareholder who is an individual resident in the UK for tax purposes and who receives a dividend from New ARRIS after April 2016 will not pay any income tax on the first £5,000 of dividend income they receive.
- 4.9 A Scheme Shareholder who is not liable to UK income tax at either the higher or the additional rate will be subject to UK income tax on any dividend income in excess of £5,000 at the rate of 7.5 per cent.
- 4.10 A Scheme Shareholder who is liable to UK income tax at the higher rate will be subject to UK income tax on any dividend income in excess of £5,000 at the rate of 32.5 per cent. to the extent that the dividend income in excess of £5,000 falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax when it is treated as the top slice of the Scheme Shareholder's income.

- 4.11 A Scheme Shareholder who is liable to UK income tax at the additional rate will be subject to UK income tax on any dividend income in excess of £5,000, at the rate of 38.1 per cent. to the extent that the dividend income in excess of £5,000 falls above the threshold for the additional rate of UK income tax when it is treated as the top slice of the Scheme Shareholder's income.

Companies

- 4.12 Scheme Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends paid on the New ARRIS Shares, provided certain conditions are met.
- 4.13 Other Scheme Shareholders within the charge to UK corporation tax will not be subject to tax on dividends on the New ARRIS Shares so long as (i) the dividends fall within an exempt class and (ii) do not fall within certain specified anti-avoidance provisions and (iii) the Scheme Shareholder has not elected for the dividends not to be exempt. Each Scheme Shareholder's position will depend on its own individual circumstances, although it would normally be expected that dividends paid on the New ARRIS Shares would fall within an exempt class. Examples of dividends that are within an exempt class are dividends in respect of portfolio holdings, where the recipient owns less than 10 per cent. of the issued share capital of the payer (or any class of that share capital). Scheme Shareholders will need to ensure that they satisfy the requirements of an exempt class before treating any dividend as exempt, and seek appropriate professional advice where necessary.

5. Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The Scheme

- 5.1 The transfer of the Scheme Shares will be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given in cash and New ARRIS Shares (the liability being rounded up to the nearest £5). SDRT will also be payable on the agreement to transfer the Scheme Shares (again at 0.5 per cent. of the amount or value of the consideration), but this liability would be discharged if stamp duty is duly paid on the Court Order within six years of the agreement. New ARRIS will be responsible for paying any such stamp duty or SDRT payable in connection with the transfer of the Scheme Shares to it under the Scheme.

Issue of the New ARRIS Ordinary Shares

- 5.2 No SDRT should generally be payable, and no liability to stamp duty should arise, in respect of the issue of the New ARRIS Shares to Cede, as nominee of DTC, for the benefit of the Scheme Shareholders.

Subsequent Transfers of the New ARRIS Ordinary Shares

- 5.3 Transfers of the New ARRIS Shares within DTC should not be subject to stamp duty or SDRT provided that no instrument of transfer is entered into and that no election which applies to the New ARRIS Shares is or has been made by DTC or Cede under section 97A of the Finance Act 1986 (the "**Finance Act**"). In this regard DTC has confirmed that neither DTC nor Cede has made an election under section 97A of the Finance Act which would affect the New ARRIS Shares to be issued to Cede as nominee of DTC.
- 5.4 Transfers of New ARRIS Shares within DTC where an election which applies to the New ARRIS Shares is or has been made under section 97A of the Finance Act will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration for such transfer.
- 5.5 Transfers of New ARRIS Shares that are held in certificated form will generally be subject to stamp duty of the amount or value of the consideration given (the liability being rounded up to the nearest £5). SDRT will also be payable on an agreement to transfer such New ARRIS Shares, generally at the rate of 0.5 per cent. of the amount or value of the consideration given under the agreement to transfer the New ARRIS Shares, but this liability would be discharged if stamp duty is duly paid on the instrument transferring the New ARRIS Shares within six years of the agreement.

- 5.6 If New ARRIS Shares (or interests therein) are subsequently transferred into a clearing system (including the DTC) or to a depositary, stamp duty or SDRT will generally be payable at the rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the shares (save to the extent that an election which applies to the New ARRIS Shares is or has been made under section 97A of the Finance Act).
- 5.7 The purchaser or the transferee of the New ARRIS Shares will generally be responsible for paying any stamp duty or SDRT payable.

6. Inheritance Tax

- 6.1 The New ARRIS Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift or settlement of such assets by, or on the death of, an individual holder of such assets may give rise to a liability to UK inheritance tax even if the holder is not a resident of or domiciled in the UK.
- 6.2 A charge to inheritance tax may arise in certain circumstances where New ARRIS Shares are held by close companies and trustees of settlements.
- 6.3 However, pursuant to the Estate and Gift Tax Treaty 1980 entered into between the UK and US, a gift or settlement of New ARRIS Shares by New ARRIS shareholders who are domiciled in the US for the purposes of the Treaty should generally not give rise to a liability to UK inheritance tax.

PART B: UNITED STATES TAXATION

1. Material Tax Considerations for the Transactions

- 1.1 This discussion describes the material U.S. federal income tax considerations for holders of Pace Shares with respect to the Scheme of Arrangement and the subsequent ownership and disposition of New ARRIS Shares by U.S. holders and non-U.S. holders (each as defined below).
- 1.2 The discussion below is for general purposes only and is not a substitute for your own analysis of the tax considerations for the transactions and the subsequent ownership and disposition of New ARRIS Shares. We urge you to consult your own tax advisor regarding the U.S. (federal, state and local) and non-U.S. tax considerations for these matters in light of your particular circumstances.

2. Material U.S. Federal Income Tax Considerations

- 2.1 The following discussion, subject to the limitations set forth below, describes the material U.S. federal income tax considerations to holders of Pace Shares with respect to the transactions and the subsequent ownership and disposition of New ARRIS Shares received by such holders in the Scheme of Arrangement. This discussion does not address any aspect of U.S. taxation other than U.S. federal income taxation, is not a complete analysis or listing of all potential U.S. federal income tax considerations with respect to the Scheme of Arrangement or subsequent ownership and disposition of New ARRIS Shares received in the Scheme of Arrangement, and does not address all tax considerations that may be relevant to holders of Pace Shares or any such particular shareholder in light of its particular circumstances. In addition, this summary does not address the U.S. federal 3.8 per cent. Medicare tax imposed on certain net investment income, the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, or non-U.S. tax consequences of the transactions or the ownership and disposition of New ARRIS Shares received in the transactions. This discussion is limited to holders of Pace Shares who exchange their Pace Shares for New ARRIS common stock and cash in the Scheme of Arrangement and persons who hold their Pace Shares, and will hold their New ARRIS Shares, solely as “capital assets” within the meaning of Section 1221 of the IR Code (generally, property held for investment). The discussion below generally does not address any tax considerations for Pace shareholders who are subject to special rules under U.S. federal income tax laws, such as:

- banks, financial institutions, underwriters, or insurance companies;
- tax-exempt entities, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts;
- persons who hold shares as part of a straddle, synthetic security, hedge or other integrated transaction, conversion transaction or other integrated investment;
- persons who have been, but are no longer, citizens or residents of the United States or former long-term residents of the United States;
- controlled foreign corporations or passive foreign investment companies;
- persons holding shares through a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes), S corporation, or other fiscally transparent entity;
- dealers or traders in securities, commodities or currencies;
- grantor trusts;
- U.S. persons whose “functional currency” is not the U.S. dollar;
- regulated investment companies and real estate investment trusts;

- persons who received shares through the exercise of incentive stock options or through the issuance of restricted stock under an equity incentive plan or through a tax-qualified retirement plan; or
 - persons who own (directly or through attribution) 5 per cent. or more of the total combined voting power of all classes of New ARRIS Shares entitled to vote.
- 2.2 This discussion is based on the IR Code, the Treasury Regulations promulgated thereunder, which we refer to in this document as the Treasury Regulations, judicial and administrative interpretations thereof and the United States-United Kingdom Income Tax Convention, which we refer to in this document as the U.S.-UK Tax Treaty, in each case, as in effect and available on the date of this document. Each of the foregoing is subject to change, potentially with retroactive effect, and any such change could affect the U.S. federal income tax considerations described below. Neither ARRIS nor Pace will request a ruling from the Internal Revenue Service (“IRS”) as to the U.S. federal income tax consequences of the Scheme of Arrangement and the Merger or any other matter and, thus, there can be no assurance that the IRS will not challenge the U.S. federal income tax treatment described below or that, if challenged, such treatment will be sustained by a court.
- 2.3 For purposes of this discussion, a “U.S. holder” is a beneficial owner of Pace Shares or, after the completion of the transactions, New ARRIS Shares, that for U.S. federal income tax purposes is:
- an individual citizen or resident alien of the United States;
 - a corporation (or other entity taxable as a corporation for such purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
 - an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
 - a trust, if such trust validly has elected to be treated as a U.S. person for U.S. federal income tax purposes or if (i) a U.S. court can exercise primary supervision over its administration and (ii) one or more U.S. persons have the authority to control all of the substantial decisions of such trust.
- 2.4 A “non-U.S. holder” is a beneficial owner of Pace Shares or, after the completion of the transactions, New ARRIS, other than a U.S. holder of a partnership or an entity treated as a partnership for U.S. federal income tax purposes, which we refer to in this document as a partnership.
- 2.5 If a partnership is a beneficial owner of Pace Shares, or, after the completion of the transactions, New ARRIS, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Holders of Pace Shares or, after the completion of the transactions, New ARRIS Shares, that are partnerships, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal income tax considerations for them with respect to the transactions and the subsequent ownership and disposition of New ARRIS Shares.
- 3. US Tax Residence of New Arris**
- 3.1 In the opinion of Troutman Sanders, U.S. tax counsel to ARRIS, although the matter is not free from doubt, following the Scheme of Arrangement and Merger, New ARRIS should be treated as a foreign (non U.S.) corporation for purposes of section 7874 of the IR Code, and therefore, New ARRIS should not be subject to tax as a U.S. corporation by reason of section 7874 of the IR Code.
- 3.2 The rules under section 7874 of the IR Code and the Treasury Regulations thereunder, however, are relatively new, complex, and have not been the subject of significant guidance. Accordingly, there can be no assurance that the IRS will not challenge all or part of such treatment in a manner that could adversely affect New ARRIS or its holders now or in the future, or that such challenge would not be sustained by a court.

- 3.3 In addition, recent legislative proposals have aimed to expand the scope of Section 7874 of the IR Code, and, if enacted, could cause New ARRIS to be treated as a U.S. corporation for U.S. federal income tax purposes. Further, the U.S. Treasury has indicated that it is considering regulatory action in connection with “inversion” transactions such as the Scheme of Arrangement and Merger that would have the effect of making it more difficult to avoid treatment as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the IR Code and would also eliminate or reduce certain tax benefits for so-called “inverted” corporations. The scope and application of these regulatory proposals will not be clear until final Treasury Regulations are issued, and there can be no assurance that such regulations would not cause New ARRIS to be treated as a U.S. corporation for U.S. federal income tax purposes or otherwise adversely affect the after-tax results of the operations of New ARRIS in a material manner.
- 3.4 If New ARRIS were to be treated as a U.S. corporation for U.S. federal income tax purposes, it could be subject to substantial additional U.S. tax liability. The remainder of this discussion assumes that New ARRIS will not be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874.

4. Material U.S. Federal Income Tax Considerations of the Scheme of Arrangement to U.S. Holders

- 4.1 A U.S. holder of Pace Shares that exchanges such Pace Shares for New ARRIS Shares and cash pursuant to the Scheme of Arrangement generally will be required to recognize gain or loss equal to the difference, if any, between (i) the sum of the cash and the fair market value of the New ARRIS Shares received by such U.S. holder in the Scheme of Arrangement and (ii) such U.S. holder’s adjusted tax basis in the Pace Shares exchanged therefor. Any gain or loss so recognized would generally be treated as described below in “–Treatment of Gain or Loss Recognized”. A U.S. holder would have an aggregate tax basis in any New ARRIS Shares received in the Scheme of Arrangement that is equal to the fair market value of such New ARRIS Shares as of the effective date of the Scheme of Arrangement, and the holding period of such New ARRIS Shares would begin on the date after the Scheme of Arrangement.
- 4.2 If a U.S. holder acquired Pace Shares at different times or at different prices, any gain or loss will be determined separately with respect to each block of Pace Shares, and a loss realized on the exchange of one block of Pace Shares cannot be used to offset a gain realized on the exchange of another block of Pace Shares. Any such holder should consult its tax advisor regarding the manner in which cash and New ARRIS Shares received pursuant to the Scheme of Arrangement should be allocated among different blocks of Pace Shares and with respect to identifying the bases or holding periods of particular New ARRIS Shares received pursuant to the Scheme of Arrangement. The U.S. dollar amount of the cash received in currency other than in U.S. dollars is determined by reference to the spot exchange rate in effect on the date of the sale or exchange or, if the Pace Shares sold or exchanged are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date.

5. Treatment of Gain or Loss Recognized

Any gain or loss recognized by a U.S. holder on the exchange of such holder’s Pace Shares pursuant to the Scheme of Arrangement should be treated as gain or loss from the sale or exchange of such Pace Shares. Any such gain or loss generally should be treated as capital gain or loss and will constitute long-term capital gain or loss if such U.S. holder has held its Pace Shares for more than one year as of the effective date of the Scheme of Arrangement. Long-term capital gains of certain non–corporate U.S. holders (including individuals) will be subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder on the transfer of Pace Shares will generally be treated as U.S. source gain or loss.

6. Pace, ARRIS and New ARRIS Intercompany Transactions

Pace should not be subject to U.S. federal income tax as a result of the transactions. In conjunction with the transactions, Pace, ARRIS and New ARRIS, and their respective subsidiaries may engage in certain intercompany transactions. This discussion does not address any tax considerations relating to such intercompany transactions.

THE FOREGOING IS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTIONS WITHOUT REGARD TO THE PARTICULAR FACTS AND CIRCUMSTANCES OF EACH PACE SHAREHOLDER. PACE SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

7. Material U.S. Federal Income Tax Considerations for U.S. Holders of New ARRIS Shares

Taxation of Holders of New ARRIS Shares

Taxation of Distributions on New ARRIS Shares

- 7.1 Subject to the discussion below under “—Passive Foreign Investment Company Status”, the gross amount of cash distributions on New ARRIS Shares will be taxable to U.S. holders as dividend income to the extent of New ARRIS’ earnings and profits (as determined for U.S. federal income purposes). With respect to non-corporate U.S. holders (including individuals), dividends received from a qualified foreign corporation will be subject to U.S. federal income tax at preferential rates, provided that certain holding period requirements and other conditions are satisfied. As long as New ARRIS’ Shares are listed on the NASDAQ (or certain other exchanges) and/or New ARRIS qualifies for benefits under the U.S.-UK Tax Treaty, New ARRIS will be treated as a qualified foreign corporation. This reduced rate will not be available in certain circumstances, and U.S. holders should consult their own tax advisors regarding the availability of the reduced rate based on their particular situation. U.S. corporate holders generally will not be eligible for the dividends received deduction with respect to dividends received from New ARRIS.
- 7.2 To the extent that the amount of any distribution exceeds New ARRIS’ earnings and profits, the distribution will first be treated as a tax-free return of capital (with a corresponding reduction in the adjusted tax basis of a U.S. holder’s New ARRIS shares), and thereafter will be taxed as a capital gain recognized on a taxable disposition.
- 7.3 It is possible that New ARRIS is, or at some future time will be, at least 50 per cent. owned by U.S. persons. Dividends paid by a foreign corporation that is at least 50 per cent. owned by U.S. persons may be treated as U.S. source income (rather than foreign source income) for foreign tax credit purposes to the extent the foreign corporation has more than an insignificant amount of U.S. source income. The effect of this rule may be to treat a portion of any dividends paid by New ARRIS as U.S. source income. Treatment of the dividends as U.S. source income in whole or in part may limit a U.S. holder’s ability to claim a foreign tax credit with respect to foreign taxes payable or deemed payable in respect of the dividends paid by New ARRIS or on other items of foreign source, passive income for U.S. federal foreign tax credit limitation purposes. The IR Code permits a U.S. Holder entitled to benefits under the UK-U.S. Income Tax Treaty to elect to treat dividends paid by New ARRIS as foreign source income for foreign tax credit purposes if that dividend income is separated from other income items for purposes of calculating the U.S. holder’s foreign tax credit. U.S. holders should consult their own tax advisors about the desirability and method of making such an election.

Taxation of Dispositions of New ARRIS Shares

- 7.4 Subject to the discussion below under “—Passive Foreign Investment Company Status”, for U.S. federal income tax purposes, a U.S. holder will recognize taxable gain or loss on any sale or other taxable disposition of New ARRIS Shares in an amount equal to the difference between the amount realized from such sale or other taxable disposition and the U.S. holder’s adjusted tax basis in such

shares. Such recognized gain or loss generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) will be subject to U.S. federal income tax at preferential rates if the U.S. holder has held the New ARRIS Shares for more than one year as of the date of the sale or other taxable disposition. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder on the sale or other taxable disposition of New ARRIS Shares generally will be treated as U.S. source gain or loss.

Passive Foreign Investment Company Status

- 7.5 Notwithstanding the foregoing, certain adverse U.S. federal income tax consequences could apply to a U.S. holder if New ARRIS is treated as a passive foreign investment company (“PFIC”) for any taxable year during which the U.S. holder holds New ARRIS Shares. A non-U.S. corporation, such as New ARRIS, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year in which, after applying certain look-through rules, either (i) 75 per cent. or more of its gross income for such year consists of certain types of “passive” income or (ii) 50 per cent. or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. New ARRIS is not currently expected to be treated as a PFIC for U.S. federal income tax purposes for the taxable year of the combination or for foreseeable future taxable years. This conclusion is a factual determination, however, that must be made annually at the close of each taxable year and, thus, is subject to change. There can be no assurance that New ARRIS will not be treated as a PFIC for any taxable year.
- 7.6 If New ARRIS were to be treated as a PFIC, U.S. holders of New ARRIS Shares could be subject to certain adverse U.S. federal income tax consequences with respect to gain realized on a taxable disposition of such shares, and certain distributions received on such shares. In addition, dividends received with respect to New ARRIS Shares would not constitute qualified dividend income eligible for preferential tax rates if New ARRIS is treated as a PFIC for the taxable year of the distribution or for its preceding taxable year. Certain elections (including a mark-to-market election) may be available to U.S. holders to mitigate some of the adverse tax consequences resulting from PFIC treatment. New ARRIS does not expect to provide U.S. holders with the information that is necessary to make a qualified electing fund election. U.S. holders should consult their tax advisors regarding the application of the PFIC rules to their investment in the New ARRIS Shares.

