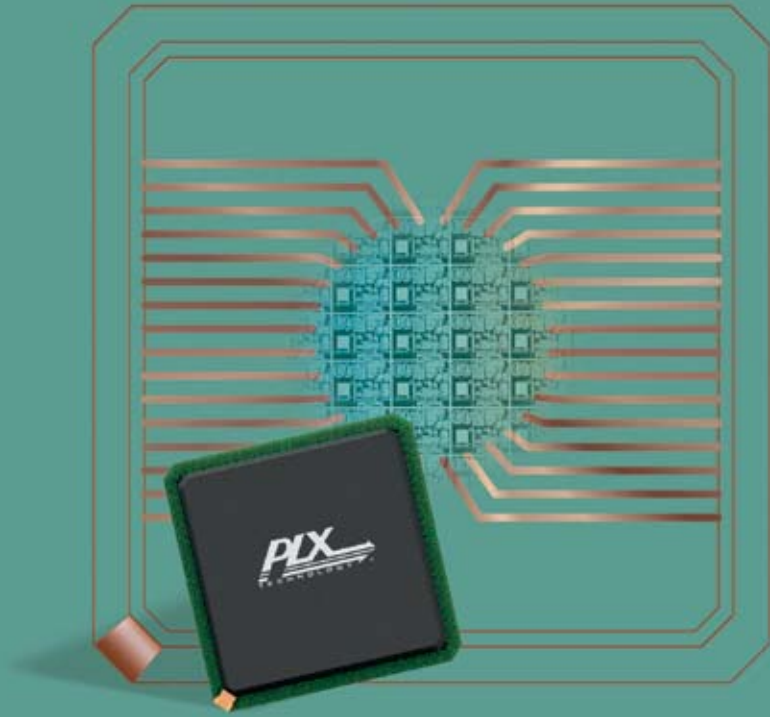


# PLX TECHNOLOGY



ANNUAL REPORT 2002



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## COMPANY PROFILE

PLX Technology is a leading supplier of standard I/O interconnect chips based on the Peripheral Component Interconnect (PCI) and HyperTransport® standards. In addition to interconnect silicon, we offer a complete development environment to minimize our customer's development time and effort. The development environment includes comprehensive hardware and software development tools, together with third party support tools. The combination of I/O interconnect chips, hardware, software and third party support tools allows our customers to rapidly develop complex and high-performance communications, storage and embedded control systems.

Providing standards-based interconnect solutions is the foundation of PLX's business strategy. Our I/O Accelerator chips are based on PCI, a widely used interconnect standard in the PC, server, communications, storage and embedded control industries. PCI was introduced in 1993 by the PCI Special Interest Group (PCI SIG®), a leading industry association that manages the PCI specifications.

Our HyperTransport bridges provide a high-bandwidth processor to I/O peripheral connection. HyperTransport is an industry standard interconnect used in communication, storage and computer systems.

In 2001, PLX joined the PCI Express™ (formerly 3GIO) initiative as a key developer. In partnership with other industry leaders, we are defining and promoting this new interconnect standard. We are also investing a substantial part of our engineering resources in PCI Express programs.

PLX Technology (NASDAQ: PLXT) has been developing I/O interconnect silicon devices since 1986. We invite you to visit our investor relations section on our web page at [www.plxtech.com](http://www.plxtech.com).



## FINANCIAL HIGHLIGHTS

### CONSOLIDATED STATEMENTS OF OPERATIONS DATA

dollars in thousands, except per share data

YEARS	2002	2001	2000
Net revenues	\$ 34,810	\$ 44,128	\$ 65,351
Net loss	\$ (2,320)	\$ (6,537)	\$ (7,042)
Net loss per common share (diluted)	\$ (0.10)	\$ (0.28)	\$ (0.31)
Shares used in per share calculation	22,785	23,258	22,560

### PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS DATA

dollars in thousands, except per share data

YEARS	2002	2001	2000
Net revenues	\$ 34,810	\$ 44,128	\$ 65,351
Net income	\$ 333	\$ 257	\$ 12,548
Net income per common share (diluted)	\$ 0.01	\$ 0.01	\$ 0.53
Shares used in per share calculation	22,785	23,326	23,550

The above pro forma amounts for the twelve months ended December 31, 2002 and December 31, 2001 have been adjusted to eliminate \$0.5 million and \$4.2 million, respectively, of amortization of goodwill and purchased intangible assets, and \$2.1 million and \$2.9 million, respectively, of other acquisition-related costs and all associated tax amounts. The twelve months ended December 31, 2000 have been adjusted to eliminate \$14.3 million of purchased in-process research and development, \$2.5 million of amortization of goodwill and purchased intangible assets, \$3.7 million of other acquisition-related costs and all associated tax amounts.

