## ENTROPIC COMMUNICATIONS, INC. Non-GAAP Supplemental Financial Information (Unaudited; in thousands, except percentage data)

The following table sets forth certain non-GAAP financial measures used in calculating Entropic's non-GAAP net (loss) income for the periods presented. Such non-GAAP financial measures are based upon Entropic's unaudited consolidated statements of operations for the periods presented and give effect to certain adjustments identified in the table. Such adjustments include the addition of RF Magic Inc.'s non-GAAP financial results as if the acquisition of RF Magic had occurred at the beginning of each period presented. The presentation of such non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. In addition, investors should not rely on the results of prior periods as an indication of Entropic's future performance.

Page 1918   Page 1918   Page 2918   Page 2918   Page 2918   Page 3918   Pag	performance.							·						
Page		2007				2008						2009		
Mathematical   Math		Q1 C		Q3	Q4		Q1	Q2	Q3	Q4	Q1			
			(una	udited)				(una	audit	ed)		(ur	audited)	
	NET REVENUES:													
Part					\$ 40,168	\$	41,988	\$ 42,830	5 \$	31,678	\$ 29,531	\$	24,123	
Control Pietri Reviews		9,21										_		
March   Marc	Non-GAAP net revenues	\$ 29,24	4 \$ 32,013	\$ 36,144	\$ 40,168	\$	41,988	\$ 42,830	5 \$	31,678	\$ 29,531	\$	24,123	
Mathematical process   1968   1968   1968   1969	COST OF NET REVENUES:													
Personal process	GAAP cost of net revenues	\$ 14,53	1 \$ 17,961	\$ 21,999	\$ 21,705	\$	22,837	\$ 23,869	9 \$	17,308	\$ 15,397	\$	11,904	
Marchest conference process of the section of the	Add: RF Magic non-GAAP cost of net revenues (pre-acquisition) (a)	2,81	8 2,613	-	-		-		-	-	-		-	
				0.5	74		40				70		46	
Marchard Protect Process			- 3											
CAMP grows profit							1,240	1,000		-	-		-	
Part	Non-GAAP cost of net revenues	\$ 17,34	9 \$ 20,571	\$ 18,612	\$ 19,707	\$	21,551	\$ 22,21	5 \$	15,655	\$ 13,729	\$	11,482	
RFN proponen darkar gross portifique acquisition (a)	GROSS PROFIT:													
Part	GAAP gross profit	\$ 5,49	5 \$ 8,246	\$ 14,145	\$ 18,463	\$	19,151	\$ 18,967	7 \$	14,370	\$ 14,134	\$	12,219	
Second compensation aspesses   3   5   7   7   6   7   7   7   7   7   7   7	Add:													
		6,40			-		-		-	-	-		-	
MoneAAP gross margin   1.0			- 3											
Part							-			-				
Performance	Non-GAAP gross profit	\$ 11,89	5 \$ 11,442	\$ 17,532	\$ 20,461	\$	20,437	\$ 20,62	1 \$	16,023	\$ 15,802	\$	12,641	
Properties   Pro	GAAP gross margin	27.4	% 31.5%	30.1%	46.0%		45.6%	44 39	<b>1</b>	45 4%	47.0%		50.7%	
Part														
March poperating expenses (pre-acquisition) (a)   6,267   8   3,631   8   1,030   8   2,075   2   2,														
Loss														
Second compensation empenses	GAAP operating expenses	\$ 6,45	7 \$ 31,631	\$ 19,208	\$ 21,006	\$	22,655	\$ 25,677	7 \$	21,613	\$ 133,325	\$	20,997	
Stock-based compensation expenses		5,39	2 5,737	-	-		-		-	-	-		-	
Part														
With colf of acquired in-process research and development (Presention Dorsusse Research Information Dorsusse Research Information Concesses (Presention Concesses)         2.1.0         1.0.1         6.08         0.0         1.1.0<		14												
Part					1,296		596			713	713		16	
Restricturing change (penelti)			- 21,400	-	-		-			-	-		-	
Impairment of goodwill & intangible assets   113,100				-	-		1 070						1 124	
Name				_			1,073	(11	-	203				
Command   Comm		\$ 11,70	9 \$ 15,198	\$ 15,043	\$ 17,088	\$	17,402	\$ 19,668	3 \$	17,296		\$		
Part	, , , , , , , , , , , , , , , , , , ,	<u> </u>						· · · · · · ·		,		_		
Acid:  Loss (gain) on fair value of preferred stock warrant liabilities  271 340 1,339 8,189 8,210 1,305 8,210 1,305 8,210 1,305 8,210 1,305 8,207 1,305 8,207 1,305 8,207 1,305 8,207 1,305 1,305 8,207 1,305 1,3														
Control   Cont		\$ (15	0) \$ (337	) \$ (1,583)	) \$ 2,101	\$	(198)	\$ 19°	1 \$	156	\$ 80	\$	59	
Write off of debt issuance costs         Image: Content income (expense), net (pre-acquisition)         (180)         (209)         Content income (expense), net and cumulative effect of change in accounting principle         (180)         (209)         (180)         (209)         (208	Add:													
