

**- Financial Summary Data -**

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

	<b>Three Months Ended</b>		
	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>December 31, 2008</b>
<b>Net revenue</b>	\$ 185,678	\$ 156,641	\$ 98,296
<b>Cost of goods sold</b>	<u>92,793</u>	<u>81,047</u>	<u>49,973</u>
<b>Gross profit</b>	92,885	75,594	48,323
<b>Operating expenses:</b>			
Research and development	38,448	32,619	30,705
Sales and marketing	16,722	14,872	13,241
General and administrative	8,434	8,178	5,772
Amortization of acquired intangible assets	3,220	2,580	2,885
Acquisition-related charges	<u>9,557</u>	<u>977</u>	<u>-</u>
Total operating expenses	76,381	59,226	52,603
<b>Income (loss) from operations</b>	16,504	16,368	(4,280)
<b>Interest income, net</b>	1,419	1,351	2,160
<b>Impairment of long-term investments</b>	(7)	(874)	(4,648)
<b>Income tax benefit (provision)</b>	<u>(2,283)</u>	<u>21,731</u>	<u>2,010</u>
<b>Net income (loss)</b>	<u>\$ 15,633</u>	<u>\$ 38,576</u>	<u>\$ (4,758)</u>
<b>Basic earnings (loss) per share</b>	<u>\$ 0.25</u>	<u>\$ 0.62</u>	<u>\$ (0.08)</u>
<b>Diluted earnings (loss) per share</b>	<u>\$ 0.24</u>	<u>\$ 0.60</u>	<u>\$ (0.08)</u>
<b>Shares used in computing basic earnings (loss) per share</b>	<u>63,705</u>	<u>62,111</u>	<u>60,553</u>
<b>Shares used in computing diluted earnings (loss) per share</b>	<u>66,245</u>	<u>64,215</u>	<u>60,553</u>

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

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Net revenue</b>	\$ 542,468	\$ 472,396
<b>Cost of goods sold</b>	<u>278,865</u>	<u>236,431</u>
<b>Gross profit</b>	263,603	235,965
<b>Operating expenses:</b>		
Research and development	130,592	121,565
Sales and marketing	59,315	51,154
General and administrative	29,414	25,109
Amortization of acquired intangible assets	11,570	12,231
Acquisition-related charges	<u>10,534</u>	<u>-</u>
Total operating expenses	241,425	210,059
<b>Income from operations</b>	22,178	25,906
<b>Interest income, net</b>	6,004	8,878
<b>Impairment of long-term investments</b>	(2,018)	(15,490)
<b>Income tax benefit (provision)</b>	<u>20,243</u>	<u>(422)</u>
<b>Net income</b>	<u>\$ 46,407</u>	<u>\$ 18,872</u>
<b>Basic earnings per share</b>	<u>\$ 0.75</u>	<u>\$ 0.32</u>
<b>Diluted earnings per share</b>	<u>\$ 0.73</u>	<u>\$ 0.30</u>
<b>Shares used in computing basic earnings per share</b>	<u>62,040</u>	<u>59,804</u>
<b>Shares used in computing diluted earnings per share</b>	<u>63,933</u>	<u>62,070</u>

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

	December 31,	
	2009	2008
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash, cash equivalents and marketable securities	\$ 402,235	\$ 293,758
Accounts receivable, net	58,012	58,385
Inventory	70,396	69,813
Deferred income taxes and other current assets	26,985	15,889
Total current assets	<u>557,628</u>	<u>437,845</u>
<b>Property and equipment, net</b>	14,955	14,789
<b>Long-term investments</b>	15,523	16,963
<b>Goodwill and net acquired intangible assets</b>	324,229	124,992
<b>Deferred income taxes and other assets</b>	3,014	21,119
	<u>\$ 915,349</u>	<u>\$ 615,708</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>	\$ 141,068	\$ 96,001
<b>Deferred income taxes and other long-term liabilities</b>	42,421	48,229
<b>Stockholders' equity</b>	<u>731,860</u>	<u>471,478</u>
	<u>\$ 915,349</u>	<u>\$ 615,708</u>

