

–Summary Financial Data Attached –

ATHEROS COMMUNICATIONS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
 (In thousands, except per share data)

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|-----------------|-------------------------|------------------|
| | June 30, | | June 30, | |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| Net revenue | \$ 43,374 | \$ 46,593 | \$ 84,607 | \$ 89,692 |
| Cost of goods sold | <u>25,329</u> | <u>23,347</u> | <u>48,196</u> | <u>47,415</u> |
| Gross profit | 18,045 | 23,246 | 36,411 | 42,277 |
| Operating expenses: | | | | |
| Research and development | 11,700 | 10,496 | 22,464 | 20,221 |
| Sales and marketing | 4,445 | 4,159 | 8,453 | 7,660 |
| General and administrative | 2,424 | 2,063 | 4,573 | 4,293 |
| Stock-based compensation | <u>617</u> | <u>1,024</u> | <u>1,071</u> | <u>2,140</u> |
| Total operating expenses | 19,186 | 17,742 | 36,561 | 34,314 |
| Income (loss) from operations | (1,141) | 5,504 | (150) | 7,963 |
| Interest income, net | 1,126 | 470 | 2,098 | 623 |
| Income taxes | <u>(201)</u> | <u>(452)</u> | <u>(495)</u> | <u>(685)</u> |
| Net income (loss) | <u>\$ (216)</u> | <u>\$ 5,522</u> | <u>\$ 1,453</u> | <u>\$ 7,901</u> |
| Basic earnings (loss) per share | <u>\$ 0.00</u> | <u>\$ 0.12</u> | <u>\$ 0.03</u> | <u>\$ 0.20</u> |
| Diluted earnings (loss) per share | <u>\$ 0.00</u> | <u>\$ 0.10</u> | <u>\$ 0.03</u> | <u>\$ 0.15</u> |
| Shares used in computing basic and non-GAAP basic earnings (loss) per share (*) | <u>48,672</u> | <u>46,499</u> | <u>48,382</u> | <u>38,637</u> |
| Shares used in computing diluted earnings (loss) per share | <u>48,672</u> | <u>53,799</u> | <u>53,440</u> | <u>51,015</u> |
| Shares used in computing non-GAAP diluted earnings per share (*) | <u>53,050</u> | <u>53,799</u> | <u>53,440</u> | <u>51,015</u> |
| Non-GAAP net income (*) | <u>\$ 401</u> | <u>\$ 6,546</u> | <u>\$ 2,524</u> | <u>\$ 10,041</u> |
| Non-GAAP basic earnings per share (*) | <u>\$ 0.01</u> | <u>\$ 0.14</u> | <u>\$ 0.05</u> | <u>\$ 0.26</u> |
| Non-GAAP diluted earnings per share (*) | <u>\$ 0.01</u> | <u>\$ 0.12</u> | <u>\$ 0.05</u> | <u>\$ 0.20</u> |

**Reconciliation of GAAP Net Income (Loss) to
 Non-GAAP Net Income**

| | Three Months Ended | | Six Months Ended | |
|---------------------------------|---------------------------|-----------------|-------------------------|------------------|
| | June 30, | | June 30, | |
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| GAAP net income (loss) | \$ (216) | \$ 5,522 | \$ 1,453 | \$ 7,901 |
| Stock-based compensation | <u>617</u> | <u>1,024</u> | <u>1,071</u> | <u>2,140</u> |
| Non-GAAP net income | <u>\$ 401</u> | <u>\$ 6,546</u> | <u>\$ 2,524</u> | <u>\$ 10,041</u> |

(*) To supplement our consolidated financial statements presented in accordance with GAAP, we have shown above a non-GAAP measure of net income, which is adjusted from results based on GAAP to exclude stock-based compensation. This non-GAAP measure is provided to enhance the user's overall understanding of our historical financial performance. Specifically, we believe the non-GAAP results provide useful information to both management and investors by excluding stock-based compensation expenses.

ATHEROS COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands)

| | <u>June 30, 2005</u> | <u>December 31, 2004</u> |
|--|--------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash, cash equivalents and marketable securities | \$164,130 | \$154,485 |
| Accounts receivable, net | 27,135 | 29,750 |
| Inventory | 18,105 | 15,215 |
| Prepaid expenses and other current assets | <u>4,887</u> | <u>3,611</u> |
| Total current assets | 214,257 | 203,061 |
| Property and equipment, net | 4,845 | 2,757 |
| Other assets | 455 | 545 |
| | <u>\$219,557</u> | <u>\$206,363</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | \$40,377 | \$33,022 |
| Long-term liabilities | 875 | 301 |
| Stockholders' equity | <u>178,305</u> | <u>173,040</u> |
| | <u>\$219,557</u> | <u>\$206,363</u> |