8. Material U.S. Federal Income Tax Considerations for Non-U.S. Holders

The Scheme of Arrangement

- 8.1 A non-U.S. holder of Pace Shares will not be subject to U.S. federal income tax on any such gain realized on the Scheme of Arrangement unless:
- (a) the gain is effectively connected with a U.S. trade or business of such non-U.S. holder (or, if an income tax treaty applies, is attributable to a United States “permanent establishment”); or
 - (b) such non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other conditions are met.
- 8.2 Gain recognized by a non-U.S. holder of Pace Shares, described in clause (a) above will be subject to tax under the rules described above as if it were a U.S. holder of Pace Shares, and, in the case of a foreign corporation, might be subject to an additional “branch profits” tax equal to 30 per cent. of its effectively connected earnings and profits (or such lower rate as may be available under an applicable income tax treaty). An individual non-U.S. holder of Pace Shares, described in clause (b) above will be subject to a flat 30 per cent. tax on the gain, which may be offset by U.S. source capital losses realized in the same year, even though the individual is not considered a resident of the United States.
- 8.3 A non-U.S. holder will not be subject to U.S. backup withholding tax if it provides a certification of exempt status (generally on an IRS Form W-8BEN or W-8BEN-E). Any amounts withheld under

the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Holding New ARRIS Shares

- 8.4 A non-U.S. holder generally should not be subject to U.S. federal income or withholding tax on dividends received from New ARRIS unless the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business in the United States (and, if an income tax treaty applies, the dividends are attributable to a permanent establishment or fixed place of business maintained by the non-U.S. holder in the United States).
- 8.5 In addition, a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on any gain recognized on the sale, exchange or other disposition of New ARRIS Shares unless: (i) such gain is effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States (or, if an income tax treaty applies, is attributable to a permanent establishment or fixed place of business maintained by the non-U.S. holder in the United States); or (ii) in the case of certain capital gains recognized by a non-U.S. holder that is an individual, such individual is present in the United States for 183 days or more during the taxable year in which the capital gain is recognized and certain other conditions are met.
- 8.6 In general, different rules from those described above apply in the case of a non-U.S. holder subject to special treatment under U.S. federal income tax law, including a non-U.S. holder (i) who has an office or fixed place of business in the United States or is otherwise carrying on a U.S. trade or business; (ii) who is an individual present in the United States for 183 or more days or has a "tax home" in the United States for U.S. federal income tax purposes; or (iii) who is a former citizen or resident of the United States.

FATCA

- 8.7 Pursuant to legislation commonly known as the Foreign Account Tax Compliance Act ("**FATCA**"), foreign financial institutions (which include most foreign hedge funds, private equity funds, mutual funds, securitization vehicles and other investment vehicles) and certain other foreign entities must comply with information reporting rules with respect to their U.S. account holders and investors or be subject to a withholding tax on certain U.S. source payments made to them (whether received as a beneficial owner or as an intermediary for another party). More specifically, a foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements will generally be subject to a 30 per cent. withholding tax with respect to any "withholdable payments." For this purpose, withholdable payments include generally U.S.-source payments otherwise subject to non-resident withholding tax (e.g., U.S.-source dividends) and also include the gross proceeds from the sale of any equity or debt instruments of U.S. issuers. The FATCA withholding tax will apply even if the payment would otherwise not be subject to U.S. non-resident withholding tax (e.g., because it is capital gain). With respect to gross proceeds from the sale of equity and debt instruments, final Treasury Regulations and IRS guidance defer this withholding obligation until 1 January 2017.
- 8.8 With respect to payments made to foreign entities that are not financial institutions, there is no withholding if the entity identifies its substantial U.S. owners or an exception applies.
- 8.9 Non-U.S. holders are urged to consult with their own tax advisors regarding the effect, if any, of the FATCA provisions to them based on their particular circumstances.

9. Information Reporting and Backup Withholding for U.S. Holders

- 9.1 In general, information reporting will apply to dividends in respect of New ARRIS Shares and the proceeds from the sale, exchange or redemption of New ARRIS Shares that are paid to holders within the United States (and in certain cases, outside the United States), unless the holder is an exempt recipient. A backup withholding tax (currently at a rate of 28 per cent.) may apply to such payments, if made by a U.S. paying agent or other U.S. intermediary, if a holder fails to provide a TIN or certification of exempt status or fails to report in full dividend and interest income. Any amounts

withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. The IRS may impose a penalty upon any taxpayer that fails to provide the correct TIN.

- 9.2 Certain U.S. holders of specified foreign financial assets with an aggregate value in excess of the applicable dollar threshold are required to report information relating to their New ARRIS Shares, subject to certain exceptions (including an exception for New ARRIS Shares held in accounts maintained by certain financial institutions), by attaching a completed IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their tax return for each year in which they hold New ARRIS Shares. Holders are urged to consult their own tax advisors regarding information reporting requirements relating to the ownership of New ARRIS Shares.

APPENDIX III

ADDITIONAL INFORMATION

1. Responsibility Statements

- 1.1 The Pace Directors, whose names are set out in paragraph 2.1 of this Appendix III, accept responsibility for all the information contained in this document, other than information for which responsibility is taken by the ARRIS Directors pursuant to paragraph 1.2 below and the New ARRIS Directors pursuant to paragraph 1.3 below. To the best of the knowledge and belief of the Pace Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The ARRIS Directors, whose names are set out in paragraph 2.2 of this Appendix III, accept responsibility for all the information contained in this document relating to ARRIS and the ARRIS Group, the opinions of ARRIS and the ARRIS Group, the ARRIS Directors and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the ARRIS Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The New ARRIS Directors, whose names are set out in paragraph 2.3 of this Appendix III, accept responsibility for all the information contained in this document relating to New ARRIS, the opinions of New ARRIS and the New ARRIS Group, the New ARRIS Directors and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the New ARRIS Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors of Pace, ARRIS and New ARRIS

- 2.1 The Pace Directors and their respective positions are as follows:

<i>Name</i>	<i>Position</i>
Allan Leighton	Chairman
Mike Pulli	Chief Executive Officer
Mark Shuttleworth	Chief Financial Officer
Patricia Chapman-Pincher	Non-Executive Director
John Grant	Non-Executive Director
Mike Inglis	Non-Executive Director
Amanda Mesler	Non-Executive Director

The business address of each of the Pace Directors is Salts Mill, Victoria Road, Saltaire, West Yorkshire BD18 3LF, United Kingdom.

- 2.2 The ARRIS Directors and their respective positions are as follows:

<i>Name</i>	<i>Position</i>
Robert J. Stanzione	Chief Executive Officer
Alex B. Best	Independent Director
Harry L. Bosco	Independent Director
J. Timothy Bryan	Independent Director
James A. Chiddix	Independent Director
Andrew T. Heller	Independent Director
Dr. Jeong Kim	Independent Director

<i>Name</i>	<i>Position</i>
Doreen A. Toben	Independent Director
Debora J. Wilson	Independent Director
David A. Woodle	Independent Director

The business address of each of the ARRIS Directors is 3871 Lakefield Drive, Suwanee, Georgia GA30024, USA.

2.3 The New ARRIS Directors and their respective positions are as follows:

<i>Name</i>	<i>Position</i>
Robert J. Stanzione	Director
David B. Potts	Director
Lawrence A. Margolis	Director

The business address of each of the New ARRIS Directors is 3871 Lakefield Drive, Suwanee, Georgia GA30024, USA.

3. Persons acting in concert

3.1 In addition to the Pace Directors, the persons who, for the purposes of the Takeover Code, are acting in concert with Pace in respect of the Merger are:

<i>Name</i>	<i>Type</i>	<i>Registered Office</i>	<i>Relationship with PACE</i>
J.P. Morgan Limited	Private limited company registered in England and Wales	25 Bank Street Canary Wharf London E14 5JP	Financial adviser and corporate broker
Jefferies International Limited	Private limited company registered in England and Wales	Vintners Place 68 Upper Thames Street London EC4V 3BJ	Corporate broker

3.2 In addition to the ARRIS Directors and the New ARRIS Directors, the person who, for the purposes of the Takeover Code, is acting in concert with ARRIS and New ARRIS in respect of the Merger is:

<i>Name</i>	<i>Type</i>	<i>Registered Office</i>	<i>Relationship with ARRIS and New ARRIS</i>
Evercore Partners International LLP	Limited liability partnership registered in England and Wales	15 Stanhope Gate London W1K 1LN	Financial adviser

4. Disclosure of interests and dealings in shares

Definitions

4.1 *For the purposes of this Appendix III:*

- (a) “**acting in concert**” has the meaning attributed to it in the Takeover Code;
- (b) “**arrangement**” includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) “**connected adviser**” has the meaning attributed to it in the Takeover Code;
- (d) “**connected person**” has the meaning attributed to it in section 252 to 255 of the Companies Act;
- (e) “**control**” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable

at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;

- (f) “**dealing**” or “**dealt**” includes the following:
- (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (iii) subscribing or agreeing to subscribe for relevant securities;
 - (iv) the exercise of conversion of any relevant securities carrying conversion or subscription rights;
 - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (g) “**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;
- (h) “**disclosure date**” means 23 September 2015, being the latest practicable date prior to the posting of this document;
- (i) “**disclosure period**” means the period commencing on 22 April 2014, being the date 12 months prior to the commencement of the Offer Period, and ending on the disclosure date;
- (j) “**exempt principal trader**” or “**exempt fund manager**” has the meaning attributed to it in the Takeover Code;
- (k) “**financial collateral arrangement**” means a security financial collateral arrangement which provides a right for the collateral taken to use and dispose of Pace securities as if it were the owner of those securities;
- (l) being “**interested**” in relevant securities includes where a person:
- (i) owns relevant securities;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;

- (m) “**relevant Pace securities**” means shares in Pace (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (n) “**relevant ARRIS securities**” means shares in ARRIS or New ARRIS (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (o) “**relevant securities**” means relevant Pace securities or relevant ARRIS securities; and
- (p) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

4.2 *Interests in relevant Pace securities*

(a) *Interests of the Pace Directors in relevant Pace securities*

As at the close of business on the disclosure date, the interests of the Pace Directors and their respective immediate families, related trusts and connected persons, all of which are beneficial unless otherwise stated, in relevant Pace securities (excluding options and awards which are disclosed in paragraph (b) below) were as follows:

<i>Name</i>	<i>Number of Pace Shares</i>
Allan Leighton	659,514
Mike Pulli	978,046
Mark Shuttleworth	Nil
Patricia Chapman-Pincher	15,551
John Grant	65,000
Mike Inglis	25,344
Amanda Mesler	Nil

(b) *Interests of the Pace Directors in options and awards over Pace Shares*

As at the close of business on the disclosure date, the following options and awards over Pace Shares had been granted to the Pace Directors and their respective immediate families, related trusts and connected persons under the Pace Share Schemes and remained outstanding:

<i>Director</i>	<i>Number of Pace Shares</i>	<i>Exercise Price (pence)</i>	<i>Scheme</i>	<i>Exercise Period</i>	
				<i>From</i>	<i>To</i>
Mike Pulli	218,439	Nil	Performance Share Plan	21/03/2016	21/03/2016
Mike Pulli	110,826	Nil	Performance Share Plan	14/04/2017	14/04/2017
Mike Pulli	142,844	Nil	Performance Share Plan	27/04/2018	27/04/2018
Mark Shuttleworth	138,873	Nil	Performance Share Plan	27/04/2018	27/04/2025
Mike Pulli	221,989	Nil	Deferred Share Plan	29/03/2016	29/03/2016
Mike Pulli	39,216	Nil	Deferred Share Plan	31/03/2016	31/03/2016
Mike Pulli	105,290	Nil	Deferred Share Plan	31/03/2017	31/03/2017
Mike Pulli	30,856	Nil	Deferred Share Plan	31/03/2017	31/03/2017
Mike Pulli	108,478	Nil	Deferred Share Plan	31/03/2018	31/03/2018
Mark Shuttleworth	41,073	Nil	Deferred Share Plan	31/03/2018	27/04/2025
Mike Pulli	177,614	0.855	Unapproved Share Option Plan	24/06/2011	24/06/2018
Mike Pulli	250,000	0.75	Unapproved Share Option Plan	11/03/2012	11/03/2019
Mike Pulli	1,395,275	0.6975	Unapproved Share Option Plan	03/03/2015	15/12/2021
Mark Shuttleworth	6,545	2.75	UK Sharesave	01/06/2017	30/11/2017
Mike Pulli	2,451	2.8407	US Sharesave	06/06/2016	02/09/2016

4.3 *Dealings in relevant Pace securities*

(a) *Dealings in relevant Pace securities by Pace Directors*

During the disclosure period, the dealings in relevant Pace securities by the Pace Directors and their immediate families, related trusts and connected persons were as follows:

<i>Director</i>	<i>Transaction Type</i>	<i>Date</i>	<i>Number of Pace Shares</i>	<i>Price per share (£ unless otherwise stated)</i>
Mike Pulli	Share award settlement	24/04/2015	89,833	0
Mike Pulli	Sale of shares	24/04/2015	36,780	4.41616
Mike Pulli	Share award settlement	24/04/2015	523,519	0
Mike Pulli	Sale of shares	24/04/2015	219,742	4.41616
Mike Pulli	Share option exercise	02/06/2014	1,724	1.972
Mike Pulli	Shares received under DRIP	15/07/2014	3,485	3.745
Mike Pulli	Shares received under DRIP	12/12/2014	2,206	3.6
Mike Pulli	Shares received under DRIP	08/07/2015	8,007	3.693
Mike Pulli	Grant of share award	27/04/2015	139,334	0
Mike Pulli	Grant of share award	27/04/2015	142,844	0
Mike Pulli	Grant of share option	24/04/2014	1,893	3.39
Mike Pulli	Grant of share option	22/04/2015	2,452	2.8407
Allan Leighton	Appointment share award settlement	04/06/2014	338,810	0.05
Allan Leighton	Sale of shares	04/06/2014	162,134	3.6105
Allan Leighton	Appointment share award settlement	01/06/2015	600,000	0.05
Allan Leighton	Sale of shares	01/06/2015	286,567	4.1303
Mark Shuttleworth	Grant of share option	27/04/2015	138,873	0
Mark Shuttleworth	Grant of share option	27/04/2015	41,073	0
Mark Shuttleworth	Grant of share option	22/04/2015	6,545	2.75

4.4 *Interests in relevant ARRIS securities*

(a) *Interests of ARRIS Directors and New ARRIS Directors in relevant ARRIS securities*

As at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant ARRIS securities held by the ARRIS Directors and the New ARRIS Directors and their immediate families, related trusts and connected persons were as follows:

<i>Name</i>	<i>Number of ARRIS Shares</i>
Robert J. Stanzione	696,419
Alex B. Best	78,900
Harry L. Bosco	79,200
J. Timothy Bryan	1,172
James A. Chiddix	42,800
Andrew T. Heller	20,900
Dr. Jeong Kim	4,200
Doreen A. Toben	9,400
Debora J. Wilson	35,600
David A. Woodle	65,751
David B. Potts	72,498
Lawrence A. Margolis	449,276

(b) *Interests of ARRIS Directors and New ARRIS Directors in options and awards over ARRIS Shares*

As at the close of business on the disclosure date, the following options and awards over ARRIS Shares had been granted to the ARRIS Directors and the New ARRIS Directors and their immediate families, related trusts and connected persons and remained outstanding:

<i>Name</i>	<i>Grant</i>	<i>Number of ARRIS Shares</i>	<i>Vesting date</i>
Lawrence Margolis	Restricted Stock Awards	8,506	Granted on 28 March 2012 and vest annually over 4 years with first vesting occurring on 28 March 2013
Lawrence Margolis	Performance Shares Awards	45,430	These shares will vest on 31 January 2016
Lawrence Margolis	Restricted Stock Awards	11,357	Granted on 29 March 2013 and vest annually over 4 years with first vesting occurring on 29 March 2014
Lawrence Margolis	Restricted Stock Awards	22,031	Granted on 12 July 2013 and vest annually over 4 years with first vesting occurring on 12 July 2014
Lawrence Margolis	Performance Shares Awards	6,450	These shares will vest on 31 January 2016
Lawrence Margolis	Performance Shares Awards	47,140	These shares will vest on 31 January 2017
Lawrence Margolis	Restricted Stock Awards	17,677	Granted on 27 March 2014 and vest annually over 4 years with first vesting occurring on 27 March 2015
Lawrence Margolis	Restricted Stock Awards	18,915	Granted on 30 March 2015 and vest annually over 4 years with first vesting occurring on 30 March 2016
David B. Potts	Restricted Stock Awards	8,506	Granted on 28 March 2012 and vest annually over 4 years with first vesting occurring on 28 March 2013
David B. Potts	Performance Shares Awards	45,430	These shares will vest on 31 January 2016

<i>Name</i>	<i>Grant</i>	<i>Number of ARRIS Shares</i>	<i>Vesting date</i>
David B. Potts	Restricted Stock Awards	11,357	Granted on 29 March 2013 and vest annually over 4 years with first vesting occurring on 29 March 2014
David B. Potts	Restricted Stock Awards	31,300	Granted on 12 July 2013 and vest annually over 4 years with first vesting occurring on 12 July 2014
David B. Potts	Performance Shares Awards	15,000	These shares will vest on 31 January 2016
David B. Potts	Performance Shares Awards	50,760	These shares will vest on 31 January 2017
David B. Potts	Restricted Stock Awards	19,035	Granted on 27 March 2014 and vest annually over 4 years with first vesting occurring on 27 March 2015
David B. Potts	Restricted Stock Awards	24,070	Granted on 30 March 2015 and vest annually over 4 years with first vesting occurring on 30 March 2016
David B. Potts	Performance Shares Awards	48,140	These shares will vest on 31 January 2018
Robert J. Stanzione	Restricted Stock Awards	21,549	Granted on 28 March 2012 and vest annually over 4 years with first vesting occurring on 28 March 2013
Robert J. Stanzione	Performance Shares Awards	116,480	These shares will vest on 31 January 2016
Robert J. Stanzione	Restricted Stock Awards	29,120	Granted on 29 March 2013 and vest annually over 4 years with first vesting occurring on 29 March 2014
Robert J. Stanzione	Restricted Stock Awards	80,641	Granted on 12 July 2013 and vest annually over 4 years with first vesting occurring on 12 July 2014

<i>Name</i>	<i>Grant</i>	<i>Number of ARRIS Shares</i>	<i>Vesting date</i>
Robert J. Stanzione	Performance Shares Awards	96,770	These shares will vest on 31 January 2016
Robert J. Stanzione	Performance Shares Awards	163,160	These shares will vest on 31 January 2017
Robert J. Stanzione	Restricted Stock Awards	61,185	Granted on 27 March 2014 and vest annually over 4 years with first vesting occurring on 27 March 2015
Robert J. Stanzione	Restricted Stock Awards	77,375	Granted on 30 March 2015 and vest annually over 4 years with first vesting occurring on 30 March 2016
Robert J. Stanzione	Performance Shares Awards	154,750	These shares will vest on 31 January 2018
Alex B. Best	Restricted Stock Units	40,550	These ARRIS Shares are fully vested – the ARRIS Shares will be converted upon separation from service per the relevant director’s elections at the time of grant.
Harry L. Bosco	Restricted Stock Units	72,600	
J. Timothy Bryan	Restricted Stock Units	1,172	
James A. Chiddix	Restricted Stock Units	23,400	
Andrew T. Heller	Restricted Stock Units	10,450	
Dr. Jeong H. Kim	Restricted Stock Units	4,200	
Doreen A. Toben	Restricted Stock Units	9,400	
Debora J. Wilson	Restricted Stock Units	13,550	
David A. Woodle	Restricted Stock Units	53,100	

(c) *Interests of persons acting in concert with ARRIS and New ARRIS in relevant ARRIS Securities*
ARRIS holds 100 ordinary shares of £0.01 each and 4,999,900 redeemable shares of £0.01 in New ARRIS.