ATHEROS COMMUNICATIONS, INC.  
RECONCILIATION OF PRELIMINARY NON-GAAP ADJUSTMENTS  
(Unaudited)  
(In thousands, except per share data)

	<b>Three Months Ended</b>		
	December 31, <u>2009</u>	September 30, <u>2009</u>	December 31 <u>2008</u>
<b>GAAP net income (loss)</b>	\$ 15,633	\$ 38,576	\$ (4,758)
<b>Stock-based compensation:</b>			
<b>Cost of goods sold</b>	254	178	-
<b>Research and development</b>	7,033	5,040	4,815
<b>Sales and marketing</b>	3,962	3,206	2,676
<b>General and administrative</b>	2,838	1,981	1,401
<b>Acquisition-related charges</b>	<u>4,427</u>	<u>-</u>	<u>-</u>
<b>Total stock-based compensation</b>	18,514	10,405	8,892
<b>Acquisition-related charges:</b>			
<b>Amortization of acquired intangible assets</b>	3,220	2,580	2,885
<b>Other acquisition-related charges</b>	5,130	977	-
<b>Impairment of long-term investments</b>	7	874	4,648
<b>Tax-related items:</b>			
<b>Tax benefit from favorable settlement of foreign tax liability</b>	-	(21,706)	-
<b>Net tax effect of non-GAAP adjustments</b>	<u>(1,330)</u>	<u>(2,401)</u>	<u>(915)</u>
<b>Non-GAAP net income</b>	<u>\$ 41,174</u>	<u>\$ 29,305</u>	<u>\$ 10,752</u>
<b>Shares used in computing non-GAAP basic earnings per share</b>	<u>63,705</u>	<u>62,111</u>	<u>60,553</u>
<b>Shares used in computing non-GAAP diluted earnings per share</b>	<u>66,245</u>	<u>64,215</u>	<u>62,094</u>
<b>Non-GAAP basic earnings per share</b>	<u>\$ 0.65</u>	<u>\$ 0.47</u>	<u>\$ 0.18</u>
<b>Non-GAAP diluted earnings per share</b>	<u>\$ 0.62</u>	<u>\$ 0.46</u>	<u>\$ 0.17</u>

ATHEROS COMMUNICATIONS, INC.  
RECONCILIATION OF PRELIMINARY NON-GAAP ADJUSTMENTS  
(Unaudited)  
(In thousands, except per share data)

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<u>2009</u>	<u>2008</u>
<b>GAAP net income</b>	\$ 46,407	\$ 18,872
<b>Stock-based compensation:</b>		
<b>Cost of goods sold</b>	791	441
<b>Research and development</b>	21,837	16,451
<b>Sales and marketing</b>	13,402	8,714
<b>General and administrative</b>	8,353	4,840
<b>Acquisition-related charges</b>	<u>4,427</u>	<u>-</u>
<b>Total stock-based compensation</b>	48,810	30,446
<b>Acquisition-related charges:</b>		
<b>Amortization of acquired intangible assets</b>	11,570	12,231
<b>Other acquisition-related charges</b>	6,107	945
<b>Impairment of long-term investments</b>	2,018	15,490
<b>Tax-related items:</b>		
<b>Tax benefit from favorable settlement of foreign tax liability</b>	(21,706)	-
<b>Tax benefit from change in state tax filing position</b>	-	(1,068)
<b>Net tax effect of non-GAAP adjustments</b>	<u>(6,505)</u>	<u>(6,351)</u>
<b>Non-GAAP net income</b>	<u>\$ 86,701</u>	<u>\$ 70,565</u>
<b>Shares used in computing non-GAAP basic earnings per share</b>	<u>62,040</u>	<u>59,804</u>
<b>Shares used in computing non-GAAP diluted earnings per share</b>	<u>63,933</u>	<u>62,070</u>
<b>Non-GAAP basic earnings per share</b>	<u>\$ 1.40</u>	<u>\$ 1.18</u>
<b>Non-GAAP diluted earnings per share</b>	<u>\$ 1.36</u>	<u>\$ 1.14</u>

