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Atheros Launches the World's Most-Integrated, Single-Chip 802.11g Solution for PCI Express

Atheros AR5007EG Chip Delivers Cost-Effective, High-Performance WLAN Solution for Desktop and Value-Priced Notebook PCs

SANTA CLARA, Calif., Dec. 5, 2006 — Atheros Communications, Inc. (NASDAQ: ATHR), a leading developer of advanced wireless solutions, today announced the Atheros AR5007EG – the industry's most highly-integrated, cost-effective 802.11g PCI Express™ (PCIe) solution. It is the world's only design to incorporate the complete wireless LAN (WLAN) solution, including the low noise amplifier (LNA) and power amplifier (PA), in a low-cost, single-chip digital CMOS design. This extraordinary integration significantly reduces the cost of implementing Wi-Fi technology in desktop and value-priced notebook PCs – removing previous cost barriers to enabling wireless in these more price-sensitive PC market sectors.

Two notebook PC market trends are converging to drive the demand for lower-cost Wi-Fi solutions – the increasing volume share of lower-cost (sub-\$1,000) notebook PCs and the growing demand for integrating Wi-Fi connectivity. By 2008, 31 percent of notebook PCs will be priced below \$800, according to IDC.^[1] In addition, the research firm reports that the WLAN attach rate in mobile PCs jumped from 65 percent in 2004 to 89 percent in 2005. IDC projects that this trend will continue with all notebook computers offering WLAN connectivity by 2007.^[2]

In a similar trend, desktop PC manufacturers, which have traditionally not offered Wi-Fi connectivity given the stationary nature of desktop usage, are now experiencing growing customer demand to embed Wi-Fi into desktop PCs. This demand is being driven by the emergence of the home media center desktop PC, which wirelessly connects to multimedia content sources and displays. Another factor leading to more broadbased demand for desktop Wi-Fi is the growing consumer use of the low-cost, simple-to-deploy, home WLAN as a replacement for stationary, expensive wired networking for desktop PCs.

To meet these growing market trends, low-cost 802.11g WLAN solutions are becoming a requirement among personal computer original equipment manufacturers (PC OEMs) developing either value-priced notebook PCs or traditionally low-cost desktop PCs.

The Atheros AR5007EG solution has been built from the ground up to satisfy this demand for low-cost, high-performance wireless connectivity. Its 2-layer minicard design delivers a 50 percent reduction in the printed circuit board (PCB) cost and a 25 percent reduction in rest of bill-of-materials (RBOM) component count over the previous generation's 4-layer design.

Despite its cost-efficiencies, the chip's digital CMOS design delivers best-in-class throughput and range – physical data rates up to 54 megabits-per-second (Mbps) and more than 300 feet of wireless signal coverage. The AR5007EG leverages the PCIe bus' architecture to enable faster computing. PC manufacturers are rapidly adopting the PCIe standard because it offers advances in I/O performance, form factor and scalability for integration in smaller, lighter and more feature-rich notebook PCs. The WLAN industry is the latest to offer PCIe

Atheros Wireless LAN, 2.4/5-GHz, 802.11a/b/g, 802.11b/g, Radio-on-a-Chip, WLAN, Networking support for the PC platform following the high-end graphics card and Gigabit Ethernet markets. The AR5007EG is also one of the industry's first solutions to be fully Microsoft Vista-certified, which enhances computing performance to deliver an enriched multimedia experience.

"Wi-Fi has moved from a technology used by a few to one that is used by most who need to connect to a network at home, on the road, or at work," said Rob Enderle, president and principal analyst of the Enderle Group. "Low-cost, high-performance wireless LAN solutions like the Atheros AR5007EG chip continue to drive this technology ever deeper into the market and take us closer to the day when we will all be unwired."

"The AR5007EG chip illustrates the company's commitment to deliver cost-optimized, robust solutions that drive mainstream Wi-Fi adoption," said Todd Antes, vice president of marketing for Atheros. "While Atheros is enjoying tremendous uptake of our high performance draft 802.11n-based XSPAN solutions by leading PC manufacturers, we recognize a complementary need for basic Wi-Fi connectivity across the growing value PC segment. The AR5007EG chip is an ideal solution for our PC OEM customers looking to deliver Wi-Fi connectivity, even to the most price-conscious consumers."

The Atheros AR5007EG supports the industry's most robust security standard, IEEE 802.11i. An AES encryption engine is built into the hardware of all Atheros 802.11a/g and 802.11g chipsets, allowing real-time encryption with no performance degradation in computing, consumer electronics and wireless broadband applications. Atheros' WLAN solutions also support wireless multimedia and draft 802.11e Quality of Service (QoS) specifications – providing advanced features for delivering wired-quality video and audio content via a wireless connection.

Atheros AR5007EG availability

Atheros is currently in volume production and shipping the AR5007EG to leading customers. For more information, please visit: atheros.com/pt/AR5007EG.htm.

About Atheros Communications, Inc.

Atheros Communications is a leading developer of semiconductor system solutions for wireless communications products. Atheros combines its wireless systems expertise with high-performance radio frequency (RF), mixed signal and digital semiconductor design skills to provide highly integrated chipsets that are manufacturable on low-cost, standard complementary metal-oxide semiconductor (CMOS) processes. Atheros technology is being used by a broad base of leading customers, including personal computer, networking equipment and handset manufacturers. For more information, visit www.atheros.com or send email to info@atheros.com.

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NOTE ON FORWARD-LOOKING STATEMENTS:

Except for the historical information contained herein, the matters set forth in this press release, including statements regarding the features, performance and benefits of Atheros' AR5007EG solution; the anticipated increase in the market for lower-cost notebook PCs and the anticipated increase in the demand for integrating Wi-Fi connectivity into desktop and notebook PCs; and the anticipated adoption of the PCIe standard by PC OEMs, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially, including, but not limited to, difficulties in development and manufacture of new products and upgraded products, unforeseen problems in the performance of the AR5007EG chipset upon broad deployment, general economic conditions, the effects of competition and technological change and developments, whether the market for WLAN-enabled desktop and notebook computers continues to increase at the anticipated rates, and other risks detailed in Atheros' Annual Report on Form 10-K for the year ended December 31, 2005, and its Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 as filed with the Securities and Exchange Commission, and in other reports filed with the SEC by Atheros from time to time. These forward-

looking statements speak only as of the date hereof. Atheros disclaims any obligation to update these forward-looking statements.

Although we believe that the forward-looking statistical information provided by IDC is reliable, we have not independently verified IDC's data. IDC generally indicates that it has obtained its information from sources believed to be reliable, but does not guarantee the accuracy and completeness of the information.

[\[1\]](#) IDC, Worldwide PC Tracker, Q2 2006

[\[2\]](#) IDC, Worldwide WLAN Semiconductor 2006–2010 Forecast, Doc #203617, Sep 2006

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