(d) *Interests of persons acting in concert with Pace in relevant ARRIS securities*
As at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant ARRIS securities held by persons acting in concert with Pace were as follows:

<i>Name</i>	<i>Categories of interest</i>	<i>Nature of interest</i>	<i>Number of ARRIS Shares</i>
Jefferies Group LLC	ARRIS Shares	Long position	6,225
J.P. Morgan Securities LLC	ARRIS Shares	Long position	14,571
J.P. Morgan Securities LLC	ARRIS Shares	Short position	83,886
J.P. Morgan Securities LLC	Cash settled derivatives	Long position	7,200
J.P. Morgan Securities LLC	Cash settled derivatives	Short position	13,200

4.5 *Dealings in relevant ARRIS securities*

(a) *Dealings in relevant ARRIS securities by the ARRIS Directors and the New ARRIS Directors*

During the disclosure period, the dealings in relevant ARRIS securities by the ARRIS Directors and the New ARRIS Directors and their immediate families, related trusts and connected persons were as follows:

<i>Director</i>	<i>Transaction Type</i>	<i>Date</i>	<i>Number of ARRIS Shares</i>	<i>Price per share (US\$ unless otherwise stated)</i>
Robert Stanzione	Sale of shares under existing Rule 10b5-1 Sales Plan	23/04/2015	100,000	36.29
Timothy Bryan	Sale of shares held by National Rural Telecommunications Cooperative (“NRTC”). Mr. Bryan serves as CEO of NRTC, but disclaims beneficial ownership of all ARRIS shares held by NRTC	15/05/2015	1,172	33.345
Robert Stanzione	Transfer of shares for purposes of gift	22/05/2015	33,290	0
Lawrence Margolis	Vested portion of a restricted stock grant converting to common stock	12/07/2015	5,734	0
Lawrence Margolis	Shares withheld by ARRIS to cover tax liability on vesting of previously granted restricted shares	12/07/2015	5,283	30.85
Robert Stanzione	Vested portion of a restricted stock grant converting to common stock	12/07/2015	20,987	0
Robert Stanzione	Shares withheld by ARRIS to cover tax liability on vesting of previously granted restricted shares	12/07/2015	19,335	30.85
David Potts	Vested portion of a restricted stock grant converting to common stock	12/07/2015	8,144	0
David Potts	Shares withheld by ARRIS to cover tax liability on vesting of previously granted restricted shares	12/07/2015	7,506	30.85
David Potts	Sale of shares under existing Rule 10b5-1 Sales Plan	13/07/2015	8,144	31.1793

(b) *Dealings in relevant ARRIS securities by persons with whom ARRIS and New ARRIS or any persons acting in concert with ARRIS and New ARRIS has an arrangement*

On 28 August 2015 ARRIS subscribed for 4,999,900 redeemable shares of £0.01 each in New ARRIS.

(c) *Dealings in relevant ARRIS securities by persons acting in concert with Pace*

During the period commencing the Announcement Date and ending at the close of business on the disclosure date the following persons acting in concert with Pace have dealt in relevant ARRIS securities:

Jefferies LLC

<i>Date</i>	<i>Nature of dealings</i>	<i>Number of ARRIS Shares</i>	<i>Price per share (Low) (US\$)</i>	<i>Price per share (High) (US\$)</i>
07/08/2015	Purchase	65,000	27.28	27.89
21/08/2015	Exercise of a put option	65,000	35	35

J.P. Morgan Securities LLC

Relevant ARRIS securities: ARRIS Shares

<i>Date</i>	<i>Nature of dealings</i>	<i>Number of ARRIS Shares</i>	<i>Price per share (Low) (US\$)</i>	<i>Price per share (High) (US\$)</i>
22/04/15-30/04/15	Purchase	791,954	30.4067	37.3
	Sale	494,824	30.07	37.315
01/05/15-29/05/15	Purchase	535,234	32.7587	34.1
	Sale	505,024	32.7587	34.36
01/06/15-30/06/15	Purchase	144,310	30.6	34.0551
	Sale	126,654	31.46	33.9548
06/07/15-31/07/15	Purchase	254,986	30.05	31.51
	Sale	262,916	30.05	32
06/08/15-28/08/15	Purchase	91,605	25.382	27.8001
	Sale	147,619	24.99	27.89
01/09/15-23/09/15	Purchase	36,047	25.71	27.9083
	Sale	74,195	25.71	27.84

Relevant ARRIS securities: Cash-settled derivatives

<i>Date</i>	<i>Nature of dealings</i>	<i>Number of ARRIS Shares</i>	<i>Price per share (Low) (US\$)</i>	<i>Price per share (High) (US\$)</i>
22/04/15-28/04/15	Purchase	141,300	30.4068	37.0481
	Sale	4,200	34.9319	35.6196
05/05/15-28/05/15	Purchase	49,455	32.815	34.07
	Sale	73,171	32.05	33.7974
01/06/15-15/06/15	Purchase	11,726	32.0451	33.9
	Sale	1,000	32.94	33.9548
06/07/15	Purchase	3,293	30.56	30.56
13/08/15-25/05/15	Purchase	25,000	27.3883	27.3883
	Sale	29,568	25.7971	27.7588
23/09/15	Sale	1,700	26.2831	26.2831

4.6 **General**

As at the close of business on the disclosure date, save as disclosed in this paragraph 4:

- (a) neither Pace nor any member of the Pace Group, nor any of the Pace Directors, nor (in the case of the Pace Directors) any of their immediate families or related trusts, nor any person acting in concert with Pace nor any person with whom Pace or any person acting in concert with Pace had an arrangement, was interested in, directly or indirectly, nor had any right to subscribe for,

or any short position in relation to, any relevant securities, and nor had any such person dealt in any relevant securities between the Announcement Date and the disclosure date;

- (b) neither ARRIS, nor any other member of the ARRIS Group, the ARRIS Directors, nor (in the case of the ARRIS Directors) any member of their respective immediate families or related trusts, nor any person acting in concert with ARRIS, nor any person with whom ARRIS or any person acting in concert with ARRIS had an arrangement, had any right to subscribe for, or had any short position in relation to, or was interested in, directly or indirectly, any relevant securities, as appropriate, and nor had any such person dealt for value in any relevant securities during the disclosure period;
- (c) neither New ARRIS, nor any other member of the New ARRIS Group, the New ARRIS Directors, nor (in the case of the New ARRIS Directors) any member of their respective immediate families or related trusts, nor any person acting in concert with New ARRIS, nor any person with whom New ARRIS or any person acting in concert with New ARRIS had an arrangement, had any right to subscribe for, or had any short position in relation to, or was interested in, directly or indirectly, any relevant securities, as appropriate, and nor had any such person dealt for value in any relevant securities during the disclosure period;
- (d) neither Pace or ARRIS or New ARRIS, nor any person acting or presumed to be acting in concert with Pace or ARRIS or New ARRIS had borrowed or lent any relevant securities (save for any borrowed shares which have been either on-lent or sold); and
- (e) save for the irrevocable undertakings given by the Pace Directors as described in paragraph 7 below, there is no arrangement relating to relevant securities which exists between ARRIS, New ARRIS or any person acting in concert with either of them and any other person, nor between Pace or any person acting in concert with Pace and any other person.

5. Market quotations

The following table shows the Closing Price of Pace Shares and ARRIS Shares (as sourced from Bloomberg) on the following dates, unless otherwise indicated:

- (a) the first Business Day of each of the six months immediately before the date of this document;
- (b) 21 April 2015, being the last dealing day before the commencement of the Offer Period; and
- (c) 23 September 2015, being the latest practicable date prior to the posting of this document.

<i>Date</i>	<i>Price per Pace Share (pence)</i>	<i>Price per ARRIS Share (US\$)</i>
2 March 2015	335.7	29.8
1 April 2015	338.5	29.0
21 April 2015	334.2	30.2
1 May 2015	418.0	34.4
1 June 2015	413.5	32.7
1 July 2015	369.7	30.4
3 August 2015	358.0	30.3
1 September 2015	333.2	25.6
23 September 2015	363.6	26.2

6. Offer-related arrangements

6.1 Confidentiality agreements

Pace and ARRIS entered into a mutual confidentiality agreement, as amended and restated, on 20 April 2015 pursuant to which each party has undertaken to keep confidential information relating to the other party and not to disclose it to third parties (other than to permitted disclosees) unless required by law or regulation. These confidentiality obligations will remain in force until completion of the Transaction.

Pace and ARRIS also entered into a clean team confidentiality agreement dated 13 April 2015 which sets out how any confidential information that is competitively sensitive can be disclosed, used or shared, and a synergies clean team confidentiality agreement dated 17 April 2015 which sets out how certain competitively sensitive synergy information can be disclosed, used or shared, in each case to a clean team made up of certain named representatives of the parties' respective external legal advisers as expanded by agreement between Pace and ARRIS from time to time.

6.2 *Joint defence agreement*

Pace and ARRIS' external legal advisors entered into a joint defence, common interest, and confidentiality agreement (the "**JDA**") on their own behalf and on behalf of Pace and ARRIS respectively, dated 18 May 2015, in connection with the antitrust proceedings related to the Transaction. The JDA provides for a number of limitations on the use of information falling within it and is a relatively common agreement in the context of US antitrust proceedings, entered into between legal advisors (on their own behalf and on behalf of their clients) to recognize and preserve the common interest/joint defence efforts and privileges of the relevant parties in resolving any antitrust issues that may arise during the course of such proceedings.

6.3 *Co-operation Agreement*

Pace, ARRIS and New ARRIS entered into the Co-operation Agreement on 22 April 2015 pursuant to which Pace has agreed to provide ARRIS with such information and assistance which ARRIS may reasonably require for the purposes of obtaining regulatory clearances in connection with the Transaction and making any submission, filing or notification to any regulatory authority. ARRIS has agreed that it shall use reasonable endeavours to obtain such regulatory clearances as soon as reasonably practicable.

By way of compensation for any loss suffered by Pace in connection with the preparation and negotiation of the Transaction, the Co-operation Agreement and any other document relating to the Transaction, ARRIS has undertaken that, on the occurrence of a Break Payment Event (as defined below), ARRIS will pay or procure the payment to Pace of an amount in cash, in US dollars, equal to US\$20 million (the "**Break Payment**") in the event that on or prior to 22 April 2016:

- (a) on 22 April 2016, any Regulatory Condition (as defined in the Announcement) shall not have been satisfied or waived by ARRIS or New ARRIS;
- (b) ARRIS or New ARRIS invokes any Regulatory Condition; or
- (c) the ARRIS Board withdraws or qualifies its recommendation without Pace's consent and either: (i) the US Merger Agreement has not been approved at the ARRIS Stockholders' Meeting; (ii) the ARRIS Stockholders' Meeting has not occurred; (iii) the Co-operation Agreement has been terminated in accordance with its terms; or (iv) the Effective Date has not occurred by 22 April 2016,

(each a "**Break Payment Event**").

ARRIS shall have no obligation to pay the Break Payment to Pace if: (a) the failure of ARRIS to satisfy a Regulatory Condition or the invoking of a Regulatory Condition is due to a material breach of Pace's undertakings to provide certain information and assistance to ARRIS for the purposes of satisfying the Regulatory Conditions; or (b) Pace withdraws or qualifies its recommendation before a Break Payment Event referred to in (b) or (c) above occurs.

The Co-operation Agreement further provides that, in the event that the ARRIS Stockholders do not approve the US Merger Agreement at the ARRIS Stockholders' Meeting but ARRIS has not withdrawn its recommendation, ARRIS shall indemnify Pace for all costs and expenses (including irrevocable VAT) incurred by Pace in connection with the Merger up to an aggregate amount of US\$12 million ("**Expense Reimbursement Payment**").

ARRIS is only obliged to pay one Break Payment and any Break Payment will be reduced by the amount of the Expense Reimbursement Payment with such payment to be Pace's exclusive remedy in connection with any claim it may have in respect of any or all Break Payment Events or the circumstances giving rise to the Expense Reimbursement Payment.

ARRIS may switch to a Contractual Offer with the consent of the Panel only after having received the prior written consent of Pace (such consent not to be unreasonably withheld or delayed).

ARRIS has agreed to certain customary restrictions on the conduct of its business during the period pending completion of the Merger.

The Co-operation Agreement contains provisions in relation to the Pace Share Schemes.

The Co-operation Agreement can be terminated:

- by written agreement of ARRIS and Pace;
- by ARRIS or Pace if any Condition is invoked in accordance with the terms of the Scheme (or a Contractual Offer as the case may be) but only in circumstances which constitute "material significance" to ARRIS for the purposes of Rule 13.5 of the Code (other than Conditions 1 or 2 in Appendix I or, in the case of a Contractual Offer, the acceptance condition);
- by ARRIS or Pace, if the ARRIS Board withdraws or qualifies its recommendation without Pace's consent;
- by ARRIS or Pace if the Pace Board notifies ARRIS or publicly states that it no longer recommends (or intends to recommend) that Pace Shareholders vote in favour of the Scheme;
- by ARRIS or Pace if there is an announcement by a third party announcing a firm intention to make an offer for Pace which is recommended by the Pace Board; or
- by ARRIS or Pace if the Transaction has not completed by 22 April 2016.

6.4 ***Fee reimbursement letter***

On 17 June 2015 Pace and ARRIS entered into a back-to-back fee letter whereby ARRIS agreed to reimburse Pace for the fees incurred by Pace in connection with its appointment of Ernst & Young LLP to provide advice to Pace on the conversion of its consolidated financial statements for the year ended and quarter ended 31 December 2014 and for the six months ended 30 June 2015 from IFRS to US generally accepted accounting principles.

6.5 ***Representation letter***

On 11 September 2015, Pace entered into a representation letter in favour of Troutman Sanders LLP (as counsel to ARRIS and New ARRIS) pursuant to which Pace gave certain representations (without liability) regarding, *inter alia*, the share capital of Pace and the contents of this document.

7. **Irrevocable undertakings**

The following Pace Directors have given an irrevocable undertaking to vote in favour of the Scheme on the basis set out below.

These irrevocable undertakings include undertakings to complete and return, or procure the completion and return, of the Forms of Proxy to vote in favour of the Resolutions to be proposed at the General Meeting and the Court Meeting in connection with the Merger in respect of their own beneficial holdings of Pace Shares. Following the exercise or vesting of options and awards since the Announcement Date, such shares amount, in aggregate, to 1,743,455 Pace Shares representing, in aggregate, approximately 0.54 per cent. of the existing issued share capital of Pace, comprised as follows:

<i>Name</i>	<i>Number of Pace Shares</i>	<i>Percentage of Pace Shares in issue (at the Latest Practicable Date)</i>
Mike Pulli	978,046	0.31
Allan Leighton	659,514	0.21
Patricia Chapman-Pincher	15,551	0.00
John Grant	65,000	0.02
Mike Inglis	25,344	0.01
TOTAL	1,743,455	0.54

In addition to the Pace Shares set out above, the irrevocable undertakings described above relate to all Pace Shares beneficially owned by the relevant member of the Pace Board following the exercise or vesting of options and awards, subject to an ability to sell a sufficient number of such Pace Shares to satisfy tax liabilities arising as a result of such exercise or vesting, as contemplated by the Co-operation Agreement. These irrevocable undertakings will cease to be binding if:

- (a) the Scheme does not become effective on or before 22 April 2016; or
- (b) ARRIS announces that it does not intend to make or proceed with the Transaction and the Scheme is withdrawn and no new replacement scheme of arrangement is announced by ARRIS within five business days of such withdrawal.

8. Material contracts

8.1 Pace's material contracts

The following contracts have been entered into by members of the Pace Group, not being contracts entered into in the ordinary course of business, which are or may be material, during the period beginning 22 April 2013 (being two years before the date of commencement of the Offer Period) and ending on the disclosure date:

(a) *Confidentiality agreements*

Pace and ARRIS entered into a mutual confidentiality agreement, as amended and restated, dated 20 April 2015, a clean team confidentiality agreement dated 13 April 2015 and a synergies clean team confidentiality agreement dated 17 April 2015. Please see a summary of the agreements set out in paragraph 6 above.

(b) *Co-operation Agreement*

Pace, ARRIS and New ARRIS entered into a co-operation agreement on 22 April 2015. Please see a summary of the agreement set out in paragraph 6 above.

(c) *Credit Agreement*

Pace and certain of its subsidiaries (each a “**Loan Party**” and together with Pace, the “**Loan Parties**”) entered into a credit agreement (the “**Credit Agreement**”) with the lenders party thereto (collectively, the “**Lenders**”) and HSBC Bank plc as administrative agent (the “**Administrative Agent**”) dated 12 December 2013 under which the Lenders made available to the Borrower (i) a \$310 million term loan facility (“**Term Loan Facility**”) and (ii) a \$150 million revolving credit facility (the “**Revolving Facility**”) (Term Loan A and the Revolving Facility together, the “**Facilities**”) to finance the Aurora Acquisition. The principal of the Term Loan Facility shall amortize over the 5 year term of the Facilities as set forth in the Credit Agreement. Pace has the right to increase the amount of the Facilities by incurring an incremental term loan or increasing the Revolving Facility provided that Pace meets certain conditions.

The Credit Agreement states (i) that funds drawn under Term Loan Facility are to be used to fund, in part the consideration payable in connection with the Aurora Acquisition, repay certain

existing indebtedness of Pace and its subsidiaries and pay fees, commissions and expenses owed in connection with the Aurora Acquisition, and (ii) that funds drawn under the Revolving Facility are to be used for the general corporate and working capital purposes of the Loan Parties.

The Credit Agreement contains customary provisions relating to voluntary and mandatory prepayment of the Facilities (including on a change of control of Pace). The Credit Agreement contains certain representations, warranties, undertakings and events of default which are usual for an agreement of this nature, including specific financial covenants. There are a number of initial and ongoing fees owed to the Administrative Agent and Lenders in relation to the operation of the Facilities under the Credit Agreement. Pursuant to the terms of the Credit Agreement, each Loan Party guarantees to the Administrative Agent (for the benefit of the Lenders) punctual performance by each other Loan Party of all that Loan Party's obligations under the Credit Agreement.

