

- 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>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net revenue	\$ 106,307	\$ 79,608	\$ 302,633	\$ 213,885
Cost of goods sold	<u>54,048</u>	<u>41,942</u>	<u>154,823</u>	<u>110,981</u>
Gross profit	52,259	37,666	147,810	102,904
Operating expenses:				
Research and development	25,772	18,314	74,006	51,745
Sales and marketing	9,508	7,374	26,821	19,732
General and administrative	5,864	4,237	15,377	11,035
Amortization of acquired intangible assets and acquired in-process research and development	<u>1,790</u>	<u>889</u>	<u>5,358</u>	<u>889</u>
Total operating expenses	42,934	30,814	121,562	83,401
Income from operations	9,325	6,852	26,248	19,503
Interest income, net	3,064	2,319	8,326	6,323
Provision for income taxes	<u>(2,718)</u>	<u>(2,850)</u>	<u>(8,022)</u>	<u>(5,938)</u>
Net income	<u>\$ 9,671</u>	<u>\$ 6,321</u>	<u>\$ 26,552</u>	<u>\$ 19,888</u>
Basic earnings per share	<u>\$ 0.17</u>	<u>\$ 0.12</u>	<u>\$ 0.48</u>	<u>\$ 0.39</u>
Diluted earnings per share	<u>\$ 0.16</u>	<u>\$ 0.11</u>	<u>\$ 0.45</u>	<u>\$ 0.36</u>
Shares used in computing basic earnings per share	<u>56,218</u>	<u>52,107</u>	<u>55,481</u>	<u>51,331</u>
Shares used in computing diluted earnings per share	<u>59,576</u>	<u>55,423</u>	<u>58,999</u>	<u>55,114</u>
Non-GAAP net income (*)	<u>\$ 16,936</u>	<u>\$ 10,436</u>	<u>\$ 45,247</u>	<u>\$ 27,838</u>
Shares used in computing non-GAAP basic earnings per share (*)	<u>56,218</u>	<u>52,107</u>	<u>55,481</u>	<u>51,331</u>
Shares used in computing non-GAAP diluted earnings per share (*)	<u>59,576</u>	<u>55,423</u>	<u>58,999</u>	<u>55,114</u>
Non-GAAP basic earnings per share (*)	<u>\$ 0.30</u>	<u>\$ 0.20</u>	<u>\$ 0.82</u>	<u>\$ 0.54</u>
Non-GAAP diluted earnings per share (*)	<u>\$ 0.28</u>	<u>\$ 0.19</u>	<u>\$ 0.77</u>	<u>\$ 0.51</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, 2007		
	<u>Reported</u>	<u>Non-GAAP Entries</u>	<u>Non-GAAP</u>
Net revenue	\$106,307	\$ ---	\$106,307
Cost of goods sold	<u>54,048</u>	(146) (a)	<u>53,902</u>
Gross profit	52,259	146	52,405
Operating expenses:			
Research and development	25,772	(4,531) (b)	21,241
Sales and marketing	9,508	(1,386) (c)	8,122
General and administrative	5,864	(906) (d)	4,958
Amortization of acquired intangible assets	<u>1,790</u>	<u>(1,790) (e)</u>	<u>---</u>
Total operating expenses	42,934	(8,613)	34,321
Income from operations	9,325	8,759	18,084
Interest income, net	3,064	---	3,064
Provision for income taxes	<u>(2,718)</u>	<u>(1,494) (f)</u>	<u>(4,212)</u>
Net income	<u>\$9,671</u>	<u>\$7,265</u>	<u>\$16,936</u>
Basic earnings per share	<u>\$0.17</u>		<u>\$0.30</u>
Diluted earnings per share	<u>\$0.16</u>		<u>\$0.28</u>
Shares used in computing basic earnings per share	<u>56,218</u>		<u>56,218</u>
Shares used in computing diluted earnings per share	<u>59,576</u>		<u>59,576</u>

Notes:

(a) Stock-based compensation expense

(b) Stock-based compensation expense of \$3,457 and acquisition related charges of \$1,074

(c) Stock-based compensation expense of \$1,353 and acquisition related charges of \$33

