



PLX TECHNOLOGY, INC. REPORTS SECOND-QUARTER 2004 FINANCIAL RESULTS

SUNNYVALE, Calif. – (July 15, 2004) – PLX Technology, Inc. (NASDAQ: PLXT) today announced financial results for the second quarter ended June 30, 2004.

For the second quarter, PLX reported net revenues of \$14.0 million, a 20 percent increase from the \$11.6 million reported for the first quarter of 2004 and a 62 percent increase from the \$8.7 million reported for the second quarter of 2003. Net revenues for the first six months of 2004 were \$25.7 million, a 49 percent increase from the \$17.2 million reported for the first six months of 2003.

During the second quarter, PLX completed the acquisition of NetChip Technology, Inc. for a purchase price of approximately \$22.2 million. PLX took an acquisition-related charge of \$1.1 million, or approximately \$0.05 per share (diluted), for the write-off of purchased in-process research and development in the second quarter.

Net loss under U.S. generally accepted accounting principles (GAAP), which included the effect of acquisition-related costs, was \$0.5 million, or a loss of \$0.02 per share (diluted), for the second quarter of 2004. This compared with a net loss under GAAP of \$1.9 million, or a loss of \$0.09 per share (diluted), for the second quarter of 2003 and net income under GAAP of \$0.3 million, or \$0.01 per share (diluted), for the prior quarter. Net losses for the first six months of 2004 were \$0.3 million, or a loss of \$0.01 per share (diluted), compared to net losses of \$2.7 million, or a loss of \$0.13 per share (diluted), for the first six months of 2003.

Pro forma net income for the second quarter of 2004, which excluded the effect of acquisition-related costs, was \$1.1 million, or \$0.04 per share (diluted). This compared with pro forma net loss of \$0.5 million, or a loss of \$0.02 per share (diluted), for the same quarter a year ago, and with pro forma net income of \$0.6 million, or \$0.02 per share (diluted), for the prior quarter. Pro forma net income for the first six months of 2004 were \$1.6 million, or \$0.06 per share (diluted), compared to pro forma net losses of \$0.7 million, or a loss of \$0.03 per share (diluted), for the first six months of 2003. A reconciliation between net income (loss) under GAAP and pro forma net income (loss) is provided in a table immediately below the Pro Forma Consolidated Statements of Operations.

The company's gross margin for the second quarter of 2004 was 65 percent, as compared with 72 percent for the prior quarter. The sequential decrease in gross margin was due primarily to an expected change in the company's product and customer mix associated with the acquisition of NetChip.

Pro forma operating expenses for the second quarter of 2004 were \$8.1 million, as compared with \$7.7 million for the prior quarter. The sequential increase was due primarily to mask fabrication, prototyping and other external engineering expenses associated with the development of PCI Express™ and PCI Bridge products.

At June 30, 2004, cash, cash equivalents and total investments increased to \$31.3 million, from \$25.1 million at March 31, 2004.

“Since the first quarter, PLX achieved important milestones in its program to expand its interconnect silicon leadership,” said Mike Salameh, president and chief executive officer of PLX Technology. “We taped out our first products for the emerging PCI Express standard, sampled the production versions of our PCI-X bridges and completed the acquisition of NetChip. NetChip provides the company with a leadership position in the USB market and we believe that NetChip’s PCI Express products currently in development will enhance PLX’s PCI Express market opportunity.

“We estimate that third quarter revenues will be between \$15 million and \$16 million. We expect gross margins to be between 60 percent and 65 percent.

“We anticipate that third quarter operating expenses on a GAAP basis will be between \$9.9 million and \$10.4 million. On a pro forma basis, which would exclude acquisition-related costs estimated to be approximately \$0.7 million, we expect operating expenses to be between \$9.2 million and \$9.7 million. The expected sequential growth in expenses would be due to mask charges and other variable external engineering expenses related to PCI Express chips plus the additional operating expenses of NetChip. Assuming that most of the added external engineering expenses for these tapeouts occur in the third quarter, we expect fourth quarter tapeout-related expenses to decline on a sequential basis, resulting in lower total pro forma operating expenses. The timing of the expenses would depend on the timing of actual mask and prototype fabrication.”