(d) *Aurora Merger Agreement*

On 22 October 2013, Pace entered into a conditional agreement to acquire Aurora pursuant to an agreement and plan of merger between Pace, Hockey Acquisition Corporation (then an indirect wholly-owned subsidiary of Pace), Aurora and Shareholder Representative Services LLC (acting in its capacity as escrow representative) (the "**Aurora Merger Agreement**"). The Aurora Acquisition was implemented by way of a merger of Hockey Acquisition Corporation with and into Aurora, whereby Aurora and its subsidiary undertakings survived the Aurora Acquisition and became indirect wholly-owned subsidiaries of Pace.

The consideration paid following post-completion adjustments and the release of the balance of any amounts placed into escrow on completion (after application of any such funds to satisfy any claims as appropriate under the Aurora Merger Agreement) totalled \$323.5 million. The Aurora Merger Agreement contained various representations, warranties and indemnities customary for a US acquisition of the size and nature of the Aurora Acquisition, which have expired. Pace undertook to procure that Aurora will fulfil the obligations of Aurora and/or its subsidiary undertakings pursuant to any agreement entered into by Aurora and/or its subsidiary undertakings providing for the indemnification of any of Aurora's or any of its subsidiary undertakings' officers or directors (current or former) and all other persons entitled to be indemnified pursuant to any such agreements. Pace will indemnify each indemnified party against any costs or expenses in connection with any claim arising out of any action or omission of a director, officer or employee of Aurora and/or its subsidiary undertakings or any of the transactions contemplated by the Aurora Merger Agreement. The indemnity expires in January 2019 and is unlimited.

Aurora management and certain key employees were provided with an incentive to consummate a sale of Aurora and to remain with the business for period between six months and two years post completion, based on the roles of such employees. The maximum aggregate amount payable under this plan is \$24.9 million of the consideration otherwise payable to Aurora stockholders under the Aurora Merger Agreement.

8.2 *ARRIS' material contracts*

The following contracts have been entered into by members of the ARRIS Group, not being contracts entered into in the ordinary course of business, which are or may be material, during the period beginning 22 April 2013 (being two years before the date of commencement of the Offer Period) and ending on the disclosure date:

(a) *Confidentiality agreements*

Please see a summary of a mutual confidentiality agreement and a synergies clean team confidentiality agreement set out in paragraph 6 above.

(b) *Co-operation Agreement*

Please see a summary of the agreement set out in paragraph 6 above.

(c) *US Merger Agreement*

ARRIS entered into an agreement and plan of merger dated 22 April 2015 with New ARRIS US Holdco and US Merger Sub pursuant to the terms of which US Merger Sub shall merge with and into ARRIS and each ARRIS share, other than ARRIS shares held by ARRIS as treasury stock or any shares owned of record by US Holdco or US Merger Sub, will, subject to applicable law, be converted into the right to receive one New ARRIS share. Under the terms of the Merger, ARRIS will become an indirect wholly-owned subsidiary of New ARRIS, and ARRIS Stockholders will become New ARRIS shareholders. Upon completion of the Transaction, we estimate that ARRIS Stockholders will own approximately 76 per cent. of the ordinary shares of New ARRIS.

The Merger is conditioned on an affirmative vote of holders of a majority of the ARRIS shares to the adoption of the US Merger Agreement, the completion of the Scheme (as set out above at Appendix I) and the completion of certain internal reorganisation steps that ARRIS has committed to take.

(d) *New ARRIS Facility*

On 18 June 2015, ARRIS, ARRIS Enterprises, Inc., New ARRIS and certain ARRIS subsidiaries, as borrowers, and Bank of America, N.A., as administrative agent, swing line lender and L/C lender and the other lender parties thereto entered into the New ARRIS Facility. The New ARRIS Facility provides for senior secured credit facilities comprised of (i) a “U.S. Revolving Credit Facility” of \$13,968,604, (ii) a “Multicurrency Revolving Credit Facility” of \$486,031,396, (iii) a “Term Loan A Facility” of \$990 million, (iv) a delayed draw “Term A-1 Loan Facility” of \$800 million and (v) a “Term Loan B Facility” of \$543,812,500. Funding of the Term Loan A Facility refinanced the term loan A facility under the Existing ARRIS Facility while the Term Loan B Facility is a continuation of the term loan B facility under the Existing ARRIS Facility.

The proceeds of the loans under the Term A-1 Loan Facility will be used to finance: (i) the payment of the cash consideration by New ARRIS to holders of Pace shares being acquired by New ARRIS in the Merger (the “**Cash Consideration**”); (ii) the payment of cash consideration to holders of options or awards to acquire Pace shares pursuant to any proposal under the Takeover Code; (iii) the fees, costs and expenses related to the Transaction and issuance of new debt, refinancing, prepayment, repayment, redemption, discharge, defeasance and/or amendment of all existing debt of Pace and (iv) the payment or refinancing of existing debt of Pace.

The New ARRIS Facility also contains customary events of default, including, among others, the failure by any ARRIS party to make a payment of principal or interest due under the New ARRIS Facility, the making of a materially incorrect representation or warranty by any ARRIS party in the New ARRIS Facility and the failure by ARRIS to perform or observe any term or covenant in the New ARRIS Facility, subject to customary notice and cure provisions. Upon the occurrence of an event of default, and so long as such event of default is continuing, the amounts outstanding under the New ARRIS Facility will accrue interest at an increased rate, and subject to the certain funds provisions, payments of such outstanding amounts could be accelerated by the lenders. ARRIS has agreed that it will not, without the consent of Bank of America, N.A., as administrative agent, amend or waive any term of certain documents relating to the Scheme in a manner materially adverse to the interests of the lenders from those in the Announcement, as the case may be unless required by the Takeover Panel, the Takeover Code, a court or any other applicable law, regulation or regulatory body.

9. Service contracts and letters of appointment of Pace Directors

9.1 Executive Directors

The executive Pace Directors, Mike Pulli and Mark Shuttleworth, have entered into service contracts with Pace dated 29 July 2013 and 15 November 2014 respectively.

The executive Pace Directors' service contracts are terminable by Pace giving no less than 12 months' notice or by the Director giving no less than 6 months' notice. Pace may also terminate an executive Pace Director's service contract at any time with immediate effect by making a payment in lieu of notice equal to 12 months' fixed annual salary together with any accrued, unused vacation pay, pension contributions and life insurance premiums.

Mike Pulli's fixed annual salary is US\$750,000 and Mark Shuttleworth's fixed annual salary is £340,000. Remuneration is subject to review in January each year.

Each of the executive Pace Directors is eligible for an annual bonus which is subject to performance criteria and rules established by Pace's Remuneration Committee and detailed in Pace's remuneration policy. From 24 April 2014 Pace's policy is to award the annual bonus at the end of the financial year based on performance targets set at the beginning of the financial year and the Remuneration Committee's assessment of the personal objectives for the relevant the executive Pace Director. The normal maximum bonus rewarded by the Remuneration Committee is 150 per cent. of the executive Director's salary. An exceptional maximum of 225 per cent. of salary may be rewarded at the Remuneration Committee's discretion. The bonus for reaching threshold targets is 25 per cent. of salary and for performance in line with expectations the bonus is 75 per cent. of salary. A minimum of one-third of any bonus is payable in Pace shares and all of any enhanced bonus award is payable in Pace shares and automatically deferred for a minimum of two years under the Deferred Share Plan. The Remuneration Committee retains the power to reduce the bonus otherwise payable by up to 50 per cent. based on the management of Pace's cash position during the financial year and has reserved the power to seek clawback of the deferred element of bonuses in certain circumstances.

Executive Pace Directors may also participate in Pace's long-term incentive share plans and awards as determined by Pace's Remuneration Committee. From 24 April 2014 the Remuneration Committee may make annual share-based awards to the executive Pace Directors under the Pace Performance Share Plan which can take the form of nil-cost options or conditional awards. Clawback provisions are included in the plan rules and allow the Remuneration Committee to adjust unvested and/or unexercised awards in certain circumstances. Awards can be settled through market-purchased shares, treasury shares or newly issued shares. The minimum awarded is 25 per cent. of salary and the normal maximum is 100 per cent. of salary. An exceptional maximum of 200 per cent. of salary may be rewarded.

The executive Pace Directors also receive the following additional benefits under their service contracts: private medical insurance for the Pace Director and his family, permanent health insurance, life assurance of four times basic salary, reasonable expenses and a car allowance.

Pace also pays annual pension contributions of 18.5 per cent. of Mike Pulli's fixed annual salary towards his nominated personal pension plan or the 401K investment plan arranged by Pace, and contributions of 15 per cent. of Mark Shuttleworth's fixed annual salary towards his nominated personal pension scheme, group pension scheme arranged by Pace or a registered pension scheme operated by Pace.

Mike Pulli and Mark Shuttleworth are both indemnified by Pace for all liability arising from the good faith performance of their service contracts. Pace also maintains directors' and officers' liability insurance for the benefit of each executive Pace Director.

Prior to the Effective Date, Mike Pulli is expected to enter into a severance agreement with Pace Americas, Inc. and Pace and Mark Shuttleworth is expected to enter into a severance agreement with Pace. Pursuant to each such agreement, the employment of each of Mike Pulli and Mark Shuttleworth will terminate with immediate effect on the Effective Date and each will remain available to assist New ARRIS for a period of 30 calendar days thereafter. Each will receive payment in lieu of his 12 month notice period and a pro rata bonus for the 2015 financial year.

9.2 *Non-executive Directors*

Non-executive Pace Directors are appointed by letters of appointment for an initial term of three years, which may be extended for subsequent three-year periods, subject to their re-election and ratification by Pace Shareholders in annual general meeting. Details of the relevant terms of the letters of appointment are set out below:

<i>Director</i>	<i>Date of letter of appointment</i>	<i>Effective Date of appointment</i>	<i>Expiry of directorship</i>	<i>Current annual fee from 1 August 2014</i>
Mike Inglis	10 March 2014	13 March 2014	2017 AGM	£54,000 ⁴
Amanda Mesler	30 August 2012	6 September 2012	2018 AGM	£44,000
Allan Leighton	27 May 2011	31 May 2011	2017 AGM	£162,000 ⁵
John Grant	25 July 2008	1 August 2008	2017 AGM	£54,000 ⁶
Patricia Chapman-Pincher	14 February 2004	21 February 2005	2017 AGM	£44,000

4 Mike Inglis' annual fee includes a fee of £10,000 for chairing the Remuneration Committee as of 1 August 2014.

5 Allan Leighton's annual fee includes a fee for Chairmanship.

6 John Grant's annual fee includes a fee of £10,000 for chairing the Audit Committee as of 1 August 2014.

Each of the non-executive Pace Directors are entitled to be reimbursed for travel and other reasonable expenses properly incurred in connection with their duties.

With the exception of Patricia Chapman-Pincher's appointment (whose letter of appointment does not contain any termination by notice provisions), Pace may terminate each non-executive Pace Director's appointment by giving no less than 3 months' notice or at any time, with immediate effect, by paying the non-executive Pace Director a sum equal to 3 months' fees.

Pace maintains appropriate directors' and officers' liability insurance for the benefit of each non-executive Pace Director. Each of the non-executive Pace Directors are also indemnified by Pace for all liability arising from the good faith performance of their role as a non-executive Pace Director.

Allan Leighton has also received the Chairman's Appointment Share Award, which is a long-term incentive, awarded in 2011, as a one-off exception to Pace's policy that non-executive Directors do not participate in Pace's incentive plans. This award vested on 31 May 2015.

Each of the non-executive Directors of Pace has agreed to resign on and with effect from the Scheme Effective Date and will be paid 3 months' fees in respect thereof.

Save as disclosed above:

- (a) there are no service contracts in force between any director or proposed director of Pace;
- (b) none of the service contracts described above were entered into during the six months preceding the date of this document, nor have any amendments been made to any such service contract during that period; and
- (c) there are no service contracts of any director or proposed director of Pace or of any of its subsidiaries which do not expire or cannot be terminated by Pace or its relevant subsidiary within the next 12 months without payment of compensation (other than statutory compensation) or in respect of which there are provisions for pre-determining compensation on termination of an amount which equals or exceeds 12 months' salary and benefits in kind.

10. **Bases of calculations and sources of information**

All figures calculated by reference to the last Business Day prior to the Announcement Date have been derived as per Appendix II (Sources and Bases) of the Announcement. Other figures, unless otherwise stated in this document, have been derived as set out below.

- 10.1 All references to Pace Shares are to Pace ordinary shares of 5 pence each and references to ARRIS Shares are to ARRIS ordinary shares of US\$0.01 each.
- 10.2 The aggregate value of the cash component of the consideration of £438 million (or US\$668 million) is calculated by multiplying the offered amount of 132.5 pence in cash per Pace Share by Pace's fully diluted share capital (as referred to in paragraph 10.6 below).
- 10.3 The number of New ARRIS Shares issued under the Scheme to Pace shareholders of 48,134,988 is calculated by multiplying the exchange ratio of 0.1455 by the fully diluted share capital of Pace (as referred to in paragraph 10.6 below).
- 10.4 The aggregate value of the share component of the consideration of £828 million (or US\$1,262 million) is calculated by multiplying the number of New ARRIS Shares to be issued under the terms of the Scheme of 48,134,988 by the price per ARRIS Share of US\$26.22 (being the closing price on the Latest Practicable Date).
- 10.5 The value attributed to the entire existing issued and to be issued share capital of Pace under the terms of the Scheme of £1.3 billion is the sum of the aggregate value of the cash component and the aggregate value of the share component of the consideration (as referred to in paragraphs 10.2 and 10.4 above respectively).
- 10.6 The fully diluted share capital of Pace of 330,824,664 Pace Shares is calculated on the basis of:
- (a) Pace's issued share capital as at the close of business on the Latest Practicable Date, of 320,283,780 Pace Shares; and
 - (b) 12,438,816 Pace Shares which are expected to be issued on or after the Latest Practicable Date in connection with the exercise of options or vesting of awards (made or anticipated to be made) under the Pace Share Schemes, as at the close of business on the Latest Practicable Date, after having deducted 1,897,932 shares held in the Pace Employee Benefit Trust.
- 10.7 The share capital of the Combined Group (being 202,951,996 New ARRIS Shares) has been calculated on the basis of:
- (a) a total number of 146,592,391 ARRIS Shares in issue on the Latest Practicable Date;
 - (b) 8,224,617 ARRIS Shares which may be issued on or after the Latest Practicable Date in connection with the exercise of options or vesting of awards (made or anticipated to be made) under ARRIS's stock incentive plans and employee stock purchase plan;
 - (c) an exchange ratio of one New ARRIS Share for each ARRIS Share under the US Merger Agreement; and
 - (d) 48,134,988 New ARRIS Shares which would be issued under the terms of the Merger (as referred to in paragraph 10.3 above).
- 10.8 All prices for Pace Shares have been derived from Bloomberg and, unless otherwise stated, represent Closing Prices on the relevant date(s).
- 10.9 All prices for ARRIS Shares have been derived from Bloomberg and, unless otherwise stated, represent Closing Prices on the relevant date(s).
- 10.10 The financial information relating to ARRIS is extracted from the audited consolidated financial statements of ARRIS for the relevant years, prepared in accordance with US GAAP.
- 10.11 The financial information relating to Pace is extracted from the audited consolidated financial statements of Pace for the relevant years, prepared in accordance with IFRS, as adopted by the European Union.

11. Financing Arrangements

- 11.1 New ARRIS, ARRIS and various related entities have entered into the New ARRIS Facility that has an aggregate maximum commitment amount of approximately \$2.834 billion from Bank of America, N.A. and various other lenders to finance the cash portion of the consideration payable under the Scheme.
- 11.2 Under the terms of the New ARRIS Facility, New ARRIS has agreed that it will not, without the consent of the administrative agent:
- (a) amend or waive any term of certain documents relating to the Scheme in a manner materially adverse to the interests of the lenders from those in the Announcement, unless required by the Takeover Panel, the Takeover Code, a court or any other applicable law, regulation or regulatory body; and
 - (b) should the Merger be implemented by way of a Contractual Offer, amend or waive the acceptance condition (as determined under the terms of that offer at the relevant time) to permit the Offer to become unconditional as to acceptances until New ARRIS has (directly or indirectly) acquired acceptances which, when aggregated with all Pace shares to which the offer relates (excluding Treasury Shares) directly or indirectly acquired by New ARRIS represent at least 90 per cent. of the Pace shares to which the Contractual Offer relates (excluding Treasury Shares).
- 11.3 After giving effect to the Transaction, and assuming payment of estimated fees and expenses, including estimated financing costs, and assuming a late 2015 Transaction closing, New ARRIS expects to have total external debt aggregating approximately \$2.4 billion.

12. Cash confirmation

Evercore, as financial adviser to ARRIS, is satisfied that ARRIS and New ARRIS have the necessary financial resources available to satisfy in full the cash consideration payable under the Merger.

13. Offer-related fees and expenses

- 13.1 The aggregate fees and expenses which are expected to be incurred by ARRIS and New ARRIS in connection with the Transaction are estimated to amount to £41.0 million plus applicable VAT. This aggregate number consists of the following categories:
- (a) financing arrangements: £15.5 million plus applicable VAT;
 - (b) financial and corporate broking advice: £9.2 million plus applicable VAT (being an estimate based on the US dollar value of the Merger consideration on the last Business Day prior to the Announcement. The final fees payable are based on the US dollar value of the Merger consideration on the Effective Date and could therefore be higher or lower than this estimate);
 - (c) legal advice: £9.1 million plus applicable VAT;
 - (d) accounting advice : £5.8 million plus applicable VAT;
 - (e) other professional services: £330,000 plus applicable VAT; and
 - (f) other costs and expenses: £1.0 million plus applicable VAT.
- 13.2 The aggregate fees and expenses which are expected to be incurred by Pace in connection with the Merger are estimated to amount to between £15.5 million to £15.7 million plus applicable VAT and between US\$5.1 million and US\$7.1 million plus applicable tax. This aggregate number consists of the following categories:
- (a) financial and corporate broking advice: £12.9 million plus applicable VAT;

- (b) legal advice: between £1.6 million and £1.8 million plus applicable VAT and between US\$5.1 million and US\$7.1 million plus applicable tax. Legal fees are estimated as a range as they are charged by reference to hourly rates and, at the latest practicable date prior to the publication of this document, the residual amount of legal work required in connection with, *inter alia*, anti-trust and regulatory filings, was uncertain;
- (c) accounting advice: £300,000 plus applicable VAT;
- (d) public relations advice: £100,000 plus applicable VAT;
- (e) other professional services: £300,000 plus applicable VAT; and
- (f) other costs and expenses: £300,000 plus applicable VAT.

14. No significant change

- 14.1 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Pace Group since 30 June 2015, being the date to which Pace's last interim results were prepared.
- 14.2 Save as disclosed in this document, there has been no significant change in the financial or trading position of ARRIS since 30 June 2015, being the date to which ARRIS' last interim results were prepared.