### CONSOLIDATED BALANCE SHEETS DATA

dollars in thousands

AT YEAR END	2002	2001	2000
Cash and investments	\$ 21,680	\$ 18,720	\$ 53,107
Working capital	\$ 23,601	\$ 21,859	\$ 21,762
Total assets	\$ 71,975	\$ 75,229	\$ 113,479
Shareholders equity	\$ 67,964	\$ 70,553	\$ 73,198

## TO OUR SHAREHOLDERS

In 2002, we improved our financial condition while maintaining investment in programs that build our future, despite a difficult economic environment. 2002 brought both challenges and exciting new opportunities. We were challenged because demand for communications infrastructure equipment, one of our target markets, continued to decline relative to 2000 and 2001. At the same time, we saw a great opportunity to exploit transitions in our interconnect market which gives us the prospect to improve our market penetration and competitive differentiation.

In response to lower revenues, we reduced expenses and focused our resources on key development programs. We achieved our ninth consecutive year of net profit, excluding acquisition-related costs, and maintained gross profit margins in excess of 65% in 2002. Furthermore, by stringent management of inventory, operating expenses, and capital expenditures, we improved our cash position. We ended 2002 with a stronger balance sheet and a lower operating cost structure.

To lay the foundation for a successful future, we redirected our resources to take advantage of technology transitions in our market. To improve system speed, scalability and reliability, communications and server equipment makers are shifting their interconnect schemes from shared parallel bus architectures to switched serial architectures. New interconnect standards, including PCI Express and HyperTransport, are emerging and PLX is active in defining and promoting these standards. In late 2002, we started sampling our HyperTransport to PCI-X bridge. By the end of 2002, a large part of our engineering group was dedicated to developing PCI Express silicon.

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PLX is a leading supplier of I/O interconnect silicon for the communications and storage industries.

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PLX offers a wide-ranging product line and is investing in next-generation I/O interconnect technology.

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Michael J. Salameh,  
President

In the 1990's, we invested early in a technology transition, the shift from proprietary interconnects to the PCI standard. As a result, most of our revenues today are based on PCI products. In 2002, we started development efforts in a new standard: PCI Express. By investing early in pivotal new interconnect technologies, we hope to substantially improve the value we deliver to customers, resulting in higher market penetration, growth and profitability.

I would like to thank our shareholders and employees for their continued support. I appreciate the enthusiasm and creativity PLX employees have displayed in pursuing the new market opportunities. We look forward to converting that to value for our shareholders.

A handwritten signature in cursive script, appearing to read "Michael J. Salameh".

Michael J. Salameh  
President

## DIVERSITY IN THE MARKET



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PLX – the I/O interconnect  
for communications, storage  
and embedded control  
systems vendors.

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As system performance demands continue to increase, designers are faced with a challenging decision – *Which I/O interconnect will meet their requirements?*

PLX offers a diverse product line that allows the system designer to choose the best price/performance solution. The widespread use of the PCI bus makes PCI-based products a preferred choice no matter what the target application.

For the designer who needs a quick and inexpensive solution with a large installed base, an unmatched software library, and a familiar interface, one of the PLX 33 MegaHertz (MHz) PCI products is ideal. From low cost target devices to bus mastering chips with sophisticated Direct Memory Access (DMA) capabilities, it is likely that one of our products will fit the bill. For a still higher performance alternative that retains backward compatibility with existing hardware and software, the designer can look to one of the newer PLX 64-bit, 66MHz PCI products.

If the system designer is looking for the highest possible performance from a PCI device, our newest product offers two PCI-X ports operating at a full 64-bits and 133MHz. This product bridges to a state-of-the-art 800MHz HyperTransport interface, ideal for next-generation processing subsystems.

PLX recognizes that system bandwidth requirements will continue to increase beyond the performance provided by our current PCI, PCI-X and HyperTransport products. To take advantage of those requirements, PLX has begun developing bridges and switches based on PCI Express technology, the new serial successor to PCI.

For today's systems, PLX offers a range of cost/performance interconnect solutions, from 33MHz PCI to 800MHz HyperTransport. We are also making the investment to serve the higher performance requirements of next-generation communications, storage, server and embedded control systems.



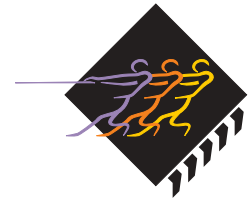
## OUR PRODUCT OFFERING



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PLX provides standards-based, I/O interconnect silicon that enables increased performance, scalability and reliability.

