

– Summary Financial Data Attached –

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Net revenue	\$ 79,608	\$ 45,800	\$ 213,885	\$ 130,407
Cost of goods sold	<u>41,942</u>	<u>25,913</u>	<u>110,981</u>	<u>74,158</u>
Gross profit	37,666	19,887	102,904	56,249
Operating expenses:				
Research and development	18,314	11,943	51,745	35,006
Sales and marketing	7,374	4,276	19,732	12,836
General and administrative	4,237	2,748	11,035	7,637
Amortization of acquired intangible assets	489	-	489	-
Acquired in-process research and development	<u>400</u>	<u>-</u>	<u>400</u>	<u>-</u>
Total operating expenses	30,814	18,967	83,401	55,479
Income from operations	6,852	920	19,503	770
Interest income, net	2,319	1,262	6,323	3,360
Provision for income taxes	<u>(2,850)</u>	<u>(30)</u>	<u>(5,938)</u>	<u>(525)</u>
Net income	<u>\$ 6,321</u>	<u>\$ 2,152</u>	<u>\$ 19,888</u>	<u>\$ 3,605</u>
Basic earnings per share	<u>\$ 0.12</u>	<u>\$ 0.04</u>	<u>\$ 0.39</u>	<u>\$ 0.07</u>
Diluted earnings per share	<u>\$ 0.11</u>	<u>\$ 0.04</u>	<u>\$ 0.36</u>	<u>\$ 0.07</u>
Shares used in computing basic earnings per share	<u>52,107</u>	<u>48,984</u>	<u>51,331</u>	<u>48,582</u>
Shares used in computing diluted earnings per share	<u>55,423</u>	<u>53,617</u>	<u>55,114</u>	<u>53,499</u>
Non-GAAP net income (*)	<u>\$ 10,539</u>	<u>\$ 2,593</u>	<u>\$ 27,942</u>	<u>\$ 5,117</u>
Shares used in computing non-GAAP basic earnings per share (*)	<u>52,107</u>	<u>48,984</u>	<u>51,331</u>	<u>48,582</u>
Shares used in computing non-GAAP diluted earnings per share (*)	<u>55,423</u>	<u>53,617</u>	<u>55,114</u>	<u>53,499</u>
Non-GAAP basic earnings per share (*)	<u>\$ 0.20</u>	<u>\$ 0.05</u>	<u>\$ 0.54</u>	<u>\$ 0.11</u>
Non-GAAP diluted earnings per share (*)	<u>\$ 0.19</u>	<u>\$ 0.05</u>	<u>\$ 0.51</u>	<u>\$ 0.10</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		
	September 30, 2006		
	<u>Reported</u>	<u>Non-GAAP Entries</u>	<u>Non-GAAP</u>
Net revenue	\$79,608	\$ ---	\$79,608
Cost of goods sold	<u>41,942</u>	(515) (a)	<u>41,427</u>
Gross profit	37,666	515	38,181
Operating expenses:			
Research and development	18,314	(1,895) (b)	16,419
Sales and marketing	7,374	(826) (b)	6,548
General and administrative	4,237	(564) (b)	3,673
Amortization of acquired intangible assets	489	(489) (c)	---
Acquired in-process research and development	<u>400</u>	<u>(400) (c)</u>	<u>---</u>
Total operating expenses	30,814	(4,174)	26,640
 Income from operations	 6,852	 4,689	 11,541
Interest income, net	2,319	---	2,319
Provision for income taxes	<u>(2,850)</u>	<u>(471) (d)</u>	<u>(3,321)</u>
Net income	<u>\$6,321</u>	<u>\$4,218</u>	<u>\$10,539</u>
 Basic earnings per share	 <u>\$0.12</u>		 <u>\$0.20</u>
Diluted earnings per share	<u>\$0.11</u>		<u>\$0.19</u>
 Shares used in computing basic earnings per share	 <u>52,107</u>		 <u>52,107</u>
 Shares used in computing diluted earnings per share	 <u>55,423</u>		 <u>55,423</u>

Notes:

(a) Stock-based compensation expense and acquisition related charges

(b) Stock-based compensation

(c) Amortization of acquired intangible assets and acquired in-process research and development

(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)

