Firms increasingly report non-GAAP earnings in addition to GAAP earnings. Managers have strong incentives to meet market expectations and to convey their views on firm performance, and argue that non-GAAP reporting gives them the flexibility to provide more informative earnings measures. At the same time, regulators and the financial press have expressed concerns that non-GAAP earnings may also be used opportunistically. In this paper, we examine the possibility that disclosure of non-GAAP earnings allows managers to satisfy market expectations with respect to firm performance without having to resort to GAAP earnings management, reducing the aggressiveness of managers’ GAAP reporting. In an experiment using experienced participants, we predict and find that managers are willing to book a larger impairment that misses a GAAP-based benchmark when non-GAAP earnings that exclude this impairment are also reported. However, when regulatory focus on non-GAAP earnings is made salient, managers book a smaller (more aggressive) impairment that meets the GAAP-based benchmark. Collectively, our results suggest that disclosure of non-GAAP earnings may decrease aggressiveness of GAAP reporting and highlight a potential unintended consequence of regulatory focus on non-GAAP reporting. Process evidence provided via a survey of experienced financial managers supports our experimental findings.