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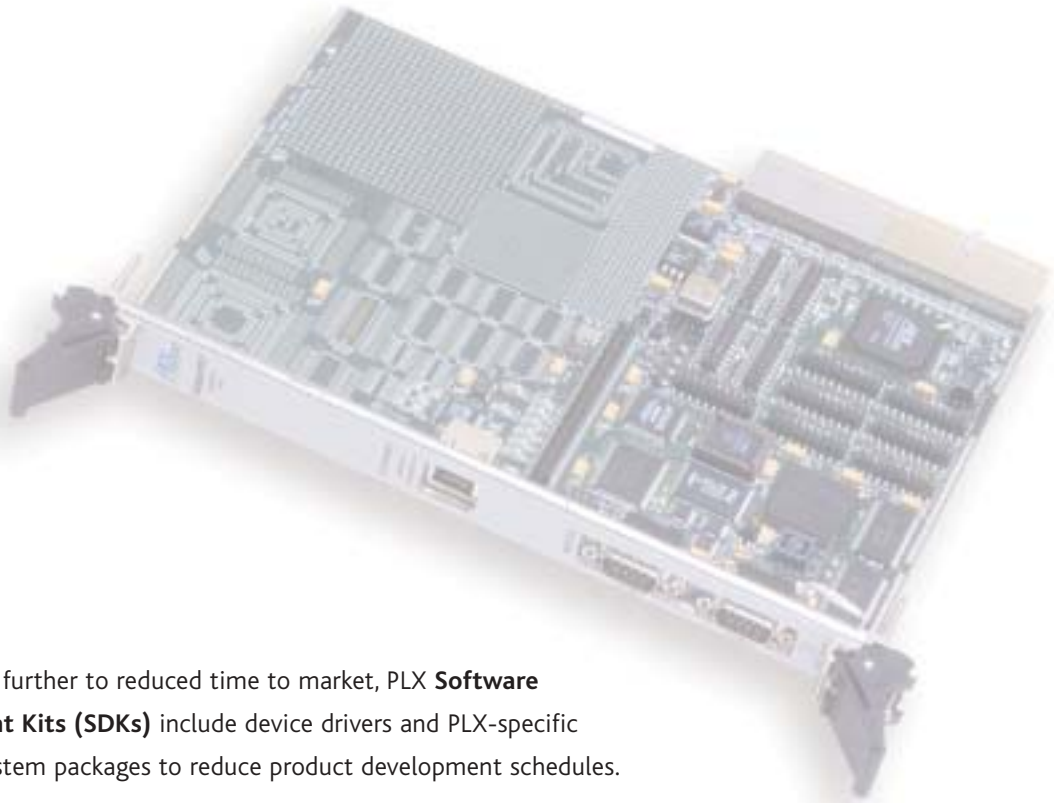
PLX PARTNER PROGRAM

PLX provides a wide-ranging interconnect silicon family that offers our customers a time-to-market advantage.

Our diverse product line is standards-based, allowing design engineers to develop their system or board utilizing industry accepted interconnects. The **PLX I/O Accelerator** family consists of 32- and 64-bit interconnect chips that support frequencies up to 66MHz. Our I/O Accelerators transfer data throughout the system efficiently, while minimizing the data transfer burden on other system components.

The PLX **HyperTransport to PCI-X Bridge**, the PowerDrive™ HT7520, features dual HyperTransport tunneled interfaces and two separate 64-bit, 133MHz PCI-X bridges. HyperTransport has become the standard interconnect for many communications processors. The HT7520 HyperTransport interfaces operate at a full 800MHz, and the PCI-X ports maximize performance by separating slow and fast peripherals, allowing high-speed devices to run at full speed.

PLX offers a range of comprehensive **Rapid Development Kits (RDKs)** that ease customer design. Corresponding to our silicon offering, each RDK allows early prototyping and provides a robust development platform to accelerate our customers' designs.



Contributing further to reduced time to market, PLX **Software Development Kits (SDKs)** include device drivers and PLX-specific operating system packages to reduce product development schedules.

We also provide our customers proven third party support through our industry-leading **partner program**, where PLX has engaged with complementary partners that offer supporting design, simulation, porting and debug products and services.

Our industry leading combination of PLX silicon, Rapid Development Kits, Software Development Kits and partner program offer our customers the benefit of minimized cost with a time-to-market advantage.

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PLX's I/O interconnect silicon, our comprehensive hardware and software development kits, and our industry-leading partner program improve our customers' time to market.

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## LEADING THE FUTURE OF I/O INTERCONNECT

PLX is driving the future of next-generation I/O interconnect solutions. PLX has a long history of providing solutions based on the PCI specification. Given that PCI Express is the logical extension to PCI, PLX is in a prime position to provide next generation PCI Express products. In 2001, PLX committed to becoming a key developer of the PCI Express (formerly 3GIO) technology. Since that time, the company has invested in the development and adoption of PCI Express. PLX is contributing to the development of specifications and chairing compliancy groups for PCI Express in the communications, storage, server and embedded control markets.