	Nine Months Ended		
	September 30, 2006		
	<u>Reported</u>	<u>Non-GAAP Entries</u>	<u>Non-GAAP</u>
Net revenue	\$213,885	\$ ---	\$213,885
Cost of goods sold	<u>110,981</u>	<u>(738) (a)</u>	<u>110,243</u>
Gross profit	102,904	738	103,642
Operating expenses:			
Research and development	51,745	(5,349) (b)	46,396
Sales and marketing	19,732	(2,317) (b)	17,415
General and administrative	11,035	(1,627) (b)	9,408
Amortization of acquired intangible assets	489	(489) (c)	---
Acquired in-process research and development	<u>400</u>	<u>(400) (c)</u>	<u>---</u>
Total operating expenses	83,401	(10,182)	73,219
Income from operations	19,503	10,920	30,423
Interest income, net	6,323	---	6,323
Provision for income taxes	<u>(5,938)</u>	<u>(2,866) (d)</u>	<u>(8,804)</u>
Net income	<u>\$19,888</u>	<u>\$8,054</u>	<u>\$27,942</u>
Basic earnings per share	<u>\$0.39</u>		<u>\$0.54</u>
Diluted earnings per share	<u>\$0.36</u>		<u>\$0.51</u>
Shares used in computing basic earnings per share	<u>51,331</u>		<u>51,331</u>
Shares used in computing diluted earnings per share	<u>55,114</u>		<u>55,114</u>

Notes:

(a) Stock-based compensation expense and acquisition related charges

(b) Stock-based compensation

(c) Amortization of acquired intangible assets and acquired in-process research and development

(d) Income tax benefit of \$1,392 from the partial release of the deferred tax asset valuation allowance, and \$1,474 from the net tax effect of non-GAAP adjustments

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

	Three Months Ended		
	September 30, 2005		
	<u>Reported</u>	<u>Non-GAAP Entries</u>	<u>Non-GAAP</u>
Net revenue	\$45,800	\$ ---	\$45,800
Cost of goods sold	<u>25,913</u>	<u>(20) (a)</u>	<u>25,893</u>
Gross profit	19,887	20	19,907
Operating expenses:			
Research and development	11,943	(286) (a)	11,657
Sales and marketing	4,276	(14) (a)	4,262
General and administrative	<u>2,748</u>	<u>(121) (a)</u>	<u>2,627</u>
Total operating expenses	18,967	(421)	18,546
Income from operations	920	441	1,361
Interest income, net	1,262	---	1,262
Provision for income taxes	<u>(30)</u>	<u>---</u>	<u>(30)</u>
Net income	<u>\$2,152</u>	<u>\$441</u>	<u>\$2,593</u>
Basic earnings per share	<u>\$0.04</u>		<u>\$0.05</u>
Diluted earnings per share	<u>\$0.04</u>		<u>\$0.05</u>
Shares used in computing basic earnings per share	<u>48,984</u>		<u>48,984</u>
Shares used in computing diluted earnings per share	<u>53,617</u>		<u>53,617</u>

Notes:

(a) Stock-based compensation expense

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	Nine Months Ended		
	September 30, 2005		
	<u>Reported</u>	<u>Non-GAAP Entries</u>	<u>Non-GAAP</u>
Net revenue	\$130,407	\$ ---	\$130,407
Cost of goods sold	<u>74,158</u>	<u>(69) (a)</u>	<u>74,089</u>
Gross profit	56,249	69	56,318
Operating expenses:			
Research and development	35,006	(885) (a)	34,121
Sales and marketing	12,836	(121) (a)	12,715
General and administrative	<u>7,637</u>	<u>(437) (a)</u>	<u>7,200</u>
Total operating expenses	55,479	(1,443)	54,036
Income from operations	770	1,512	2,282
Interest income, net	3,360	---	3,360
Provision for income taxes	<u>(525)</u>	<u>---</u>	<u>(525)</u>
Net income	<u>\$3,605</u>	<u>\$1,512</u>	<u>\$5,117</u>
Basic earnings per share	<u>\$0.07</u>		<u>\$0.11</u>
Diluted earnings per share	<u>\$0.07</u>		<u>\$0.10</u>
Shares used in computing basic earnings per share	<u>48,582</u>		<u>48,582</u>
Shares used in computing diluted earnings per share	<u>53,499</u>		<u>53,499</u>

Notes:

(a) Stock-based compensation expense

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

	September 30, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 190,818	\$ 173,645
Accounts receivable, net	46,484	28,381
Inventory	32,044	20,475
Deferred income taxes and other current assets	<u>4,961</u>	<u>9,111</u>
Total current assets	274,307	231,612
Property and equipment, net	8,369	5,557
Goodwill and acquired intangible assets	19,691	-
Deferred income taxes and other assets	<u>6,921</u>	<u>2,010</u>
	<u>\$ 309,288</u>	<u>\$ 239,179</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 60,255	\$ 41,213
Long-term liabilities	1,471	1,000
Stockholders' equity	<u>247,562</u>	<u>196,966</u>
	<u>\$ 309,288</u>	<u>\$ 239,179</u>