ATHEROS COMMUNICATIONS, INC.  
RECONCILIATION OF PRELIMINARY GAAP TO NON-GAAP FINANCIAL MEASURES

To supplement our unaudited selected financial data presented on a basis consistent with U.S. generally accepted accounting principles, or GAAP, we disclose certain non-GAAP financial measures, including non-GAAP gross profit, operating expenses, operating income, net income and earnings per share. These supplemental measures exclude stock-based compensation, acquisition-related charges, other-than-temporary impairments of long-term investments, a tax benefit resulting from the favorable settlement of a foreign tax liability, a tax benefit resulting from a change in state tax filing position, and any tax detriment or benefit between the income tax expense with and without the non-GAAP measures. These non-GAAP measures are not in accordance with, nor serve as an alternative for GAAP. We believe that these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our GAAP results of operations. These non-GAAP measures should only be viewed in conjunction with corresponding GAAP measures. We compensate for the limitations of non-GAAP financial measures by relying upon GAAP results to gain a complete picture of our performance.

In calculating non-GAAP financial measures, we exclude certain items to facilitate a review of the comparability of our core operating performance on a period-to-period basis. The excluded items represent stock-based compensation and charges and gains that are primarily driven by discrete events that we do not consider to be directly related to core operating performance. We use non-GAAP measures to evaluate the core operating performance of our business, for comparison with forecasts and strategic plans, for calculating return on investment and for benchmarking performance externally against competitors. In addition, management's incentive compensation is determined using these non-GAAP measures. Also, when evaluating potential acquisitions, we primarily consider the impact of the target's performance and valuation on our non-GAAP measures. Since we find these measures to be useful, we believe that investors benefit from seeing results reviewed by management in addition to seeing GAAP results. We believe that these non-GAAP measures, when read in conjunction with our GAAP financials, provide useful information to investors by offering:

- more meaningful comparability of our on-going operating results;
- the ability to better identify trends in our underlying business; and
- a way to compare our operating results against analyst financial models and operating results of competitors that supplement their GAAP results with non-GAAP financial measures.

The following are explanations of each type of adjustment that we incorporate into non-GAAP financial measures:

**Stock-based compensation expense** relates to equity awards granted to our workforce. Our stock incentive plans are important components of our employee incentive compensation arrangements and are reflected as expenses in our GAAP results. While we include the dilutive impact of such equity awards in weighted average shares outstanding, the expense associated with stock-based awards is excluded from non-GAAP net income. These non-cash charges are not factored into our internal evaluation of net income as we believe their inclusion would hinder our ability to assess core operational performance.

**Acquisition-related charges** include the amortization of acquired intangible assets primarily consisting of acquired technology, customer relationships, covenants not to compete, step-up of inventory to its estimated fair value, backlog, cash earn outs and transaction costs related to our acquisitions, including the recent acquisition of Intellon Corporation. These charges are not factored into our evaluation of potential acquisitions, or of our performance after completion of acquisitions, because they are generally non-cash and are not related to our core operating performance, and the frequency and amount of such charges vary significantly based on the

timing and magnitude of our acquisition transactions, the then fair market value of our common stock and the magnitude of the businesses being acquired.

**Impairment of long-term investments** relates primarily to the other-than-temporary, non-operating write down of our investments in auction rate securities rated AA and AAA at the date of purchase. The liquidity and fair value of these securities have been impacted by the failure of these markets and the exposure of these securities to the financial condition of bond insurance companies. We have determined that certain of these assets have been other-than-temporarily impaired and therefore they were written down to their estimated fair value. These charges are not factored into our internal evaluation of net income as we believe they are non-operating charges that do not impact our core operating performance.

**Adjustment for taxes** relates to the tax effect of various adjustments that we incorporate into non-GAAP measures in order to provide a more meaningful measure of non-GAAP net income. In addition, the tax benefit from the favorable settlement of a foreign tax liability in the third quarter of 2009 and the tax benefit resulting from a change in a state tax filing position in the second quarter of 2008 have been excluded. We believe that these adjustments provide us with the ability to more clearly view trends in our core operating performance.