PLX is an active member of PICMG® (PCI Industrial Computer Manufacturers Group), a consortium that defines interconnect standards for industrial and communications equipment. PLX has taken a leadership role in the definition of new PICMG standards aimed at next-generation systems.

PLX is a longstanding member of the PCI SIG, which is responsible for releasing and maintaining all versions of the PCI, PCI-X and PCI Express specifications. In addition to our activities with regard to the definition of the standard, PLX is chairing several of the subcommittees whose main focus is to educate the marketplace on PCI Express technology.

Lastly, we are a member of the Server Blade Trade Association (SBTA) since we believe that PCI Express I/O interconnect technology is likely to play a significant role in highly-compact blade server systems.

By actively participating in the organizations that define industry standards early, PLX is able to influence industry direction, while offering our experience and insight on interconnecting complex subsystems efficiently.

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As a key developer of the PCI Express standard, PLX expects to be among the first companies to release PCI Express-based products.

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## CORPORATE INFORMATION

### DIRECTORS

D. James Guzy  
*Chairman of the Board*

Michael J. Salameh  
*President*

Timothy C. Draper  
*Director*  
*Founder and Managing Director*  
*Draper Fisher Jurvetson*

Eugene Flath  
*Director*  
*Special General Partner*  
*Applied Technology Investors*

John H. Hart  
*Director*  
*Fellow*  
*3Com Corporation*

Robert Smith  
*Director*

Young K. Sohn  
*Director*  
*President and*  
*Chief Executive Officer*  
*Oak Technology*

### OFFICERS

Michael J. Salameh  
*President*

Lawrence Chisvin  
*Vice President, Marketing*

C. Mark Lipford  
*Vice President, Engineering*

Jack Regula  
*Vice President,*  
*Chief Technology Officer*

Rafael Torres  
*Vice President of Finance and*  
*Chief Financial Officer*

Hector A. Berardi  
*Vice President, Operations*

Michael A. Hopwood  
*Vice President, Sales*

### CORPORATE HEADQUARTERS

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Sunnyvale, California 94085  
Phone: 408-774-9060  
Website: [www.plxtech.com](http://www.plxtech.com)

### SUBSIDIARIES

PLX Technology (Europe) Ltd.  
*United Kingdom*

PLX Technology Japan KK  
*Japan*

### COMMON STOCK

Nasdaq symbol: PLXT

### COMMON STOCK TRADING

FISCAL QUARTER	2002		2001	
	HIGH BID	LOW BID	HIGH BID	LOW BID
First Quarter	\$17.00	\$11.20	\$10.56	\$4.25
Second Quarter	11.99	3.62	9.18	3.19
Third Quarter	3.68	1.10	10.30	4.50
Fourth Quarter	6.10	1.29	15.77	4.91

### ANNUAL MEETING

The annual meeting will be held at Corporate Headquarters on May 21, 2003 at 9:00 AM.

### CORPORATE INFORMATION

Additional copies of this annual report and the company's Form 10-K as filed with the Securities and Exchange Commission can be obtained without charge by contacting the Investor Relations Department of PLX at:

PLX Technology **Investor Relations**  
870 Maude Avenue  
Sunnyvale, California 94085

Phone: 408-774-9060

Fax: 408-774-2169

E-mail: [investor-packet@plxtech.com](mailto:investor-packet@plxtech.com)

For additional information regarding PLX, including press releases, visit the Investors section of our website at [www.plxtech.com](http://www.plxtech.com).

### CAUTIONARY STATEMENT

The statements contained in this annual report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding our expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future. Forward-looking statements in this annual report include, without limitation, the statements regarding: (a) our belief that we are the leading supplier of I/O interconnect chips based on the PCI and HyperTransport standard, (b) our belief that our products enable our customers to meet their business and performance goals, (c) our belief that we can improve our market penetration and competitive differentiation in the interconnect market, resulting in revenue and earnings growth, (d) our intention to invest in next-generation I/O interconnect technology, (e) our belief that the widespread use of the PCI bus makes our products an obvious customer choice, (f) our belief that HyperTransport has become the standard interconnect for high-performance processors, (g) our belief that we have an industry-leading partner program, (h) our belief that we are driving the future of next-generation I/O interconnect solutions, (i) our belief that we have taken a leadership role in the definition of new PICMG standards, (j) our belief that our products are likely to play a significant role in blade server systems and (k) our belief that we will be among the first companies to release PCI Express products in 2004.

All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement. It is important to note that our actual results could differ materially from those described in any forward-looking statements. These cautionary statements should be considered in the context of the risk factors listed in the accompanying Report on Form 10-K, as well as those disclosed from time to time in our Reports on Form 10-Q and 8-K filed with the Securities and Exchange Commission.

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