(d) Stock-based compensation expense of \$850 and acquisition related charges of \$56

(e) Amortization of acquired intangible assets

(f) 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		
	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>	<u>(515) (a)</u>	<u>41,427</u>
Gross profit	37,666	515	38,181
Operating expenses:			
Research and development	18,314	(1,799) (b)	16,515
Sales and marketing	7,374	(820) (b)	6,554
General and administrative	4,237	(563) (b)	3,674
Amortization of acquired intangible assets and acquired in-process research and development	<u>889</u>	<u>(889) (c)</u>	<u>---</u>
Total operating expenses	30,814	(4,071)	26,743
Income from operations	6,852	4,586	11,438
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>\$4,115</u>	<u>\$10,436</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 of \$106 and acquisition related charges of \$409
- (b) Stock-based compensation
- (c) Amortization of acquired intangible assets of \$489 and acquired in-process research and development of \$400
- (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, 2007		
	<u>Reported</u>	<u>Non-GAAP Entries</u>	<u>Non-GAAP</u>
Net revenue	\$302,633	\$ ---	\$302,633
Cost of goods sold	<u>154,823</u>	<u>(551)</u> (a)	<u>154,272</u>
Gross profit	147,810	551	148,361
Operating expenses:			
Research and development	74,006	(10,181) (b)	63,825
Sales and marketing	26,821	(3,481) (c)	23,340
General and administrative	15,377	(2,347) (d)	13,030
Amortization of acquired intangible assets	<u>5,358</u>	<u>(5,358)</u> (e)	<u>---</u>
Total operating expenses	121,562	(21,367)	100,195
 Income from operations	 26,248	 21,918	 48,166
 Interest income, net	 8,326	 ---	 8,326
Provision for income taxes	<u>(8,022)</u>	<u>(3,223)</u> (f)	<u>(11,245)</u>
Net income	<u>\$26,552</u>	<u>\$18,695</u>	<u>\$45,247</u>
 Basic earnings per share	 <u>\$0.48</u>		 <u>\$0.82</u>
Diluted earnings per share	<u>\$0.45</u>		<u>\$0.77</u>
 Shares used in computing basic earnings per share	 <u>55,481</u>		 <u>55,481</u>
 Shares used in computing diluted earnings per share	 <u>58,999</u>		 <u>58,999</u>

Notes:

- (a) Stock-based compensation expense of \$392 and acquisition related charges of \$159
- (b) Stock-based compensation expense of \$9,107 and acquisition related charges of \$1,074
- (c) Stock-based compensation expense of \$3,448 and acquisition related charges of \$33
- (d) Stock-based compensation expense of \$2,291 and acquisition related charges of \$56
- (e) Amortization of acquired intangible assets
- (f) 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	(5,253) (b)	46,492
Sales and marketing	19,732	(2,311) (b)	17,421
General and administrative	11,035	(1,625) (b)	9,410
Amortization of acquired intangible assets and acquired in-process research and development	<u>889</u>	<u>(889) (c)</u>	<u>---</u>
Total operating expenses	83,401	(10,078)	73,323
Income from operations	19,503	10,816	30,319
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>\$7,950</u>	<u>\$27,838</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 of \$329 and acquisition related charges of \$409
- (b) Stock-based compensation
- (c) Amortization of acquired intangible assets of \$489 and acquired in-process research and development of \$400
- (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.
PRELIMINARY CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands)

	September 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 215,574	\$ 185,906
Accounts receivable, net	54,715	46,016
Inventory	30,246	25,879
Deferred income taxes and other current assets	<u>11,301</u>	<u>10,645</u>
Total current assets	311,836	268,446
Property and equipment, net	12,778	8,994
Goodwill and acquired intangible assets	78,066	81,717
Long-term marketable securities	32,730	---
Deferred income taxes and other assets	<u>11,858</u>	<u>4,901</u>
	<u>\$ 447,268</u>	<u>\$ 364,058</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 74,086	\$ 63,981
Deferred income taxes and other long-term liabilities	38,119	19,135
Stockholders' equity	<u>335,063</u>	<u>280,942</u>
	<u>\$ 447,268</u>	<u>\$ 364,058</u>