Reconciliations of non-GAAP measures disclosed in this press release are set forth below (in thousands, except percentages):

	<b>Three Months Ended</b>		
	December 31, <u>2009</u>	September 30, <u>2009</u>	December 31, <u>2008</u>
GAAP gross profit	\$92,885	\$75,594	\$48,323
Stock-based compensation	<u>254</u>	<u>178</u>	<u>-</u>
Non-GAAP gross profit	<u>\$93,139</u>	<u>\$75,772</u>	<u>\$48,323</u>
GAAP gross profit as a % of revenue	50.0%	48.3%	49.2%
Stock-based compensation	<u>0.2%</u>	<u>0.1%</u>	<u>-%</u>
Non-GAAP gross profit as a % of revenue	<u>50.2%</u>	<u>48.4%</u>	<u>49.2%</u>
GAAP operating expenses	\$76,381	\$59,226	\$52,603
Stock-based compensation	(18,260)	(10,227)	(8,892)
Amortization of acquired intangible assets	(3,220)	(2,580)	(2,885)
Acquisition-related charges	<u>(5,130)</u>	<u>(977)</u>	<u>-</u>
Non-GAAP operating expenses	<u>\$49,771</u>	<u>\$45,442</u>	<u>\$40,826</u>
GAAP income (loss) from operations	\$16,504	\$16,368	\$(4,280)
Stock-based compensation	18,514	10,405	8,892
Amortization of acquired intangible assets	3,220	2,580	2,885
Acquisition-related charges	<u>5,130</u>	<u>977</u>	<u>-</u>
Non-GAAP income from operations	<u>\$43,368</u>	<u>\$30,330</u>	<u>\$7,497</u>
GAAP income (loss) from operations as a % of revenue	8.9%	10.4%	(4.4)%
Stock-based compensation	10.0%	6.7%	9.0%
Amortization of acquired intangible assets	1.7%	1.7%	3.0%
Acquisition-related charges	<u>2.8%</u>	<u>0.6%</u>	<u>-%</u>
Non-GAAP income from operations as a % of revenue	<u>23.4%</u>	<u>19.4%</u>	<u>7.6%</u>

Reconciliations of non-GAAP measures disclosed in this press release are set forth below (in thousands, except percentages):

	<b>Year Ended</b>	
	December 31, <u>2009</u>	December 31, <u>2008</u>
GAAP gross profit	\$263,603	\$235,965
Stock-based compensation	791	441
Amortization of acquisition-related step-up value of inventory	<u>-</u>	<u>572</u>
Non-GAAP gross profit	<u>\$264,394</u>	<u>\$236,978</u>
GAAP gross profit as a % of revenue	48.6%	50.0%
Stock-based compensation	0.1%	0.1%
Amortization of acquisition-related step-up value of inventory	<u>-%</u>	<u>0.1%</u>
Non-GAAP gross profit as a % of revenue	<u>48.7%</u>	<u>50.2%</u>
GAAP operating expenses	\$241,425	\$210,059
Stock-based compensation	(48,019)	(30,378)
Amortization of acquired intangible assets	(11,570)	(12,231)
Acquisition-related charges	<u>(6,107)</u>	<u>-</u>
Non-GAAP operating expenses	<u>\$175,729</u>	<u>\$167,450</u>
GAAP income from operations	\$22,178	\$25,906
Stock-based compensation	48,810	30,819
Amortization of acquired intangible assets	11,570	12,231
Acquisition-related charges	6,107	-
Amortization of acquisition-related step-up value of inventory	<u>-</u>	<u>572</u>
Non-GAAP income from operations	<u>\$88,665</u>	<u>\$69,528</u>
GAAP income from operations as a % of revenue	4.1%	5.5%
Stock-based compensation	9.0%	6.5%
Amortization of acquired intangible assets	2.1%	2.6%
Acquisition-related charges	1.1%	-%
Amortization of acquisition-related step-up value of inventory	<u>-%</u>	<u>0.1%</u>
Non-GAAP income from operations as a % of revenue	<u>16.3%</u>	<u>14.7%</u>