15. Consents

- 15.1 Evercore has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- 15.2 J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

16. Changes in emoluments of ARRIS Directors as a result of the Merger

- 16.1 As described in the section titled "Interests of Certain Persons in Matters to be Acted Upon" in the Form S-4, ARRIS has agreed to reimburse its executive officers and directors for certain excise taxes due in connection with the Transaction.
- 16.2 Section 4985 of the IR Code imposes a 15 per cent. excise tax on the value of certain equity compensation held by ARRIS' executive officers and directors if they hold that compensation at any time during the period commencing six months before and ending six months after the closing of the Transaction. The excise tax is payable by the executive officer or director (and is in addition to the income and other taxes imposed on equity compensation) and applies where the value of the equity compensation is based upon (or determined by reference to) the value or change in value of the stock of ARRIS (or New ARRIS). This includes the time-based and performance-based restricted shares held by the executive officers and the stock units held by the directors. The excise tax does not apply to interests in ARRIS' Employee Stock Purchase Plan and any outstanding qualified incentive stock options. In addition, the excise tax will not apply to equity compensation that is included in individual's income (for U.S. income tax purposes) prior to the closing of the Transaction.
- 16.3 The ARRIS Compensation Committee considered the excise tax matter and determined the appropriate action, if any, to be taken by ARRIS.

Potential excise tax payments of executive officers of ARRIS who are also ARRIS Directors or New ARRIS Directors

- 16.4 The ARRIS Compensation Committee concluded that, with respect to the executive officers, a mix of accelerations of vesting and reimbursement of excise tax and other taxes was appropriate as it provided a good balance between reducing the cash costs payable by ARRIS and maintaining a significant portion of the outstanding equity awards for both long-term incentive and retention

purposes, and the ARRIS Compensation Committee approved (or recommended that the full ARRIS Board approve in the case of Mr. Stanzione) the following and determined that such actions would be in the best interests of the ARRIS Stockholders:

- for all executive officers, the acceleration of the vesting of the awards that otherwise were scheduled to vest in 2016 to a date immediately prior to the closing of the Transaction (rather than making a tax equalization payment with respect to these awards); and
- for Messrs. Stanzione and Margolis, the additional acceleration of their time-based restricted shares that otherwise would vest in 2017, 2018 and 2019 to a date immediately prior to the closing of the Transaction (rather than making a tax equalization payment with respect to these awards).

16.5 For all executive officers, the ARRIS Compensation Committee approved (or recommended that the full ARRIS Board approve in the case of Mr. Stanzione) the payment by ARRIS of a tax equalization payment in the amount of the excise tax payable with respect to the equity compensation that remained unvested as of the closing of the Transaction and any additional taxes payable by the executive officers as a result of reimbursement. In addition, ARRIS determined to require the executive officers, as a condition to making any tax equalization payment to agree to reimburse ARRIS for the full amount of the tax equalization payment in the event that, subject to various conditions, prior to the first anniversary of the closing of the Transaction, the executive officer resigned his or her employment with ARRIS other than for “good reason” or was terminated for “cause”. Mr. Margolis previously had alerted the ARRIS Board that at some point in the near- to mid-term future he was contemplating retirement (although no date or final determination has been made). Given this, the ARRIS Compensation Committee approved a shorter retention time period for Mr. Margolis.

Potential excise tax payments of ARRIS Directors

16.6 The ARRIS Compensation Committee also approved the payment of tax equalization payments to the ARRIS Directors for the excise tax and the attendant related taxes.

Total tax reimbursements and accelerated vesting

16.7 The estimated tax equalization payments and shares subject to accelerated vesting for the ARRIS and New ARRIS Directors approved by the ARRIS Compensation Committee are summarized below. The tax equalization payments with respect to Mr. Stanzione (as well as the acceleration of his awards) were subject to approval by the full ARRIS Board, and that approval subsequently was granted.

<i>ARRIS Executive Officers</i>	<i>Estimated Tax Equalization Payment</i>	<i>Shares Subject to Accelerated Awards</i>	<i>Shares Subject to Awards Not Accelerated</i>	<i>Value of Accelerated Awards for Purposes of Proposal 2⁽¹⁾</i>
Larry Margolis	\$ 1,290,030	130,366	84,970	\$ 3,935,750
David Potts	\$ 2,292,070	102,627	150,971	\$ 3,098,309
Bob Stanzione	\$ 4,826,569	483,120	317,910	\$ 14,585,393

(1) For these purposes, the accelerated awards are value based upon the December 31, 2014, closing prices for ARRIS shares of \$30.19 per share.

<i>ARRIS Directors</i>	<i>Estimated Tax Equalization Payment</i>
Alex Best	\$ 636,893
Tim Bryan	None ⁽¹⁾
Harry Bosco	\$ 1,102,227
Jim Chiddix	\$ 355,263
Andrew Heller	\$ 158,654
Jeong Kim	\$ 63,765
Doreen Toben	\$ 142,713
Debora Wilson	\$ 226,974
David Woodle	\$ 806,174
	<hr style="border-top: 1px solid black;"/> \$ 3,492,662

(1) Mr. Bryan joined the ARRIS Board in May 2015 and does not hold any unvested stock units.

Possible modification to acceleration of vesting and tax equalization payments

16.8 Recently the stock market has been volatile and the price of ARRIS Shares has declined significantly from the price at the time that the Transaction was approved. While it is expected that gains recognized by ARRIS Stockholders in the ARRIS Merger will be taxable, it is possible that as a result of stock price declines and other factors they will not be. In the event that the gains are not taxable, the excise tax under Section 4985 of the IR Code will not apply. In the event that prior to the closing of the Combination the ARRIS Compensation Committee is able to conclude that it is unlikely that the excise tax will apply, it may decide not to accelerate awards as described above and not to make any tax equalization payments.

Cash payment of retainer fee

16.9 As a result of the issues and expense that the potential excise tax has on certain ARRIS equity awards described above, the ARRIS Board has determined to pay their 2015 annual retainer fee and a portion of their 2016 annual retainer fee in cash rather than in equity awards. This change only impacts the form of payment, not the value or amount.

17. Other information

17.1 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between ARRIS, New ARRIS or any person acting in concert with ARRIS or New ARRIS for the purposes of the Merger and any of the Pace Directors or recent directors, shareholders or recent shareholders of Pace, or any person interested or recently interested in shares of Pace, having any connection with, or dependence upon, or which are conditional on, the Merger.

17.2 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Pace Shares to be acquired by New ARRIS pursuant to the Merger will be transferred to any other person, save that New ARRIS reserves the right to transfer any such Pace Shares to any member of the New ARRIS Group.

17.3 Save as disclosed in this document, no proposal exists in connection with the Merger that any payment or other benefit shall be made or given by ARRIS or New ARRIS to any Pace Director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.

17.4 Save as disclosed in this document, neither ARRIS nor New ARRIS is a party to any agreement or arrangement which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Merger.

- 17.5 Save as disclosed in this document, the emoluments of the ARRIS Directors will not be affected by the Merger or any other associated transaction.
- 17.6 The financial information on Pace contained in or incorporated by reference into this document does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act. Statutory accounts of Pace for each of the three years ended respectively have been delivered to the Registrar of Companies for England and Wales. The auditors of Pace have made reports on each of these statutory accounts which were unqualified as defined by Section 495 of the Companies Act and which did not contain any statements made under Section 498(2) or (3) of the Companies Act.
- 17.7 The financial information on New ARRIS Group contained in this document does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act and no statutory accounts have been filed with the Registrar of Companies for England and Wales.
- 17.8 Save with the consent of the Panel, settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which ARRIS may otherwise be, or claim to be entitled, against such shareholder.

18. Documents available for inspection

Copies of the following documents will be available for inspection on ARRIS' website at <http://ir.arris.com> and/or Pace's website at www.pace.com, in each case during the period up to and including the Effective Date or the date on which the Scheme lapses or is withdrawn:

- (a) the Announcement;
- (b) the annual report and accounts of Pace for the two financial years ending 31 December 2014;
- (c) the articles of association of Pace;
- (d) the articles of association of Pace as proposed to be amended at the General Meeting;
- (e) the service contracts and letters of appointment of the Pace Directors referred to in paragraph 9 of this Appendix III;
- (f) the US Merger Agreement;
- (g) the Form S-4;
- (h) the New ARRIS Facility;
- (i) the interim credit agreement, entered into between, among others, ARRIS, New ARRIS and Bank of America, N.A., dated 22 April 2015;
- (j) the fee letter sent by ARRIS, dated 22 April 2015, and addressed to Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated;
- (k) the articles of association of New ARRIS;
- (l) the draft New ARRIS Articles (as proposed to be adopted with effect from the Effective Date);
- (m) the annual report on Form 10-K of ARRIS for the year ended 31 December 2014, which includes financial statements for the two financial years, ended 31 December 2014;
- (n) the mutual confidentiality agreement referred to in paragraph 6 of this Appendix III;
- (o) the clean team agreements referred to in paragraph 6 of this Appendix III;
- (p) the back-to-back fee letter referred to in paragraph 6 of this Appendix III;
- (q) the joint defence and co-operation agreement referred to in paragraph 6 of this Appendix III;

- (r) the representation letter referred to in paragraph 6 of this Appendix III;
- (s) the consent letters referred to in paragraphs 15.1 and 15.2 of this Appendix III;
- (t) the material contracts referred to in paragraph 8 of this Appendix III;
- (u) copies of the irrevocable undertakings referred to in Parts I and II of this document;
- (v) the Corporate Sponsored Nominee Terms and Conditions;
- (w) the rules of the Pace Share Schemes; and
- (x) this document and the Forms of Proxy.

19. Incorporation by reference

- 19.1 Parts of other documents are incorporated by reference in, and form part of, this document.
- 19.2 Appendix IV (Information Incorporated by Reference) of this document sets out which sections of such documents are incorporated into this document.
- 19.3 A person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If requested, copies will be provided, free of charge, within two Business Days of the request.

25 September 2015

APPENDIX IV

INFORMATION INCORPORATED BY REFERENCE

Part A: Financial information relating to Pace

The following sets out financial information in respect of Pace as required by Rule 24.3 of the Takeover Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code. All documents referred to below are available in “read only” format for printing, reviewing and downloading free of charge on Pace’s website at www.pace.com. Please click on the link “Investors”.

1. The unaudited interim financial statements of Pace for the six month period ended 30 June 2015.
2. The audited financial statements of Pace for the financial year ended 31 December 2014 are set out on pages 47 to 88 (both inclusive) in Pace’s annual report for the financial year ended 31 December 2014.
3. The audited financial statements of Pace for the financial year ended 31 December 2013 are set out on pages 51 to 94 (both inclusive) in Pace’s annual report for the financial year ended 31 December 2013.

Copies of any interim statements, preliminary announcements and trading updates made by Pace since the date of its last published audited accounts are available from Pace’s website at www.pace.com.

Pace will provide without charge to each person to whom a copy of this document has been delivered (upon the written or oral request of such person) a hard copy of any document relating to it which is incorporated by reference into this document. Requests for copies of any such documents should be directed in writing to the Company’s registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, between 9.00 a.m. and 5.30 p.m. on Monday to Friday (except UK public holidays), on 0371 664 0321 from within the UK (calls are charged at the standard geographic rate and will vary by provider) or on +44 208 639 3399 if calling from outside the UK (calls from outside the UK will be charged at the applicable rate) with your full name and the full address to which the hard copy may be sent (calls may be recorded and monitored for training and security purposes). Copies of any document or information incorporated by reference into this document will not be provided unless such a request is made.

Part B: Financial information relating to ARRIS

The following sets out financial information in respect of ARRIS as required by Rule 24.3 of the Takeover Code. The documents referred to below, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code. All documents referred to below are available in “read only” format for printing, reviewing and downloading free of charge on ARRIS’ website at <http://ir.arris.com>. Please click on the link “Financial Reports” and under the heading ‘Annual Report’ click on the link “2014 10-K” and under the heading ‘Quarterly & Other Reports’ click on the link “Q1 2015 Form 10Q” or “Q2 2015 Form 10Q”:

1. The audited consolidated accounts of ARRIS for the financial year ended 31 December 2014 are set out on pages 63 to 112 (both inclusive) in ARRIS’ annual report for the financial year ended 31 December 2014 filed on Form 10-K.
2. The audited consolidated accounts of ARRIS for the financial year ended 31 December 2013 are set out on pages 65 to 124 (both inclusive) in ARRIS’ annual report for the financial year ended 31 December 2013 filed on Form 10-K.
3. Copies of ARRIS’ Quarterly Report on Form 10-Q for the period ended 31 March 2015.
4. Copies of ARRIS’ Quarterly Report on Form 10-Q for the period ended 30 June 2015.

ARRIS will provide without charge to each person to whom a copy of this document has been delivered (upon the written or oral request of such person) a hard copy of any document relating to it or New ARRIS which is incorporated by reference into this document. Requests for copies of any such documents should be directed in writing to ARRIS Investor Relations at 3871 Lakefield Drive, Suwanee, Georgia 30024. Copies of any document or information incorporated by reference into this document will not be provided unless such a request is made.

Part C: Financial information relating to New ARRIS

New ARRIS was incorporated in England and Wales on 20 April 2015 at the direction of ARRIS. The registered office of New ARRIS is 22 Bedford Row, London WC1R 4JS and its registered number is 09551763. The principal activity of New ARRIS will be to act as a holding company for ARRIS and Pace.

As at the date of this document the issued share capital of New ARRIS is £50,000 divided into 100 ordinary shares of £0.01 each and 4,999,900 redeemable shares of £0.01 each. New ARRIS has not traded since its date of incorporation, nor has it entered into any obligations, other than those which are incidental to its formation and the execution of the Co-operation Agreement and the New ARRIS Facility. As New ARRIS was incorporated for the purpose of the effecting the Transaction, no financial information is available or has been published in respect of New ARRIS. With effect from the Scheme Effective Date and the ARRIS Merger Effective Date, the earnings, assets and liabilities of New ARRIS will comprise the consolidated earnings, assets and liabilities of Pace and ARRIS.

Unaudited pro forma financial information on New ARRIS can be found on page 41 of the Form S-4. Such unaudited pro forma financial information is incorporated into this document by reference and is available in “read only” format for printing, reviewing and downloading free of charge at ARRIS’ website <http://ir.arris.com>.

The statements made in this section should not be construed as profit forecasts or be interpreted to mean that the future earnings per share, profits, margins or cash flows of New ARRIS will necessarily be greater or less than the historical published earnings per share, profits, margins or cash flows of ARRIS.

No incorporation of website information

Save as expressly referred to herein, neither the context of Pace’s or ARRIS’ websites, nor the content of any website accessible from hyperlinks on Pace’s or ARRIS’ website, is incorporated into, or forms part of, this document.

APPENDIX V

DEFINITIONS

The following definitions apply throughout this document (with the exception of Part III) unless the context requires otherwise:

2011 SIP	the ARRIS Group, Inc. Stock Investment Plan
Adjusted EBITDA	the Pace Group's operating profit before exceptional costs, amortisation of other intangibles and depreciation for the year ended 31 December 2014
Announcement	the announcement dated 22 April 2015 made in connection with the Merger in accordance with Rule 2.7 of the Code
Announcement Date	22 April 2015, being the date of the Announcement
Approved Plan	Pace Approved Discretionary Share Option Plan 2005
ARRIS	ARRIS Group, Inc., of 3871 Lakefield Drive, Suwanee, Georgia GA30024, USA
ARRIS Directors	the directors of ARRIS, whose names are set out in paragraph 2.2 of Appendix III to this document
ARRIS Board	the board of directors of ARRIS
ARRIS Compensation Committee	the compensation committee of the ARRIS Board
ARRIS Group	ARRIS and its subsidiaries
ARRIS Merger	the merger, immediately following the consummation of the Merger, of US Merger Sub with and into ARRIS
ARRIS Merger Effective Date	the date on which the ARRIS Merger becomes effective
ARRIS Proxy Statement	the proxy statement relating to the matters to be submitted to the ARRIS Stockholders at the ARRIS Stockholders' Meeting
ARRIS Shares	the common shares of ARRIS
ARRIS Stockholders	the holders of the ARRIS Shares
ARRIS Stockholders' Meeting	the special meeting of the ARRIS Stockholders to be held on 21 October 2015
Aurora	Aurora Networks, Inc., a Delaware corporation
Aurora Acquisition	the acquisition by Pace of Aurora on 7 January 2014
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London
CADE	Brazil's Council for Economic Defence
Cash Consideration	the entitlement for Pace Shareholders under the terms of the Scheme to receive 132.5 pence in cash in part consideration for each Scheme Share
Cash Retention Plan	the cash retention bonus plan operated by Pace to retain and incentivise certain employees of the Pace Group

Cede	the nominee of DTC, Cede & Co
certificated or in certificated form	a share or other security which is not in uncertificated form (that is, not in CREST)
Closing Price	(i) in the case of Pace, the closing middle market quotation of a Pace Share as derived from Bloomberg; and (ii) in the case of ARRIS, the middle market quotation of an ARRIS Share as derived from Bloomberg
Code or Takeover Code	the City Code on Takeovers and Mergers
Combined Group	the combined group following the Transaction, consisting of the ARRIS Group, the New ARRIS Group and the Pace Group
Companies Act	the UK Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time
Conditions	the conditions to the implementation of the Merger (including the Scheme) which are set out in Appendix I to this document
connected persons	has the meaning given to it in Sections 252 to 255 of the Companies Act
Contractual Offer	a takeover offer as defined in Section 974 of the Companies Act
Co-operation Agreement	the agreement dated 22 April 2015 between New ARRIS, ARRIS and Pace and relating, among other things, to the implementation of the Merger
Corporate Sponsored Nominee	Computershare Investor Services PLC a company incorporated in England and Wales with registered number 3498808
Corporate Sponsored Nominee Account Terms and Conditions	the terms and conditions of the Corporate Sponsored Nominee Facility which has been made available on the Pace website at www.pace.com at the same time as the Scheme Document
Corporate Sponsored Nominee Facility	the facility established by New ARRIS pursuant to which Scheme Shareholders who hold Scheme Shares in certificated form (other than CSN Restricted Shareholders) will not receive new share certificates in respect of their New ARRIS Shares but instead, unless they elect otherwise, their New ARRIS Shares will be issued to the DTC participant account of the Corporate Sponsored Nominee who will hold such New ARRIS Shares on behalf of such Scheme Shareholders
Court	the High Court of Justice in England and Wales
Court Meeting	the meeting(s) of Scheme Shareholders to be convened by an order of the Court under section 896 of the Companies Act, to consider and if thought fit approve the Scheme (with or without amendment) including any adjournment thereof, and notice of which is set out in Appendix VIII of this document
CREST	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator
CREST Manual	the CREST Manual issued by Euroclear dated May 1996
CREST member	a person who is, in relation to CREST, a system-member (as defined in the Regulations)

