

- Summary Financial Data Attached -

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

	Three Months Ended	
	March 31,	
	<u>2007</u>	<u>2006</u>
Net revenue	\$ 95,518	\$ 61,084
Cost of goods sold	<u>49,916</u>	<u>31,666</u>
Gross profit	45,602	29,418
Operating expenses:		
Research and development	23,606	15,529
Sales and marketing	8,422	5,649
General and administrative	4,727	2,896
Amortization of acquired intangible assets	<u>1,779</u>	<u>-</u>
Total operating expenses	38,534	24,074
Income from operations	7,068	5,344
Interest income, net	2,492	1,816
Provision for income taxes	<u>(1,961)</u>	<u>(346)</u>
Net income	<u>\$ 7,599</u>	<u>\$ 6,814</u>
Basic earnings per share	<u>\$ 0.14</u>	<u>\$ 0.14</u>
Diluted earnings per share	<u>\$ 0.13</u>	<u>\$ 0.13</u>
Shares used in computing basic earnings per share	<u>54,681</u>	<u>50,445</u>
Shares used in computing diluted earnings per share	<u>58,310</u>	<u>54,472</u>
Non-GAAP net income (*)	<u>\$ 13,612</u>	<u>\$ 7,894</u>
Shares used in computing non-GAAP basic earnings per share (*)	<u>54,681</u>	<u>50,445</u>
Shares used in computing non-GAAP diluted earnings per share (*)	<u>58,310</u>	<u>54,472</u>
Non-GAAP basic earnings per share (*)	<u>\$ 0.25</u>	<u>\$ 0.16</u>
Non-GAAP diluted earnings per share (*)	<u>\$ 0.23</u>	<u>\$ 0.14</u>

(*) To supplement our condensed consolidated financial statements in accordance with GAAP, we have provided above non-GAAP measures of net income and basic and diluted earnings per share. Our management believes that these non-GAAP measures provide useful information to enhance the overall understanding of our ongoing economic performance, and therefore, uses these non-GAAP measures in our internal reporting to evaluate and manage our operations. We have provided the non-GAAP measures above to enable investors to perform comparisons of our operating results in a similar manner as our management analyzes those operating results. A reconciliation of the reported GAAP to non-GAAP condensed consolidated statements of operations is provided separately.

ATHEROS COMMUNICATIONS, INC.
RECONCILIATION OF REPORTED GAAP TO NON-GAAP
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	Three Months Ended		
	March 31, 2007		
	<u>Reported</u>	<u>Non-GAAP Entries</u>	<u>Non-GAAP</u>
Net revenue	\$95,518	\$ ---	\$95,518
Cost of goods sold	<u>49,916</u>	<u>(284)</u> (a)	<u>49,632</u>
Gross profit	45,602	284	45,886
Operating expenses:			
Research and development	23,606	(2,996) (b)	20,610
Sales and marketing	8,422	(1,041) (b)	7,381
General and administrative	4,727	(698) (b)	4,029
Amortization of acquired intangible assets	<u>1,779</u>	<u>(1,779)</u> (c)	<u>---</u>
Total operating expenses	38,534	(6,514)	32,020
Income from operations	7,068	6,798	13,866
Interest income, net	2,492	---	2,492
Provision for income taxes	<u>(1,961)</u>	<u>(785)</u> (d)	<u>(2,746)</u>
Net income	<u>\$7,599</u>	<u>\$6,013</u>	<u>\$13,612</u>
Basic earnings per share	<u>\$0.14</u>		<u>\$0.25</u>
Diluted earnings per share	<u>\$0.13</u>		<u>\$0.23</u>
Shares used in computing basic earnings per share	<u>54,681</u>		<u>54,681</u>
Shares used in computing diluted earnings per share	<u>58,310</u>		<u>58,310</u>

Notes:

- (a) Stock-based compensation expense of \$125 and acquisition related charges of \$159
- (b) Stock-based compensation expense
- (c) Amortization of acquired intangible assets
- (d) Net tax effect of non-GAAP adjustments

ATHEROS COMMUNICATIONS, INC.
RECONCILIATION OF REPORTED GAAP TO NON-GAAP
PRELIMINARY CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	Three Months Ended		
	March 31, 2006		
	<u>Reported</u>	<u>Non-GAAP Entries</u>	<u>Non-GAAP</u>
Net revenue	\$61,084	\$ ---	\$61,084
Cost of goods sold	<u>31,666</u>	<u>(118) (a)</u>	<u>31,548</u>
Gross profit	29,418	118	29,536
Operating expenses:			
Research and development	15,529	(1,690) (a)	13,839
Sales and marketing	5,649	(677) (a)	4,972
General and administrative	2,896	(488) (a)	2,408
Amortization of acquired intangible assets	<u>---</u>	<u>---</u>	<u>---</u>
Total operating expenses	24,074	(2,855)	21,219
Income from operations	5,344	2,973	8,317
Interest income, net	1,816	---	1,816
Provision for income taxes	<u>(346)</u>	<u>(1,893) (b)</u>	<u>(2,239)</u>
Net income	<u>\$6,814</u>	<u>\$1,080</u>	<u>\$7,894</u>
Basic earnings per share	<u>\$0.14</u>		<u>\$0.16</u>
Diluted earnings per share	<u>\$0.13</u>		<u>\$0.14</u>
Shares used in computing basic earnings per share	<u>50,445</u>		<u>50,445</u>
Shares used in computing diluted earnings per share	<u>54,472</u>		<u>54,472</u>

Notes:

(a) Stock-based compensation expense

(b) Income tax benefit of \$1,392 from the partial release of the deferred tax asset valuation allowance, and \$501 from the net tax effect of non-GAAP adjustments

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

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 206,400	\$ 185,906
Accounts receivable, net	53,467	46,016
Inventory	31,326	25,879
Deferred income taxes and other current assets	<u>12,495</u>	<u>10,645</u>
Total current assets	303,688	268,446
Property and equipment, net	9,548	8,994
Goodwill and acquired intangible assets	80,398	81,717
Deferred income taxes and other assets	<u>11,579</u>	<u>4,901</u>
	<u>\$ 405,213</u>	<u>\$ 364,058</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 77,269	\$ 63,981
Deferred income taxes and other long-term liabilities	35,931	19,135
Stockholders' equity	<u>292,013</u>	<u>280,942</u>
	<u>\$ 405,213</u>	<u>\$ 364,058</u>