

CYPRESS SEMICONDUCTOR CORPORATION
RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES (a)
(In thousands, except per-share data)
(Unaudited)

Table A: Revenue

	Q2'16	Q1'16
GAAP revenue	\$ 450,127	\$ 418,964
License	6,250	6,250
Non-GAAP revenue	<u>\$ 456,377</u>	<u>\$ 425,214</u>

Table B: GAAP to Non-GAAP reconciling items (Q2 2016)

	<i>Cost of revenues</i>	<i>Research and development</i>	<i>SG&A</i>	<i>Amortization of Intangible assets</i>	<i>Goodwill impairment charge</i>	<i>Interest and other expense, net</i>	<i>Income tax benefit (provision)</i>
GAAP	\$ 291,349	\$ 70,171	\$ 82,490	\$ 32,605	\$ 488,504	\$ 9,884	\$ 5,221
[1] Stock based compensation, including	4,278	5,329	9,242	-	-	-	-
[2] Changes in value of deferred compensation plan	86	242	530	-	-	(604)	-
[3] Merger, integration and related costs	3,149	19	8,514	-	-	-	-
[4] Losses from equity method investments	-	-	-	-	-	2,568	-
[5] Imputed interest on convertible debt and other	-	-	-	-	-	1,919	-
[6] Amortization of Intangible assets	-	-	-	32,605	-	-	-
[7] Restructuring costs, including CEO severance	-	-	5,153	-	-	-	-
[8] Goodwill impairment charge	-	-	-	-	488,504	-	-
[9] Tax impact of Non-GAAP adjustments	-	-	380	-	-	(292)	(8,402)
Non-GAAP	<u>\$ 283,836</u>	<u>\$ 64,581</u>	<u>\$ 58,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,293</u>	<u>\$ (3,181)</u>

Table C: GAAP to Non-GAAP reconciling items (Q1 2016)

	<i>Cost of revenues</i>	<i>Research and development</i>	<i>SG&A</i>	<i>Amortization of Intangible assets</i>	<i>Impairment of acquisition-related intangible assets</i>	<i>Interest and other expense, net</i>	<i>Income tax benefit (provision)</i>
GAAP	\$ 293,179	\$ 73,967	\$ 74,769	\$ 35,187	\$ 33,944	\$ 8,329	\$ (3,742)
[1] Stock based compensation	5,647	6,930	10,960	-	-	-	-
[2] Changes in value of deferred	46	130	283	-	-	126	-
[3] Merger, integration and related costs	19,113	677	4,577	-	33,944	-	-
[4] Losses from equity method investments	-	-	-	-	-	2,078	-
[5] Imputed interest on convertible debt	-	-	-	-	-	628	-
[6] Amortization of Intangible assets	-	-	-	35,187	-	-	-
[7] Tax impact of Non-GAAP adjustments	-	-	-	-	-	-	161
[8] Restructuring costs	-	-	269	-	-	-	-
Non - GAAP	<u>\$ 268,372</u>	<u>\$ 66,230</u>	<u>\$ 58,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,497</u>	<u>\$ (3,581)</u>

Table D: Operating income (loss)

	Q2'16	Q1'16
GAAP operating loss	\$ (514,992)	\$ (92,083)
adjustments (see tables A,B,C)	564,281	124,014
Non-GAAP operating income	<u>\$ 49,289</u>	<u>\$ 31,931</u>

Table E: Net income (loss)

	Q2'16	Q1'16
GAAP Net loss	\$ (519,274)	\$ (104,022)
adjustments (see Tables A,B,C)	559,470	127,007
Non-GAAP Net income	<u>\$ 40,196</u>	<u>\$ 22,985</u>

Table F: Weighted-average shares

	Q2'16		Q1'16	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Weighted-average common shares	314,305	314,305	320,351	320,351
Effect of dilutive securities:				
Stock options, unvested restricted stock	—	12,858	—	11,045
Impact of convertible bond	—	12,577	—	9,417
Weighted-average common shares	<u>314,305</u>	<u>339,740</u>	<u>320,351</u>	<u>340,813</u>

(a) Refer to the accompanying "Notes to Non-GAAP Financial Measures" for a detailed discussion of management's use of non-GAAP financial measures.