CREST participant	a person who is, in relation to CREST, a system-participant (as defined in the Regulations)
CREST sponsor	a person who is, in relation to CREST, a sponsoring system-participant (as defined in the Regulations)
CREST sponsored member	a CREST member admitted to CREST as a sponsored member
CSN Restricted Shareholder	a Scheme Shareholder (other than a Restricted Overseas Person) who is not an individual who is resident in, or with a registered address in, Argentina, Austria, Belgium, Botswana, Brazil, Bulgaria, Chile, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Guinea, Hungary, Iceland, Indonesia, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Namibia, The Netherlands, Norway, Paraguay, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan or the United Kingdom
CTCNA	Computershare Trust Co, N.A.
dealing day	a day on which dealings in domestic securities may take place on, and with the authority of the London Stock Exchange
Dealing Disclosure	an announcement pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer
Deferred Share Plan	the deferred share bonus plan operated by the Pace Group to incentivise and reward performance of certain employees of the Pace Group
DSP	Pace plc Deferred Share Plan
DTC	the Depository Trust Company, a securities depository and clearing agency which facilitates the transfer of shares in the US
DTC participant	an account holder holding a securities account with DTC
Effective	in the context of the Merger: <ul style="list-style-type: none"> (i) if the Merger is implemented by way of Scheme, means the Scheme having become effective pursuant to its terms; or (ii) if the Merger is implemented by way of a Contractual Offer, such offer having become or been declared unconditional in all respects in accordance with its terms
Effective Date	the date on which the Merger becomes Effective
ESPP	the ARRIS Group, Inc. Employee Stock Purchase Plan
Euroclear	Euroclear UK & Ireland Limited
Evercore	Evercore Partners International LLP
Excluded Shareholder	a holder of Excluded Shares
Excluded Shares	any Pace Shares of which New ARRIS is the holder or in which any member of the New ARRIS Group is beneficially interested

Existing ARRIS Facility	the US\$2,175,000,000 facility agreement entered into between, among others, ARRIS and Bank of America, N.A. and the lenders as described therein, dated 17 April 2013
Explanatory Statement	the explanatory statement prepared in compliance with section 897 of the Companies Act and contained in Part II of this document
FCA or Financial Conduct Authority	the United Kingdom Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of Financial Services and Markets Act 2000 (as amended)
Form S-4	the registration statement on Form S-4 (of which the ARRIS Proxy Statement will form a part) with respect to the issuance of New ARRIS Shares delivered to ARRIS Stockholders in respect of the ARRIS Merger
Form(s) of Proxy	either or both of the blue forms of proxy for use at the Court Meeting and the white form of proxy for use at the General Meeting which accompany this document, as the context requires
General Meeting	the general meeting of Pace Shareholders, notice of which is set out in Appendix IX to this document, and any adjournment thereof
holder	a registered holder
HMRC	HM Revenue and Customs
HSR Act	the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and the regulations promulgated thereunder
IFRS	International Financial Reporting Standards
IPSP	Pace International Performance Share Plan
IR Code	the U.S. Internal Revenue Code of 1986, as amended
Jefferies	Jefferies International Limited
J.P. Morgan Cazenove	J.P. Morgan Limited (which conducts its UK investment banking business as J.P. Morgan Cazenove)
Latest Practicable Date	23 September 2015, being the latest practicable date prior to the publication of this document
Listing Rules	the listing rules of the UK Listing Authority, as amended
London Stock Exchange	London Stock Exchange plc
Long Stop Date	22 April 2016
Market Value Options	the Pace Approved Discretionary Share Option Plan 2005 and the Pace Unapproved Discretionary Share Option Plan 2005
Medallion Guarantee	a signature guarantee from a financial institution that participates in a recognised Medallion signature guarantee program
Meetings	the Court Meeting and the General Meeting, and “ Meeting ” means either one of them
Merger or Offer	the direct or indirect acquisition of the entire issued and to be issued share capital of Pace by New ARRIS to be implemented by way of the Scheme or (should New ARRIS so elect, subject to the consent

	of the Panel (where necessary) and subject to the provisions of the Co-operation Agreement) by way of a Contractual Offer
Merger Control Authority	any national, supra-national or regional, government or governmental, quasi-governmental, statutory, regulatory or investigative body or court, in any jurisdiction, responsible for the review and/or approval of mergers, acquisitions, concentrations, joint ventures, or any other similar matter
NASDAQ	the NASDAQ Stock Market
New ARRIS	ARRIS International Limited of 22 Bedford Row, London WC1R 4JS
New ARRIS Articles	the new articles of association of New ARRIS proposed to be adopted with effect from the Effective Date
New ARRIS Board	the board of directors of New ARRIS
New ARRIS Directors	the directors of New ARRIS, whose names are set out in paragraph 2.3 of Appendix III to this document
New ARRIS Facility	the amended and restated credit agreement entered into between, among others, ARRIS, New ARRIS and Bank of America, N.A., dated 18 June 2015, which amends and restates ARRIS' credit agreement dated 27 March 2013 (as amended)
New ARRIS Group	ARRIS, New ARRIS, and their respective subsidiary undertakings
New ARRIS Shares	the new ordinary shares in New ARRIS, to be allotted pursuant to the Scheme (or, if applicable, a Contractual Offer) or the ARRIS Merger, as the context requires
Offer Period	the offer period (as defined in the Code) relating to Pace, which commenced on the Announcement Date
Official List	the official list maintained by the UK Listing Authority pursuant to Part 6 of the Financial Services and Markets Act 2000
Opening Position Disclosure	an announcement pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer
Overseas Shareholders	Pace Shareholders who are resident in, ordinarily resident in, located in, or citizens or nationals of, jurisdictions outside the United Kingdom
Pace or the Company	Pace plc of Salts Mill, Victoria Road, Saltaire, West Yorkshire BD18 3LF, United Kingdom
Pace Articles	the articles of association of Pace from time to time
Pace Board	the board of directors of Pace
Pace Directors	the directors of Pace, whose names are set out in paragraph 2.1 of Appendix III to this document
Pace Group	Pace and its subsidiary undertakings
Pace Shareholders	holders of Pace Shares
Pace Shares	ordinary shares of 5 pence each in the capital of Pace

Pace Share Schemes	the following share incentive plans operated by Pace: <ul style="list-style-type: none"> (i) UK Sharesave; (ii) US Sharesave; (iii) Approved Plan; (iv) Unapproved Plan; (v) PSP; (vi) IPSP; and (vii) DSP
Panel or Takeover Panel	the Panel on Takeovers and Mergers
participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
Permitted Dividend	the final dividend for 2014 of 4.75 cents paid by Pace on 3 July 2015 to Pace Shareholders on the register on 5 June 2015
PSP	Pace Performance Share Plan
QTPIP	qualifying third party indemnity provisions
Receiving Agents	Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Registrar of Companies	the Registrar of Companies in England and Wales
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
Regulatory Conditions	the Conditions set out in paragraphs 3(d) to 3(j) of Appendix I
Regulatory Information Service	a primary information provider which has been approved by the Financial Conduct Authority to disseminate regulated information
Relevant Authority	any government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body, authority, court, trade agency, association, institution, environmental body or Merger Control Authority
Remuneration Committee	the remuneration committee of Pace appointed from time to time
Resolutions	the resolutions set out in the Notice of Court Meeting and Notice of General Meeting in Appendix VIII and IX of this document
Restricted Jurisdiction	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which ARRIS or Pace regards as unduly onerous
Restricted Overseas Persons	Overseas Shareholders who are resident in any Restricted Jurisdiction
Scheme or Scheme of Arrangement	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Pace and the Scheme Shareholders, set out in Part III of this document, with or subject to any modification,

	addition or condition approved or imposed by the Court and agreed to by Pace and ARRIS
Scheme Circular	this document
Scheme Court Hearing	the hearing of the Court to sanction the Scheme
Scheme Court Order	the order of the Court sanctioning the Scheme under Section 899 of the Companies Act
Scheme Effective Date	the date on which the Scheme becomes effective in accordance with its terms
Scheme Record Time	6.00 p.m. on the Business Day following the date on which the Scheme Court Hearing is held, being the date by reference to which the Scheme will be binding on holders of Pace Shares at such time
Scheme Shareholders	holders of Scheme Shares at the relevant time
Scheme Shares	<p>the Pace Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of this document and which remain in issue at the Scheme Record Time; (ii) (if any) issued after the date of this document but before the Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time <p>excluding, in any case, any Excluded Shares</p>
SEC	the US Securities and Exchange Commission
Securities Act	the US Securities Act of 1933, as amended
Special Resolution	the special resolution to be proposed at the General Meeting in connection with, <i>inter alia</i> , the approval of the Scheme
subsidiary and subsidiary undertaking	have the meaning given to them in the Companies Act
TCGA	the Taxation of Chargeable Gains Act 1992
Transaction	<p>the proposed acquisition by New ARRIS of the entire issued and to be issued share capital of each of ARRIS and Pace to be implemented by:</p> <ul style="list-style-type: none"> (i) in the case of ARRIS, the ARRIS Merger; and (ii) in the case of Pace, the Merger
Treasury Shares	shares held as treasury shares as defined in Section 724(5) of the Companies Act
Trust	the Pace plc Employee Benefit Trust

UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UKLA or UK Listing Authority	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended)
UK Sharesave	Pace Sharesave Plan
Unallocated Pool	a facility established by New ARRIS through an agreement with Computershare Inc. and CTCNA, as the exchange agent, to beneficially hold New ARRIS Shares in DTC for Pace Shareholders that will not receive the beneficial interest in New ARRIS Shares through a nominated DTC participant or through the Corporate Sponsored Nominee Facility on the Scheme Effective Date
Unapproved Plan	Pace Unapproved Discretionary Share Option Plan 2005
uncertificated or in uncertificated form	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
U.S. or United States	the United States of America, its territories and possessions, any state of the United States of America, any other areas subject to its jurisdiction and the District of Columbia
US Holdco	ARCHIE U.S. Holdings LLC of Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, County of Newcastle, Delaware 19808
US Merger Agreement	the agreement and plan of merger dated 22 April 2015 between US Holdco, US Merger Sub, New ARRIS and ARRIS pursuant to which US Merger Sub shall merge with and into ARRIS
US Merger Sub	ARCHIE U.S. Merger LLC of Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington, County of Newcastle, Delaware 19808
US Sharesave	Pace Americas US Sharesave Plan
Voting Record Time	6.00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before the date fixed for the adjourned Meeting
Wider ARRIS Group	any member of the ARRIS Group or any associated undertaking or any company of which 20 per cent. or more of the voting capital is held by the New ARRIS Group or any partnership, joint venture, firm or company in which any member of the ARRIS Group may be interested
Wider Pace Group	any member of the Pace Group or any associated undertaking or any company of which 20 per cent. or more of the voting capital is held by the Pace Group or any partnership, joint venture, firm or company in which any member of the Pace Group may be interested
working day	as defined in Section 1173 of the Companies Act

All references to time in this document are (unless otherwise stated) to London time.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

All references to “**GBP**”, “**pence**”, “**sterling**” or “**£**” are to the lawful currency of the United Kingdom.

All references to “**US dollar**”, “**USD**”, “**US\$**” or “**cents**”, are to the lawful currency of the United States.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

APPENDIX VI

COMPARISON OF PROPOSED NEW ARRIS ARTICLES WITH THE PACE ARTICLES

The following is a summary comparison of the material differences between the rights of New ARRIS Shareholders under the proposed New ARRIS Articles, that are intended to be in effect immediately following the completion of the Merger, and the rights of Pace Shareholders under the Pace Articles in force as at the date of this document. This section does not contain a detailed description of the provisions of the Companies Act which will affect the rights of shareholders in New ARRIS.

The statements in this section are qualified in their entirety by reference to, and are subject to, the detailed provisions of the New ARRIS Articles which you are urged to read and which will be on display on ARRIS' website at <http://ir.arris.com> and on Pace's website at www.pace.com. You are also urged to carefully read or take your own professional advice on the relevant provisions of the Companies Act for a more complete understanding of the rights of shareholders in an English company.

<i>Provision of Articles</i>	<i>New ARRIS Articles</i>	<i>Pace Articles</i>
Authorised Capital (Section 551 Authority)	<p>The New ARRIS Board may issue any unissued shares on such terms as it may decide, provided that the shares are paid up to at least one quarter of their nominal value and the whole of any premium on it. Any shares may be issued with such preferential rights and privileges as determined by the shareholders at a general meeting.</p> <p>The New ARRIS Directors may issue new ordinary or preferred shares without shareholder approval once authorised to do so by the New ARRIS Articles or by an ordinary resolution adopted by the shareholders at a general meeting. The authorisation may be granted for a maximum period of five years, at which point it must be renewed by the shareholders by an ordinary resolution.</p> <p>Based on the number of ARRIS and Pace shares outstanding on the Latest Practicable Date, the New ARRIS Articles will authorise the Board to issue New ARRIS ordinary shares with an aggregate nominal amount up to £3,245,456 without shareholder approval for a period of five years from the date of adoption of the New ARRIS Articles.</p>	<p>The Pace Directors' authority to allot shares is customarily sought annually from Pace Shareholders. As of 23 April 2015, the Pace Directors have the authority to allot shares up to an aggregate nominal amount of £5,251,167, provided that the authority shall expire (unless previously renewed, varied or revoked by Pace in a general meeting) on the earlier of the conclusion of the Pace's next annual general meeting and 22 July 2016.</p> <p>The Pace Directors also have authority to allot equity securities (as defined in section 560 of the Companies Act) in connection with an offer by way of a rights issue in favour of holders of Pace Shares, up to a nominal amount of £10,502,334, provided that the authority shall expire (unless previously renewed, varied or revoked by Pace in a general meeting) on the earlier of the conclusion of the Pace's next annual general meeting and 22 July 2016.</p> <p>The Pace Articles permit the Pace Board to offer, allot, grant options over shares to such persons, at such time and for such consideration and upon such terms and conditions as the Pace Board may determine.</p>

Provision of Articles

Pre-emption Rights

New ARRIS Articles

Certain statutory pre-emption rights apply automatically in favour of shareholders where shares are to be issued for cash. However, New ARRIS has opted to disapply these pre-emption rights up to the number of shares authorised for allotment in the New ARRIS Articles. The disapplication is valid for five years, and it is the intention of New ARRIS to renew this disapplication at least every five years.

Pace Articles

The disapplication of pre-emption rights is customarily sought annually from Pace Shareholders. By a special resolution of Pace on 23 April 2015, statutory pre-emption rights have been disapplied for issues of shares having a maximum aggregate nominal value of up to £787,675. The disapplication shall expire (unless previously renewed, varied or revoked by Pace in a general meeting) on the earlier of the conclusion of the Pace's next annual general meeting and 22 July 2016.

**Additional
Circumstances where
Board may Allot Shares**

Takeover offers and certain other transactions in respect of certain public companies are regulated by the Takeover Code, which is administered by the Takeover Panel, a body consisting of representatives of the City of London financial and professional institutions which oversees the conduct of takeovers.

There are no equivalent provisions provided in the Pace Articles. As a public limited company based in the UK, Pace is subject to the Takeover Code which prohibits the implementation of such powers.

An English public limited company is potentially subject to the protections afforded by the Takeover Code if, among other factors, a majority of its directors are resident within the UK, the Channel Islands or the Isle of Man. Based upon New ARRIS' current and intended plans for its directors, it is anticipated that the Takeover Code will not apply to New ARRIS.

The New ARRIS Articles provide the New ARRIS Board with the power to establish a rights plan and to grant rights to subscribe for New ARRIS Shares pursuant to a rights plan, where in the opinion of the New ARRIS Board to do so would improve the likelihood that:

- (i) any process which may result in an (a) acquisition or (b) change of control, over 20 per cent. or more of the issued voting shares of New ARRIS ("**Change of Control**"), is conducted in an orderly manner;

Provision of Articles

**Additional
Circumstances where
Board may Allot Shares**
(continued)

New ARRIS Articles

- (ii) all New ARRIS shareholders will be treated equally and fairly and in a similar manner;
- (iii) an optimum price for New ARRIS Shares would be received by or on behalf of all New ARRIS shareholders;
- (iv) the success of New ARRIS would be promoted for the benefit of its members as a whole;
- (v) the long term interests of New ARRIS, its employees, its members and its business would be safeguarded;
- (vi) New ARRIS would not suffer serious economic harm; or
- (vii) the New ARRIS Board would have additional time to gather relevant information or pursue appropriate strategies,

or all or any of the above.

The New ARRIS Articles further provide that the New ARRIS Board may, in accordance with the terms of a rights plan, subject to renewal by shareholder approval at least every five years, determine to (i) allot shares pursuant to the exercise of rights or (ii) exchange rights for shares in New ARRIS, where in its opinion to do so would improve the likelihood that:

- (i) the use of abusive tactics by any person in connection with any potential acquisition or Change of Control would be prevented;
- (ii) any potential acquisition or Change of Control which would be unlikely to treat all New ARRIS shareholders equally and fairly and in a similar manner would be prevented;

Pace Articles

Provision of Articles

**Additional
Circumstances where
Board may Allot Shares**
(continued)

New ARRIS Articles

- (iii) any potential acquisition or Change of Control at a price which would undervalue New ARRIS or its shares would be prevented;
- (iv) any potential acquisition or Change of Control which would not be likely to promote the success of New ARRIS for the benefit of its members as a whole would be prevented;
- (v) the long term interests of New ARRIS or its members, employees and its business would be safeguarded or both;
or
- (vi) New ARRIS would not suffer serious economic harm,

or all or any of the above.

Based on the number of ARRIS and Pace shares outstanding as at the Latest Practicable Date, pursuant to a rights plan, the New ARRIS Articles will provide the New ARRIS Board a standing authorisation subject to renewal by shareholder approval at least every five years (and New ARRIS remaining not subject to the Takeover Code) to allot shares with an aggregate nominal amount up to £3,894,548. Such authority may only be exercised by the New ARRIS Board pursuant to a rights plan, as detailed above, and may not be exercised by the New ARRIS Board for other purposes.

Under the Takeover Code, the board of a public UK company is constrained from implementing such defensive measures. However, these measures are included in the New ARRIS Articles as it is not expected that the Takeover Code will apply to New ARRIS and these measures are included commonly in the constitution of U.S. companies.

Pace Articles

Provision of Articles

Liens on Shares, Call on Shares and Forfeiture of Shares

New ARRIS Articles

The New ARRIS Articles provide that New ARRIS will have a first and paramount lien on every share that is not a fully paid up share for an amount equal to the unpaid portion of such share.

Subject to the terms of their allotment, the New ARRIS Directors may call for any unpaid amounts in respect of any shares to be paid, and if payment is not made, the shares may be sold in such manner as the directors determine. New ARRIS will not have a lien on any fully paid New ARRIS shares.

Pace Articles

The Pace Articles provide that Pace will have a first and paramount lien on every share that is not a fully paid up share for all money (whether presently due or not) payable in respect of that share.

Subject to the terms of allotment, the Pace Board may make calls upon the members in respect of any moneys unpaid on their shares, and if payment is not made, the shares may be forfeited by a resolution of the Pace Board to that effect and forfeited shares may be sold, re-allotted or otherwise disposed of upon such terms and in such manner as the directors determine.

Distributions, Dividends, Repurchases and Redemptions

Dividends

New ARRIS may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the New ARRIS Directors.