RF Magic other income (expense), net (pre-acquisition)   (180)   (209)   (180)   (18	Loss (gain) on fair value of preferred stock warrant liabilities	27	1 340	1,395	(2,180)		-		-	-	-		-	
Non-GAAP other income (expense), net and cumulative effect of change in accounting principle   \$100   \$10	Write off of debt issuance costs			-	-		476		-	-	-		-	
Name		(18	0) (209	)						-				
NCOME TAX PROVISION (BENEFIT):   GAAP Income tax provision (benefit)   \$		• "	a)							450				
GAAP income tax provision (benefit)         \$	in accounting principle	\$ (5	9) \$ (206	) \$ (188)	) <u>\$ (79</u> )	\$	2/8	\$ 19	1 \$	156	\$ 80	\$	59	
Add:         RF Magic income tax provision (pre-acquisition)         21         9 <td>INCOME TAX PROVISION (BENEFIT):</td> <td></td>	INCOME TAX PROVISION (BENEFIT):													
RESEARCH AND DEVELOPMENT EXPENSE:         \$ 1,90         \$ 11,923         \$ 11,923         \$ 11,923         \$ 12,423         \$ 13,313         \$ 13,902         \$ 12,876         \$ 13,322           GAAP research and development         \$ 4,190         \$ 6,699         \$ 11,923         \$ 12,423         \$ 13,313         \$ 15,678         \$ 13,902         \$ 12,876         \$ 13,323           Add: RF Magic non-GAAP research and development (pre-acquisition) (a)         3,241         3,485         1,225         1,552         648         0.0 </td <td>GAAP income tax provision (benefit)</td> <td>\$</td> <td>- \$ -</td> <td>\$ -</td> <td>\$ 44</td> <td>\$</td> <td>154</td> <td>\$ (72</td> <td>2) \$</td> <td>37</td> <td>\$ (168)</td> <td>\$</td> <td>17</td>	GAAP income tax provision (benefit)	\$	- \$ -	\$ -	\$ 44	\$	154	\$ (72	2) \$	37	\$ (168)	\$	17	
RESEARCH AND DEVELOPMENT EXPENSE:  GAAP research and development (pre-acquisition) (a) 3,241 3,485 3,245 3,245 3,3	,					_			= -			_		
GAAP research and development         \$ 4,190         \$ 6,699         \$ 11,923         \$ 12,423         \$ 13,313         \$ 15,678         \$ 13,902         \$ 12,876         \$ 13,322           Add: RF Magic non-GAAP research and development (pre-acquisition) (a)         3,241         3,485         -	Non-GAAP income tax provision (benefit)	\$ 2	1 \$ 9	<u>\$ -</u>	\$ 44	\$	154	\$ (72	2) \$	37	(168)	\$	17	
Add: RF Magic non-GAAP research and development (pre-acquisition) (a)         3,241         3,485         -         -         -         648         -	RESEARCH AND DEVELOPMENT EXPENSE:													
Less: Vativ retention bonus         5         5         648         5         648         1,627         1,522           Less: stock-based compensation expense         53         397         1,476         1,215         1,758         1,829         1,834         1,627         1,522           Non-GAAP research and development         \$7,378         \$9,787         \$10,447         \$11,208         \$1,555         \$1,320         \$1,208         \$11,209         \$11,809           SALES AND MARKETING EXPENSE:           GAP sales and marketing         \$1,500         \$1,859         \$3,283         \$3,706         \$4,144         \$4,455         \$3,991         \$3,672         \$3,672         \$3,672           Add: RF Magic non-GAAP sales and marketing (pre-acquisition) (a)         1,157         1,252         2         2         2         2         2         2         2         2         2         2         3,672         \$3,672		\$ 4,19	0 \$ 6,699	\$ 11,923	\$ 12,423	\$	13,313	\$ 15,678	3 \$	13,902	\$ 12,876	\$	13,323	
Less: stock-based compensation expense         53         397         1,476         1,215         1,758         1,829         1,834         1,627         1,529           Non-GAAP research and development         \$7,378         \$9,787         \$10,447         \$11,208         \$11,555         \$1,320         \$1,208         \$11,209         \$11,809         \$1,809 <td>Add: RF Magic non-GAAP research and development (pre-acquisition) (a)</td> <td>3,24</td> <td>1 3,485</td> <td>-</td> <td>-</td> <td></td> <td>_</td> <td></td> <td>-</td> <td>_</td> <td>-</td> <td></td> <td>-</td>	Add: RF Magic non-GAAP research and development (pre-acquisition) (a)	3,24	1 3,485	-	-		_		-	_	-		-	
