

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

**Table A: Revenue**

	Q3'16	Q2'16
GAAP revenue	\$ 523,845	\$ 450,127
Add: Revenue from Intellectual Property License	6,250	6,250
<b>Non-GAAP revenue</b>	<b>\$ 530,095</b>	<b>\$ 456,377</b>

**Table B: GAAP to Non-GAAP reconciling items (Q3 2016)**

	Cost of revenues	Research and development	SG&A	Amortization of Intangible assets	Impairment related to assets held for sale	(Gain) related to investment in Deca Technologies	Interest and other expense, net	Income tax provision
GAAP [i]	\$ 325,225	\$ 95,411	\$ 92,179	\$ 54,849	\$ 35,259	\$ (112,774)	\$ 21,157	\$ (3,304)
[1] Stock based compensation, including costs related to modification of equity awards	4,852	12,581	9,880	—	—	—	—	—
[2] Changes in value of deferred compensation plan	113	365	785	—	—	—	(1,207)	—
[3] Merger, integration and related costs	192	1,937	10,390	—	—	—	—	—
[4] Inventory Step-up related to acquisition accounting	4,742	—	—	—	—	—	—	—
[5] Losses from equity method investments	—	—	—	—	—	—	4,233	—
[6] Imputed interest on convertible debt, equity component amortization on convertible debt and others	—	—	—	—	—	—	2,926	—
[7] Amortization of debt issuance costs	—	—	—	—	—	—	950	—
[8] Amortization of Intangible assets	—	—	—	54,849	—	—	—	—
[9] (Gain) related to investment in Deca Technologies	—	—	—	—	—	(112,774)	—	—
[10] Impairment related to assets held for sale	—	—	—	—	35,259	—	—	—
[11] Restructuring costs, including executive severance	—	—	7,970	—	—	—	—	—
[12] Tax impact of Non-GAAP adjustments	—	—	(179)	—	—	—	(55)	(4)
<b>Non-GAAP [ii]</b>	<b>\$ 315,326</b>	<b>\$ 80,528</b>	<b>\$ 63,333</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 14,310</b>	<b>\$ (3,308)</b>
<b>Impact of reconciling items [ii - i]</b>	<b>\$ (9,899)</b>	<b>\$ (14,883)</b>	<b>\$ (28,846)</b>	<b>\$ (54,849)</b>	<b>\$ (35,259)</b>	<b>\$ 112,774</b>	<b>\$ (6,847)</b>	<b>\$ (4)</b>
<b>Impact of reconciling items as a % of Non-GAAP Revenue (Per Table A)</b>	<b>(3.54)%</b>	<b>(2.45)%</b>	<b>(4.10)%</b>	<b>(10.35)%</b>	<b>(6.65)%</b>	<b>0.08 %</b>	<b>(1.29)%</b>	<b>0.06 %</b>

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

	Cost of revenues	Research and development	SG&A	Amortization of Intangible assets	Goodwill impairment charge	Interest and other expense, net	Income tax benefit (provision)
GAAP [i]	\$ 291,349	\$ 70,171	\$ 82,490	\$ 32,605	\$ 488,504	\$ 9,884	\$ 5,221
[1] Stock based compensation, including costs related to modification of equity awards	4,278	5,329	9,242	—	—	—	—
[2] Changes in value of deferred compensation plan	86	242	530	—	—	(604)	—
[3] Merger, integration and related costs	1,429	19	8,514	—	—	—	—
[4] Inventory Step-up related to acquisition accounting	1,720	—	—	—	—	—	—
[5] Losses from equity method investments	—	—	—	—	—	2,568	—
[6] Imputed interest on convertible debt and other	—	—	—	—	—	1,919	—
[7] Amortization of Intangible assets	—	—	—	32,605	—	—	—
[8] Restructuring costs, including CEO severance	—	—	5,153	—	—	—	—
[9] Goodwill impairment charge	—	—	—	—	488,504	—	—
[10] Tax impact of Non-GAAP adjustments	—	—	380	—	—	(292)	(8,402)
<b>Non-GAAP [ii]</b>	<b>\$ 283,836</b>	<b>\$ 64,581</b>	<b>\$ 58,671</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6,293</b>	<b>\$ (3,181)</b>
<b>Impact of reconciling items [ii - i]</b>	<b>\$ (7,513)</b>	<b>\$ (5,590)</b>	<b>\$ (23,819)</b>	<b>\$ (32,605)</b>	<b>\$ (488,504)</b>	<b>\$ (3,591)</b>	<b>\$ (8,402)</b>

**Table D: Operating income (loss)**

	Q3'16	Q2'16
GAAP operating income (loss) [i]	33,696	\$ (514,992)
Impact of reconciling items on Revenue (see Table A)	6,250	6,250
Impact of reconciling items on Cost of revenues (see Table B, C)	9,899	7,513
Impact of reconciling items on R&D (see Table B, C)	14,883	5,590
Impact of reconciling items on SG&A (see Table B, C)	28,846	23,819
Impact of Amortization of Intangible Assets (see Table B,C)	54,849	32,605
Impact of Goodwill impairment charge (see Table C)	—	488,504
Impact of Impairment related to assets held for sale (see Table B)	35,259	—
(Gain) related to investment in Deca Technologies (see Table B)	\$ (112,774)	—
<b>Non-GAAP operating income [ii]</b>	<b>\$ 70,908</b>	<b>\$ 49,289</b>
<b>Impact of reconciling items [ii - i]</b>	<b>37,212</b>	<b>564,281</b>

**Table E: Pre-tax profit**

	Q3'16	Q2'16
GAAP Pre-tax profit	\$ 12,539	\$ (524,876)
Impact of reconciling items on Operating income (see Table D)	37,212	564,281
Interest and other expense, net (see Table B,C)	6,847	3,591
<b>Non-GAAP Pre-tax income</b>	<b>\$ 56,598</b>	<b>\$ 42,996</b>

**Table F: Net income (loss)**

	Q3'16	Q2'16
GAAP Net income (loss)	\$ 9,411	\$ (519,274)
Impact of reconciling items on Operating income (see Table D)	37,212	564,281
Interest and other expense, net (see Table B,C)	6,847	3,591
Income tax provision (see Table B,C)	\$ (4)	(8,402)
<b>Non-GAAP Net income</b>	<b>\$ 53,467</b>	<b>\$ 40,196</b>

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