The New ARRIS Articles authorise the New ARRIS Board to declare interim dividends if it appears to them that they are justified by the profits of New ARRIS available for distribution to make such payment.

Repurchases/Redemptions

The New ARRIS Articles provide that New ARRIS may purchase its own shares and redeem outstanding redeemable shares.

Dividends

Pace may by ordinary resolution declare that out of profits available for distribution there be paid dividends to members in accordance with their respective rights and priorities, but no dividend shall exceed the amount recommended by the directors.

The Pace Articles allow the Pace Board to pay to the members such interim dividends as appear to them to be justified by the profits of Pace available for distribution and the position of the company. The Pace Board may also pay the fixed dividend payable on any shares of the company with preferential rights half-yearly or otherwise on fixed dates whenever such profits in the opinion of the Pace Board justify that course.

Uncertificated Shares

The New ARRIS Board has the authority to resolve that a class of shares is to become, or is to cease to be, uncertificated. Uncertificated shares must be held in uncertificated form and transferred by means of DTC or similar system in accordance with the Uncertificated Securities Regulations 2001.

The Pace Articles provide that Pace may issue shares and other securities which do not have certificates, permit existing shares and other securities to be held without certificates and permit any shares or other securities held without certificates to be transferred without an instrument of transfer, in each case in dematerialised form pursuant to the Uncertificated Securities Regulations 2001.

Provision of Articles

**Transfer and
Registration of Shares**

New ARRIS Articles

The New ARRIS Articles allow shareholders to transfer all or any of their certificated shares by instrument of transfer in writing in any usual form or in any other form approved by the New ARRIS Board.

The instrument of transfer must be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee.

The New ARRIS Board may, in their absolute discretion, refuse to register the transfer of a share in certificated form which is not fully paid. They may also refuse to register a transfer of a share in certificated form (whether fully paid or not) unless the instrument of transfer:

- (i) is delivered to New ARRIS, duly stamped, and (except in the case of a transfer by a financial institution where a certificate has not been issued in respect of the share) is accompanied by the certificate for the share to which it relates and such other evidence as the New ARRIS Directors require;
- (ii) is in respect of only one class of share; and
- (iii) is in favour of not more than four transferees.

The New ARRIS Board may refuse to register a transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form in any case where New ARRIS is entitled to refuse (or is excepted from the requirement) under the Uncertificated Securities Regulations 2001 to register the transfer.

A transfer of shares in uncertificated form may not be in favour of more than four transferees.

If the New ARRIS Board refuses to register a transfer of a share, it shall, within two months after the date on which the transfer was lodged with New ARRIS, send to the transferee notice of the refusal together with its reasons for refusal.

Pace Articles

The Pace Articles allow shareholders to transfer shares held in certificated form by an instrument of transfer or transfer of any usual form or in any other form which the Pace Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee.

The Pace Board may, in its absolute discretion and without assigning any reason, refuse to register any transfer of shares all or any of which are not fully paid. The Pace Board may also decline to register any transfer of a share which is not fully paid on which Pace has a lien.

The Pace Board may also refuse to register any transfer of shares, unless the instrument of transfer:

- (i) is lodged at Pace's office accompanied by the certificate for the share to which it relates and such other evidence as the board may reasonably require;
- (ii) is in respect of only one class of share; and
- (iii) in the case of a transfer to joint holders, they do not exceed four in number.

If the Pace Board refuses to register a transfer of a share, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with Pace, send to the transferee notice of the refusal together with its reasons for refusal.

Provision of Articles
Election of Directors

New ARRIS Articles

The New ARRIS Articles provide that, unless otherwise determined by the New ARRIS shareholders, the number of directors shall not be less than two.

Under the New ARRIS Articles, directors shall be elected at each annual general meeting by an ordinary resolution. Each New ARRIS Director shall hold office until his successor is elected or until he resigns or is removed.

Removal of Directors

New ARRIS may by ordinary resolution of which special notice has been given (28 clear days), remove any director before the expiration of his period of office.

Further, pursuant to the New ARRIS Articles, New ARRIS shareholders may, by special resolution, remove a director before the expiration of his period of office and may, by ordinary resolution, appoint another person who is willing to act as a director, and is permitted by law to do so, to be a director instead of him.

The New ARRIS Articles provide that a person ceases to be a director if:

- (i) that person ceases to be a director by virtue of any provision of the Companies Act or is prohibited from being a director by law;
- (ii) a bankruptcy order is made against that person;
- (iii) a composition is made with that person's creditors generally in satisfaction of that person's debts; or
- (iv) notification is received by New ARRIS from that person that he is resigning or retiring from his office as director, and such resignation or retirement has taken effect in accordance with its terms.

Pace Articles

The Pace Articles provide that, unless otherwise determined by ordinary resolution of the Pace shareholders, the number of directors shall not be less than two nor more than 14 in number.

At each annual general meeting, one-third of the directors who are subject to retirement by rotation shall retire from office. Pace may re-elect the retiring director or elect some other person eligible for election at the meeting by ordinary resolution.

Pace may by ordinary resolution of which special notice has been given (28 clear days) remove any director before the expiration of his period of office.

The office of a director shall be vacated if the director:

- (i) becomes bankrupt or the subject of an interim receiving order or makes any arrangement or composition with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- (ii) is being treated by a registered medical practitioner who gives a written opinion to Pace stating that he has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (iii) by reason of his mental health, that person is the subject of a court order which wholly or partly prevents him from personally exercising any powers or rights which he would otherwise have;
- (iv) is absent from meetings of the Board for six consecutive months without permission of the Board and the Board resolves that his office be vacated;

Provision of Articles

Removal of Directors
(continued)

New ARRIS Articles

Pace Articles

- (v) ceases to be a director by virtue of any provision of the Companies Act and every other statute in force concerning companies and affecting Pace;
- (vi) receives written notice signed by all the other directors removing him from office without prejudice to any claim which such director may have for damages for breach of any contract of service between him and Pace; or
- (vii) in the case of a director who holds any executive office, ceases to hold such office (whether because his appointment is terminated or expires) and the majority of the other directors resolve that his office be vacated.

Conflicts of Interest of Directors

Under the New ARRIS Articles, provided that a director who is in any way (directly or indirectly) interested in an existing or proposed contract, transaction or arrangement with New ARRIS has declared the nature and extent of his interest, the director shall not be disqualified or liable to account to New ARRIS for any profits realised by any such contracts.

A New ARRIS Director cannot vote or count towards a quorum in respect of any contracts, transactions or proposals in which he has any material interest which is not by virtue of his interests in shares or resolution of the directors granting him authorisation.

Under the Pace Articles, provided that a director has disclosed to the board the nature and extent of his interest (direct or indirect) in relation to a transaction or arrangement with Pace, the director shall, amongst other things, not be accountable to Pace for any benefit which he derives from such transaction or arrangement.

Except in certain circumstances as set out in the Pace Articles, a Pace Director cannot vote at a meeting or committee of the Pace Board on any resolution concerning a matter in which he has directly or indirectly an interest which is material. A Pace Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

Provision of Articles

Conflicts of Interest of Directors

(continued)

New ARRIS Articles

The New ARRIS Board are empowered to authorise a director in relation to any matter proposed to the New ARRIS Board which otherwise would infringe the director's duty to avoid conflicts of interests, provided that the authorisation is effective only if (a) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director, and (b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

Pace Articles

The Pace Articles provide the Pace Board with the power to authorise a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company, by passing a resolution. The interested director and any other director who has a similar interest must not be counted in the quorum in the meeting and shall not vote on the resolution.

Indemnification of Officers and Directors

The New ARRIS Articles include a provision which entitles every New ARRIS Director to be indemnified by New ARRIS to any extent permitted by law (including by funding any expenditure incurred or to be incurred by him or her) against any loss or liability incurred in their capacity as a director. Any funds provided to a director to meet any expenditure incurred by him in connection with defending himself or in an investigation of any negligence, default, breach of duty or breach of trust by him or otherwise, must be repaid if (a) the director is convicted in the criminal proceedings, (b) judgment is given against the director in civil proceedings, or (c) the court refuses to grant the director the relief sought.

The New ARRIS Articles also provide the New ARRIS Board with authority to purchase and maintain insurance at the expense of New ARRIS for the benefit of any person who is or was at any time a director or other officer or employee of the company or any associated company.

The Pace Articles include a provision entitling every person who is or was a director or other officer of Pace to be indemnified by Pace against all costs, charges, expenses, losses and liabilities incurred by him from time to time in relation to the affairs of the company. The directors may also provide funds to any director or other officer of the company for defending any criminal or civil proceedings or in connection with any application for relief under the Companies Act.

The Pace Articles also provide the Pace Board with the power to purchase and maintain insurance for, and for the benefit of, any persons who are or were at any time directors, officers, employees or auditors of the company or any associated company.

In Pace's Annual Reports and Accounts 2014, Pace disclosed that it has QTPIPs in place under which Pace has agreed to indemnify the directors and the former directors who held office during the past year, to the extent permitted by law and by the Pace Articles, in respect of all liabilities incurred in connection with the performance of their duties as a director of Pace or its subsidiaries.

Provision of Articles

Indemnification of Officers and Directors
(continued)

New ARRIS Articles

New ARRIS will be required to disclose in its annual directors' report any qualifying third party indemnity provisions ("QTPIP") in force at any point during the relevant financial year or in force when the directors' report is approved. A copy of the indemnity or, if it is not in writing, a memorandum setting out its terms must be open to inspection during the life of the indemnity and for a period of one year from the date of its termination or expiration. Any shareholder may inspect a directors' indemnity without charge and is entitled to request, on payment of the prescribed fee, a copy of the provisions.

Pace Articles

Quorum of the Board

Under the New ARRIS Articles, the quorum may be fixed by the New ARRIS Board and unless so fixed, the quorum shall be a majority of the directors in office.

Under the Pace Articles, the quorum may be fixed by the Pace Board and unless so fixed, the quorum shall be two directors.

Voting Rights of Directors

The New ARRIS Articles provide that questions arising at a meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall not have a second or casting vote.

The Pace Articles provide that questions arising at a meeting shall be determined by a majority of votes. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

A resolution in writing executed by all the directors will be as valid and effectual as if it had been passed at a meeting of the directors, duly convened and held.

A resolution in writing signed by all the directors will be as valid and effective as a resolution passed at a board meeting duly convened and held.

Board Remuneration

New ARRIS will be required to prepare and submit to shareholders a directors' remuneration report every year at the annual general meeting for a non-binding advisory vote. Every three years, or if shareholders did not approve the previous year's remuneration report, New ARRIS must submit a (forward-looking) remuneration policy to its shareholders for approval by a simple majority in a binding vote.

Pace prepares and submits a directors' remuneration report annually at the annual general meeting for approval by its shareholders. Approval of the directors' remuneration report is proposed as an ordinary resolution and the vote is an advisory one.

Provision of Articles

Board Remuneration
(continued)

New ARRIS Articles

New ARRIS will also remain subject to SEC reporting requirements for director and executive officer compensation and shareholder non-binding advisory votes to approve named executive officer compensation.

English law requires, in the case of officers who are also considered directors under English law, that employment agreements with a guaranteed term of more than two years be subject to a prior approval of shareholders at a general meeting.

Pace Articles

Calling Special Meetings of Shareholders

The New ARRIS Articles provide that general meetings of shareholders may be called by the New ARRIS Board.

Pursuant to the Companies Act, one or more shareholders representing at least 5 per cent. of the paid up capital of New ARRIS carrying voting rights have the right to requisition the holding of a general meeting.

The Pace Articles provide that the Pace Board may convene general meetings of shareholders.

As with New ARRIS, one or more shareholders representing at least 5 per cent. of the paid up capital of Pace carrying voting rights have the right to requisition the holding of a general meeting.

The Pace Articles provide that on the requisition of members, the Pace Board will proceed to convene a general meeting for a date not more than 28 days after the date of notice convening the meeting.

Record Date

The New ARRIS Articles provide that for the purposes of determining which persons are entitled to attend or vote at a general meeting and how many votes such persons may cast, New ARRIS may specify in the notice convening the meeting a time, being not more than 48 hours before the time fixed for the meeting (and for this purpose no account shall be taken of any part of a day that is not a working day), by which a person must be entered on the register of members of New ARRIS in order to have the right to attend or vote at the meeting.

The Pace Articles are silent as to the record date for determining which persons are entitled to attend or vote at a general meeting and how many votes such persons may cast.

Provision of Articles

Notice Provisions

New ARRIS Articles

The New ARRIS Articles require that notice of an annual general meeting of shareholders must be delivered to the New ARRIS shareholders at least 21 clear days prior to the date of the annual general meeting. Shareholders must be notified of all general meetings (other than annual general meetings) at least 14 clear days prior to the date of the general meeting.

Notice periods for general meetings can be shortened if shareholders holding 95 per cent. of the voting rights agree to hold the meeting at short notice. In the case of annual general meetings, all shareholders entitled to attend and vote must agree to the short notice.

“Clear days” means calendar days and excludes (1) the date on which a notice is given or a request received; and (2) the date of the meeting itself.

Shareholder Proposals

Pursuant to the Companies Act:

- (i) members of New ARRIS representing at least 5 per cent. of the paid-up share capital of a company can require the company to call a general meeting; and
- (ii) members of New ARRIS can require resolutions to be put before an annual general meeting. Such a request must be made by either:
 - a member or members holding at least 5 per cent. of the total voting rights (excluding voting rights attached to any treasury shares) of all the members who have a right to vote on the resolution at the AGM to which the request relates; or
 - at least 100 members with the right to vote on the resolution at the annual general meeting and each holding, on average, at least £100 of paid-up share capital.

Pace Articles

The Pace Articles require that an annual general meeting must be called by at least 21 clear days’ notice in writing. All general meetings must be called by at least 14 clear days’ in writing.

Pace is subject to the same statutory provisions in relation to shareholder proposals as New ARRIS.

Provision of Articles

Quorum at Shareholder Meetings

New ARRIS Articles

Under the New ARRIS Articles, two persons entitled to vote upon the business to be transacted in respect of a majority of the issued shares of New ARRIS, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member (including for this purpose two persons who are proxies or corporate representatives of the same member), shall be a quorum.

The necessary quorum at a separate meeting of the holders of any class of shares shall be (i) at any such meeting other than an adjourned meeting, two persons entitled to vote upon the business to be transacted in respect of a majority in nominal value of the issued shares of the class in question (excluding any shares of that class held as treasury shares), each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member (including for this purpose two persons who are proxies or corporate representatives of the same member); or (ii) at an adjourned meeting, one person holding shares of the class in question (other than treasury shares) or their proxy.

Voting Rights of Shareholders

All resolutions at a general meeting must be decided on a poll.

On a poll every member who is present in person or by proxy is entitled to one vote for every New ARRIS share held by such shareholder.

The New ARRIS Articles provide that each New ARRIS shareholder shall at every meeting of shareholders be entitled to vote in person or by proxy for each share held by such shareholder.

On a separate general meeting of the holders of any class of shares, all votes will be taken on a poll.

Pace Articles

Under the Pace Articles, two members present in person or by representative (in the case of a corporate member) or by proxy and entitled to vote shall be a quorum for all purposes.

The necessary quorum at a separate general meeting of the holders of any class of shares shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question.

The Pace Articles provide that at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is duly demanded. A poll may be demanded by:

- (i) the chairman of the meeting;
- (ii) at least five members present in person or by proxy and entitled to vote at the meeting;
- (iii) any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting;

Provision of Articles

Voting Rights of Shareholders

(continued)

New ARRIS Articles

Pace Articles

- (iv) a member or members present in person or by proxy holding shares in the company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Every member who is present in person or is present by a duly authorised representative shall have one vote on a show of hands, and on a poll every member present in person or by representative or by proxy shall have one vote for each share of which he is the holder.

On a separate general meeting of the holders of any class of shares, any holder of shares of the class in question present in person or by proxy may demand a poll and, on a poll, shall have one vote in respect of every share of such class held by him.

Adjournment of Shareholder Meetings

The New ARRIS Articles provide that the chairman may adjourn a meeting with the consent of the meeting at which a quorum is present.

The chairman also may, without the consent of the meeting, adjourn a meeting before or after it has commenced, if the chairman of the meeting considers that:

- (i) there is not enough room for the number of members and proxies who wish to attend the meeting;
- (ii) the behaviour of anyone present prevents, or is likely to prevent, the orderly conduct of the business of the meeting;
- (iii) an adjournment is necessary to protect the safety of any person attending the meeting;

The Pace Articles provide that if within 15 minutes from the time fixed for the meeting a quorum is not present or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to such day and to such time and place (being not less than 10 nor more than 28 days thereafter) as may be fixed by the chairman of the meeting.

The chairman of a meeting at which a quorum is present may with the consent of the meeting adjourn the meeting from time to time (or indefinitely) and from place to place.

No business shall be transacted at any adjourned meeting except business left unfinished at the meeting from which the adjournment took place.

Provision of Articles

Adjournment of Shareholder Meetings
(continued)

New ARRIS Articles

- (iv) an adjournment is otherwise necessary in order for the business of the meeting to be properly carried out; or
- (v) the facilities at the place at which the chairman of the meeting is presiding, or any place at which persons are participating via electronic means, have become inadequate.

No business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.

Pace Articles

Disclosure of Interests in Shares

The Schedule 13D and Schedule 13G reporting regime will apply to New ARRIS as it will have its shares registered under Section 12 of the US Securities Exchange Act of 1934.

In addition, English law provides that a company may, by notice in writing under section 793 of the Companies Act, require a person whom the company knows or reasonably believes to be or to have been within the three preceding years, interested in its issued voting share capital to:

- (i) confirm whether this is or is not the case; and
- (ii) if this is the case, to give further information that it requires relating to his or her interest and any other interest in the company's shares of which he or she is aware.

The disclosure must be made within a reasonable period as specified in the relevant notice which may be as short as one or two days.

The New ARRIS Articles contain provisions which allow New ARRIS to disenfranchise and restrict the rights attaching to shares where the recipient fails to comply with a section 793 notice.

The Pace Articles also contain provisions which allow Pace to disenfranchise and restrict the rights attaching to shares where the recipient fails to comply with a section 793 notice.

Provision of Articles

Corporate Governance

New ARRIS Articles

Since New ARRIS would be considered a successor issuer to ARRIS and would be listed on NASDAQ, New ARRIS would remain subject to U.S. securities laws, but would not be subject to the reporting obligations of companies listed on the London Stock Exchange or on any other securities exchange.

Pace Articles

The Corporate Governance Code applies to Pace as a company with a premium listing of shares on the London Stock Exchange. Pace is required to make a disclosure statement on corporate governance and the Corporate Governance Code in its annual financial report stating:

- (1) how the company has applied the main principles of the Corporate Governance Code; and
- (2) whether the company has complied throughout the accounting period with all relevant provisions of the Corporate Governance Code; or not complied with all relevant provisions setting out the reasons for the company's non-compliance.