Non-GAAP research and development         \$ 7,378         \$ 9,787         \$ 10,447         \$ 11,208         \$ 11,555         \$ 13,201         \$ 12,068         \$ 11,249         \$ 11,801           SALES AND MARKETING EXPENSE:           GAAP sales and marketing         \$ 1,500         \$ 1,859         \$ 3,831         \$ 3,706         \$ 4,144         \$ 4,455         \$ 3,991         \$ 3,672	Less: Vativ retention bonus			-	-		-	648	3	-	-		-	
SALES AND MARKETING EXPENSE:           GAAP sales and marketing         \$ 1,500         \$ 1,859         \$ 3,283         \$ 3,706         \$ 4,144         \$ 4,455         \$ 3,991         \$ 3,672         \$ 3,637           Add: RF Magic non-GAAP sales and marketing (pre-acquisition) (a)         1,157         1,252         -	Less: stock-based compensation expense	5	3 397	1,476	1,215		1,758	1,829	9 _	1,834	1,627		1,522	
GAAP sales and marketing         \$ 1,500         \$ 1,859         \$ 3,283         \$ 3,706         \$ 4,144         \$ 4,455         \$ 3,991         \$ 3,672         \$ 3,67	Non-GAAP research and development	\$ 7,37	8 \$ 9,787	\$ 10,447	\$ 11,208	\$	11,555	\$ 13,20°	1 \$	12,068	\$ 11,249	\$	11,801	
GAAP sales and marketing         \$ 1,500         \$ 1,859         \$ 3,283         \$ 3,706         \$ 4,144         \$ 4,455         \$ 3,991         \$ 3,672         \$ 3,67														
Add: RF Magic non-GAAP sales and marketing (pre-acquisition) (a)       1,157       1,252       -						_								
Less: Vativ retention bonus         5         3         5         3         5         3<	_				\$ 3,706	\$	4,144	\$ 4,45	5 \$	3,991	\$ 3,672	\$	3,637	
Less: stock-based compensation expense         65         145         475         489         623         611         647         453         368           Non-GAAP sales and marketing         \$2,592         2,966         2,806         3,217         3,521         3,794         3,344         3,219         3,226           GENERAL AND ADMINISTRATIVE EXPENSE:           GAAP general and administrative         767         1,631         2,706         3,581         3,521         3,541         2,798         2,890         2,689           Add: RF Magic non-GAAP general and administrative (pre-acquisition) (a)         994         1,000         -         <		1,15	7 1,252	-	-		-		-	-	-		-	
Mon-GAAP sales and marketing         \$ 2,592         2,966         2,808         3,217         \$ 3,521         \$ 3,794         \$ 3,344         \$ 3,219         \$ 3,269           GENERAL AND ADMINISTRATIVE EXPENSE:           GAAP general and administrative         \$ 767         \$ 1,631         \$ 2,706         \$ 3,581         \$ 3,521         \$ 2,798         \$ 2,890         \$ 2,689           Add: RF Magic non-GAAP general and administrative (pre-acquisition) (a)         994         1,000         -         <		_		-	-								-	
GENERAL AND ADMINISTRATIVE EXPENSE:           GAAP general and administrative         \$ 767         \$ 1,631         \$ 2,706         \$ 3,581         \$ 3,523         \$ 3,541         \$ 2,798         \$ 2,890         \$ 2,689           Add: RF Magic non-GAAP general and administrative (pre-acquisition) (a)         994         1,000         -						_						_		
GAAP general and administrative         767         1,631         2,706         3,581         3,523         3,521         2,798         2,890         2,689           Add: RF Magic non-GAAP general and administrative (pre-acquisition) (a)         994         1,000         -<	NON-GAAY Sales and marketing	<u>\$ 2,59</u>	<u>\$ 2,966</u>	<u>\$ 2,808</u>	<u>\$ 3,217</u>	\$	3,521	<b>⇒</b> 3,794	+ \$	3,344	<u>\$ 3,219</u>	\$	3,269	
Add: RF Magic non-GAAP general and administrative (pre-acquisition) (a)       994       1,000       -	GENERAL AND ADMINISTRATIVE EXPENSE:													
Less: stock-based compensation expense         22         186         918         918         1,197         868         914         875         902	GAAP general and administrative	\$ 76	7 \$ 1,631	\$ 2,706	\$ 3,581	\$	3,523	\$ 3,54	1 \$	2,798	\$ 2,890	\$	2,689	
	Add: RF Magic non-GAAP general and administrative (pre-acquisition) (a)	99	4 1,000	-	-		-		-	-	-		-	
Non-GAAP general and administrative \$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Less: stock-based compensation expense	2	2 186	918	918		1,197	868	3 _	914	875	_	902	
	Non-GAAP general and administrative	\$ 1,73	9 \$ 2,445	\$ 1,788	\$ 2,663	\$	2,326	\$ 2,673	\$	1,884	\$ 2,015	\$	1,787	