APPENDIX VII

PROFIT FORECASTS

PART ONE: PACE PROFIT FORECAST

The following statement, which is included in the combination and trading update made by Pace on 18 September 2015, is considered to be a profit forecast for the purposes of Rule 28 of the Takeover Code (the “**Pace Profit Forecast**”):

“[T]he outlook for the year is as follows:

- Revenue for 2015 is now expected to be c. \$2.55bn (2014: \$2.62bn);
- Adjusted EBITA for 2015 is still expected to be c. \$255m (2014: \$241.1m);
- Free cash flow is still expected to be in the range of \$185m to \$195m (2014: \$204.0m).”

1. Basis of preparation

The Pace Profit Forecast is a repetition of a profit forecast for the year ending 31 December 2015 made in the Pace Group’s preliminary results for the year ended 31 December 2014 released on 3 March 2015 and repeated in the unaudited interim financial statements of the Pace Group for the six month period ended 30 June 2015 (both of which are incorporated by reference into this document) and constitutes an “ordinary course profit forecast” for the purposes of Rule 28 of the Takeover Code.

The Pace Profit Forecast has been prepared on a basis consistent with the Pace Group’s accounting policies which are in accordance with IFRS. These accounting policies are expected to apply for the full year ending 31 December 2015, and were applied in the preparation of the Pace Group’s consolidated financial statements for the year ended 31 December 2014 and unaudited interim financial statements for the period ended 30 June 2015.

The Pace Profit Forecast is based on the actual results included in the unaudited interim financial statements for the six months ended 30 June 2015, the unaudited management accounts of the Pace Group for the two month period ended 29 August 2015 and a management forecast for the four months ending 31 December 2015. The Pace Profit Forecast excludes any costs associated with the Transaction or any other associated accounting impact as a direct result of the Transaction.

The Pace Profit Forecast has been prepared on the basis that, other than the delayed decisions taken by customers prior to the date of this document, the Transaction will have no financial impact on the Pace Group before 31 December 2015.

2. Assumptions

The Pace Profit Forecast is based on the following assumptions for the year ending 31 December 2015:

Factors outside the influence or control of the Pace Directors (or other members of the Pace Group’s Management)

- There will be no material change to existing prevailing global macroeconomic or political conditions.
- There will be no material changes in the conditions of the markets in which the Pace Group operates.
- The main exchange rates, inflation, tax and interest rates in the Pace Group’s principal markets, will remain materially unchanged from prevailing rates.
- Customers will take products in line with forecasts provided by them or in line with forecasts prepared by the Pace Group where no customer provided forecast exists.

- There will be no material events impacting the ability to transport the Pace Group's product to customers.
- There will be no catastrophic disruption to any of the Pace Group's Electronic Manufacturing Services partners or supplies of significant components used by the Pace Group.
- There will be no material change in legislation or regulatory requirements impacting on the Pace Group's operations or its accounting policies.
- There will be no material change to the level of competition experienced by the Pace Group from providers of similar products and services.
- There will be no adverse impact on the Pace Group from the consolidation of companies within the end-markets in which Pace operates.
- The announcement of the Transaction will not result in any material changes to the Pace Group's obligations to customers.
- Other than delayed decisions taken by customers prior to the date of this document, the announcement of the Transaction will not have any impact on the timing of the Pace Group's customers placing new or executing existing orders.
- The announcement of the Transaction will not have any material impact on the Pace Group's ability to negotiate new business.

Factors within the influence or control of the Pace Directors (or other members of the Pace Group's management)

- The Pace Group's rate of converting customer demand to revenue will not differ materially from past experience.
- The Pace Group will launch and deliver new products on schedule.
- There will be no unexpected technical issues with the Pace Group's products or process.
- The Pace Group's forecasting accuracy will not differ materially from past experience.
- The announcement of the Transaction will not have a material impact on the Pace Group's ability to retain and motivate employees.
- The Pace Group's cost base will not materially change of the forecast period to 31 December 2015.
- Pricing of product to customers and input pricing for products is consistent with those forecast.
- Operating costs will remain in line with normal trading activity and are managed in line with revenue.
- The Pace Group's accounting policies will be consistently applied in the financial year to 31 December 2015.
- There will be no material change to the Pace Group's existing operational strategy.

In addition to the factors above, risks relating to the Pace Group's trading are stated in the "Risk Management and Principal Risks" section of Pace's annual report for the financial year ended 31 December 2014 (which is incorporated by reference into this document).

3. Directors' confirmation

The Pace Directors have considered the Pace Profit Forecast and confirm that it remains valid as at the date of this document and that it has been properly compiled on the basis of the assumptions set out above and that the basis of the accounting used is consistent with Pace's accounting policies.

PART TWO: ARRIS PROFIT FORECAST

The following statement, which is contained in paragraph 6 of Part I of this document is considered to be a profit forecast for the purposes of Rule 28 of the Takeover Code (the “**ARRIS Profit Forecast**”):

“With respect to the third quarter 2015, we expect revenues will be in the range of \$1,210 million to \$1,260 million, with adjusted net income per diluted share in the range of \$0.52 to \$0.58 and GAAP net income per diluted share in the range of \$0.17 to \$0.23.”

1. Basis of preparation

The ARRIS Profit Forecast has been prepared on a basis consistent with ARRIS’ accounting policies, which are in accordance with U.S. GAAP.

2. Assumptions

The ARRIS Profit Forecast is based on the following assumptions:

Factors outside the control of ARRIS:

- There will be no material changes to the conditions of the markets in which ARRIS operates, including material changes in the capital spending of ARRIS’ customers during the third quarter.
- Foreign currency exchange rates, interests rates and tax rates in the geographic markets in which ARRIS operates remain materially unchanged from the currently prevailing rates.
- There will be no material interruptions in the delivery of components for the manufacture of ARRIS’ products or the delivery of finished products to customers.
- There will be no material adverse changes to existing global macroeconomic or political conditions.
- There will be no material regulatory developments that affect ARRIS’ operations or the operations of its customers.
- There will be no material adverse events that have a significant impact on ARRIS’ financial condition.

Factors within the control of ARRIS:

- There will be no material acquisitions or dispositions completed by ARRIS prior to September 30, 2015.
- There will be no material change in the supplier base of ARRIS.
- ARRIS’ operational costs will not change materially prior to September 30, 2015.
- There will be no material change in the business or operational strategy of ARRIS.
- There will be no material changes to the management of ARRIS.

3. Directors’ confirmation

The ARRIS Directors confirm that the ARRIS Profit Forecast remains valid at the date of this document and confirm that the ARRIS Profit Forecast has been properly compiled on the basis of the assumptions stated above and the basis of accounting used in preparing the Profit Forecast is consistent with the accounting policies of ARRIS.

APPENDIX VIII

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE

No. 6119 of 2015

CHANCERY DIVISION

COMPANIES COURT

MR DEPUTY REGISTRAR GARWOOD

IN THE MATTER OF PACE PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 24 September 2015 made in the above matter, the Court has given permission for a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders (as defined in the Scheme of Arrangement referred to below), for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 proposed to be made between Pace plc (the “**Company**”) and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) and that such meeting will be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 22 October 2015, at 11.00 a.m. at which place and time all holders of the Scheme Shares are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Shareholders entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their place. A blue form of proxy for use at the Court Meeting is enclosed with this notice. Alternatively, Scheme Shareholders may appoint a proxy or proxies electronically following the instructions set out in paragraph 16 of Part I of this document. Scheme Shareholders with Scheme Shares held through CREST may also appoint a proxy or proxies using CREST by following the instructions set out in paragraph 16 of Part I of this document. Completion and return of a form of proxy, or the appointment of proxies electronically or through CREST, will not prevent a holder of ordinary shares in the Company from attending and voting at the Court Meeting or any adjournment thereof in person if he wishes to do so.

In the case of joint holders, any one such joint holder may tender a vote, whether in person or by proxy, at the Court Meeting, however, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.

It is requested that forms appointing proxies be lodged by post with the Company’s registrars, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4T, or through CREST or electronically, not less than 48 hours (excluding any day that is not a working day) before the time appointed for the Court Meeting, but if forms are not so lodged they may be handed to the Chairman at the Court Meeting before the taking of the poll.

Shareholders entitled to attend and vote at the Court Meeting may register their proxy appointments electronically via <https://www.paceshares.com>, where full details of the procedure are given. This address is given only for the filing of proxies and not for any other purpose. If you choose to appoint a proxy electronically you will need your unique investor code which is printed on the blue form of proxy. In order to be valid, such appointments and directions must be registered by no later than 11.00 a.m. on 20 October

2015 or (as the case may be) no later than 48 hours (excluding any day that is not a working day) prior to the time and date fixed for any adjourned meeting.

Proxies submitted using the CREST proxy voting service must be transmitted so as to be received by Capita Asset Services (under CREST participant ID RA10) not later than 11.00 a.m. on 20 October 2015 or (as the case may be) no later than 48 hours (excluding any day that is not a working day) prior to the time and date fixed for any adjourned meeting. The time of receipt will be taken to be the time from which Capita Asset Services is able to retrieve the message by enquiry to CREST.

Entitlement to attend and vote at the Court Meeting, or any adjournment thereof, and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 6.00 p.m. on the day which is two Business Days before the date of the Court Meeting or adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time will be disregarded.

Voting at the Court Meeting will be conducted on a poll rather than a show of hands.

By the said Order, the Court has appointed Allan Leighton or, failing him, Mike Pulli, to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 25 September 2015

TRAVERS SMITH LLP
London
10 Snow Hill
EC1A 2AL

Solicitors for the Company

APPENDIX IX

NOTICE OF GENERAL MEETING

PACE PLC

(Registered in England and Wales No. 01672847)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of the Company will be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 22 October 2015 at 11.10 a.m. (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT for the purpose of giving effect to the scheme of arrangement dated 25 September 2015 between the Company and the holders of its Scheme Shares (each as defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman thereof in its original form or subject to such modification, addition or condition approved or imposed by the Court (the “**Scheme**”):

- (1) the Scheme be approved in its original form or subject to such modification, addition or condition agreed between the Company, ARRIS Group Inc. and ARRIS International Limited (“**New ARRIS**”) and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
- (2) subject to the Scheme becoming effective, the Company shall be re-registered as a private company; and
- (3) the articles of association of the Company be amended by the adoption and inclusion of the following new Article 190:

“Scheme of Arrangement

190.1 In this Article 190, the “Scheme” means the scheme of arrangement dated 25 September 2015, between the Company and the holders of its Scheme Shares (each as defined in the Scheme), under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.

190.2 Notwithstanding any other provision of these Articles or the terms of any resolution whether special or ordinary passed by the Company in a general meeting, if the Company issues any ordinary shares (other than to New ARRIS or its nominee(s)) after the adoption of this Article and before the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holders of such shares shall be bound by the Scheme accordingly.

190.3 Notwithstanding either any provision of these Articles or the terms of any resolution whether special or ordinary passed by the Company in a general meeting and subject to the Scheme becoming effective, if any ordinary shares are issued to any person (a “**New Member**”) (other than under the Scheme or to New ARRIS, a subsidiary of New ARRIS or its nominee(s)) on or after the Scheme Record Time (the “**Transfer Shares**”), they will be immediately transferred to New ARRIS in consideration for and conditional on the payment to the New Member of the same cash consideration per ordinary share as the Scheme Shareholders received pursuant to the Scheme (rounded down to the nearest penny) and the allotment and issue free of all encumbrances to Cede & Co (“**Cede**”) (as nominee for the Depository Trust Company (“**DTC**”)), on behalf of the New Member, of such number

of fully paid ordinary shares in the capital of New ARRIS as would have been allotted and issued to such New Member under the Scheme had such Transfer Shares been Scheme Shares, provided that:

- 190.3.1 if the Company is advised that the allotment and issue of any ordinary shares in New ARRIS pursuant to this Article (including without limitation under subparagraph 190.3.2 below) would or may infringe the laws of a jurisdiction outside the United Kingdom or would or may require New ARRIS to comply with any governmental or other consent or any registration, filing or other formality or requirement with which New ARRIS is in its opinion unable to comply or compliance with which New ARRIS regards as unduly onerous, the Company may, in its sole discretion, determine that such ordinary shares in New ARRIS shall be sold, in which event New ARRIS shall appoint a person to act pursuant to this Article and such person shall be authorised on behalf of the New Member to procure that any shares in respect of which New ARRIS has made such a determination, as soon as practicable following the allotment of such shares, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any value added tax payable thereon), rounded down to the nearest penny, shall be paid to the New Member;
- 190.3.2 the number of ordinary shares in New ARRIS allotted and issued to Cede (or any other person) on behalf of a New Member pursuant to this Article 190.3 may be adjusted by the Directors on any reorganisation of or material alteration to the share capital of either the Company or New ARRIS (including, without limitation, any subdivision and/or consolidation) effected after the close of business on the Scheme Effective Date. References in this Article 190.3 to ordinary shares shall, following such adjustment, be construed accordingly;
- 190.3.3 the amount of Cash Consideration per ordinary share paid to a New Member pursuant to this Article 190.3 may be adjusted by the Directors on any reorganisation of or material alteration to the share capital of either the Company or New ARRIS (including, without limitation, any subdivision and/or consolidation) effected after the close of business on the Scheme Effective Date. References in this Article to Cash Consideration shall, following such adjustment, be construed accordingly;
- 190.3.4 no fraction of an ordinary share in New ARRIS shall be allotted or issued pursuant to this Article and the fractional entitlement of each New Member who would otherwise have been entitled to the beneficial interest in a fraction of such ordinary shares in New ARRIS shall be rounded down to the nearest whole number of ordinary shares; and
- 190.3.5 to give effect to any transfer of Transfer Shares, the Company may appoint any person as attorney and agent for the New Member to transfer the Transfer Shares to New ARRIS and/or its nominee(s) and do all such other things and execute and deliver all such documents as may, in the opinion of the attorney, be necessary or desirable to vest the Transfer Shares in New ARRIS and/or its nominee(s) and pending such vesting to exercise all such rights attaching to the Transfer Shares as New ARRIS may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of New ARRIS) be entitled to exercise any rights attaching to the Transfer Shares unless so agreed by New ARRIS. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder) in favour of New ARRIS and the Company may give a good receipt for the consideration for the Transfer Shares and may register New ARRIS and/or its nominee(s) as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the Transfer Shares.
- 190.4 New ARRIS shall issue and allot any ordinary shares in New ARRIS and shall pay the Cash Consideration due in respect of any shares transferred pursuant to Article 190.3 within 14 days of the issue of the Transfer Shares to the New Member. The ordinary shares of New ARRIS to be issued and

allotted pursuant to Article 190.3 shall be issued in certificated or uncertificated form as New ARRIS may determine in its absolute discretion.

190.5 Notwithstanding any other provision of these Articles, neither the Company nor the Directors shall register the transfer of any Scheme Shares effected between the Scheme Record Time and the Scheme Effective Date other than to New ARRIS or as New ARRIS shall direct in writing.

190.6 If the Scheme shall not have become effective by 22 April 2016 (or such later date (if any) as New ARRIS, ARRIS and the Company may agree) and the Court may approve, this Article 190 shall be of no effect.”

By order of the Board

Anthony Dixon
Company Secretary
Pace plc

Registered office:

Salts Mill
Victoria Road
Saltaire
West Yorkshire
BD18 3LF
United Kingdom

25 September 2015

Notes:

1. Your right to appoint a proxy

A member (shareholder) of the Company who is entitled to attend and vote at this general meeting (the “**Meeting**”) may appoint one or more proxies to attend, speak and to vote instead of him/her. A proxy need not be a member of the Company. A white Form of Proxy is enclosed with this Notice of Meeting (the “**Notice**”), and guidance on how to complete the form is set out in Note 2 below. A shareholder can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

Shareholders may register their proxy appointments electronically via <https://www.paceshares.com>, where full details of the procedure are given. This address is given only for the filing of proxies for the General Meeting and not for any other purpose. If you choose to appoint a proxy electronically you will need your unique investor code which is printed on the Forms of Proxy. In order to be valid, such appointments and directions must be registered by no later than 11.10 a.m. on 20 October 2015 (in the case of the General Meeting) or, in the case of an adjourned meeting, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a working day). Shareholders are advised to read the terms and conditions of use carefully.

2. How to fill in the white Form of Proxy

In order to appoint a proxy you should sign and return the enclosed white Form of Proxy to the Company’s registrars, Capita Asset Services, at the address on the back of the form, to arrive not later than 11.10 a.m. on 20 October 2015 or, if the Meeting is adjourned, not later than 48 hours before the time the adjourned meeting is due to start. In determining the time and date for delivery of the white Form of Proxy the Company has excluded non-working days. If you would like to use an envelope, please return the form to ‘FREEPOST CAPITA PXS’. Please note that delivery using this service can take up to 5 business days. If you do not specifically nominate another person to attend the Meeting and to vote on your behalf, the Chairman of the Meeting will be appointed as your proxy and will vote or abstain on a poll, on your behalf in accordance with your instructions. If you wish to appoint as your proxy someone other than the Chairman, cross out the words “the Chairman of the Meeting or” on the white Form of Proxy and write the full name of your proxy in the space provided – you can appoint more than one proxy if you wish. Please remember to ensure that the person concerned is able to attend the Meeting.

If you wish to instruct your proxy how to vote or abstain on each resolution in the event of a poll, please put an “X” in the appropriate box alongside the resolution on the white Form of Proxy. Please note that if you do not give any instructions, your proxy may vote or abstain on the resolution as he or she thinks fit.

Unless you instruct otherwise, your proxy may vote or abstain as he or she thinks fit on any other business which may properly come before the Meeting. Completing and returning the Form of Proxy will not prevent you from attending the Meeting and voting in person.

3. CREST Members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA10) by 11.10 am on 20 October 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4. Your entitlement to vote

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders entered on the register of members of the Company as at 6.00 pm on 20 October 2015 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. If the Meeting is adjourned, the time by which a person must be entered on the register of members is 6.00 p.m. two Business Days preceding the date fixed for the adjourned Meeting. Changes to entries on the Company’s register of members after the relevant time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

5. Documents available for inspection

Copies of the service contracts and letters of appointment of the directors of the Company, the register of members, the details of proxies, the current articles of association, the new articles of association as amended by the resolution and the register of the interests of directors (and their families) in the shares of the Company are available for inspection at the Company’s registered office during normal business hours (Saturdays, Sundays and Bank Holidays excepted) and will also be available for inspection at the Meeting.

6. Voting rights

As at 23 September 2015 (being the latest practicable business date prior to the publication of this Notice) the Company’s issued share capital consists of 320,283,780 ordinary shares carrying one vote each. Every member has one vote on a show of hands and, on a poll, one vote for each share held.

7. Nominated Persons

Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 4 above does not apply to Nominated Persons. The rights described in paragraphs 1 and 4 above can only be exercised by shareholders of the Company.

8. Corporate Representatives

A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

9. Other

The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member of the Company attending, except (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; or (ii) if the answer has already been given on a website in the form of an answer to a question; or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

You may not use any electronic address provided either in the Notice or any related documents (including the white Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found at the Company’s website: www.pace.com.