PLX® management plans to conduct a conference call today at 2:00 p.m. PDT to discuss its second quarter financial results, as well as its third quarter outlook. There will also be a live Webcast and a replay of the conference call available through the Investors section of the PLX Web site at www.plxtech.com until July 22, 2004.

For the live Webcast, listeners should go to the Web site at least 15 minutes before the event starts to download and install any necessary audio software. The archived Webcast is typically available one to two hours after the end of the live conference call.

USE OF PRO FORMA FINANCIAL INFORMATION: In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, PLX reports pro forma financial results. Pro forma net income (loss) and earnings (loss) per share exclude acquisition-related charges, such as amortization of purchased intangible assets and deferred compensation. PLX’s management believes these pro forma measures are useful to investors because they provide supplemental information that facilitates comparisons with prior periods. Management uses these pro forma measures to evaluate its financial results, develop budgets and manage expenditures. The method PLX uses to produce pro forma results is not computed according to GAAP, is likely to differ from the methods used by other companies and should not be regarded as a replacement for corresponding GAAP measures. Investors are encouraged to review the reconciliation of these pro forma financial measures to the comparable GAAP results, which are provided in a table immediately below the Pro Forma Consolidated Statements of Operations.

About PLX

PLX Technology, Inc. (www.plxtech.com), based in Sunnyvale, Calif., USA, is the leading supplier of standard I/O interconnect silicon to the communications, server, storage, embedded-control, and consumer industries. The PLX solution provides a competitive edge to customers through an integrated combination of high-performance silicon, hardware and software design tools, and partnerships. These innovative solutions are designed to enable customers to develop communications equipment with industry-leading performance, scalability and reliability. Furthermore, the combination of PLX product features,

supporting development tools and partnerships allows customers to bring their designs to market faster. PLX PCI I/O Accelerator and HyperTransport Tunnel-to-Dual PCI-X devices are designed into a wide variety of embedded PCI communication systems, including switches, routers, line cards, media gateways, base stations, access multiplexors and remote access concentrators.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This release includes statements that qualify as forward-looking statements under the Private Securities Litigation Reform Act of 1995. These include statements about the company's estimated revenues, estimated expenses, estimated gross margins, and estimated ongoing acquisition-related costs for the third quarter of 2004. Such statements involve risks and uncertainties which may cause actual results to differ materially from those set forth in the statements. Factors that could cause actual results to differ materially include risks and uncertainties, such as reduced demand for products of electronic equipment manufacturers which include the company's products, due to adverse economic conditions in general or those specifically affecting the company's markets, technical difficulties and delays in the development process, errors in the products, reduced backlog for the company's customers and unexpected expenses. Please refer to the documents filed by the company with the SEC from time to time, including, but not limited, to the Annual Report on Form 10-K for the year ended December 31, 2003 and our quarterly report on Form 10-Q for the quarter ended March 31, 2004, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. All forward-looking statements are made as of today, and the company assumes no obligation to update such statements.

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PLX TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended			Six Months Ended	
	June 30	June 30	March 31	June 30	
	2004	2003	2004	2004	2003
Net revenues	\$ 14,016	\$ 8,660	\$ 11,642	\$ 25,658	\$ 17,163
Cost of revenues	4,925	2,518	3,229	8,154	5,033
Gross margin	<u>9,091</u>	<u>6,142</u>	<u>8,413</u>	<u>17,504</u>	<u>12,130</u>
Operating expenses:					
Research and development	4,394	3,893	4,057	8,451	7,606
Selling, general and administrative	3,768	3,193	3,678	7,446	6,251
In-process research and development	1,123	875	-	1,123	875
Amortization of purchased intangible assets	442	204	297	739	337
Total operating expenses	<u>9,727</u>	<u>8,165</u>	<u>8,032</u>	<u>17,759</u>	<u>15,069</u>
Income (loss) from operations	(636)	(2,023)	381	(255)	(2,939)
Interest income and other, net	<u>99</u>	<u>102</u>	<u>68</u>	<u>167</u>	<u>210</u>
Income (loss) before provision for income taxes	(537)	(1,921)	449	(88)	(2,729)
Provision (benefit) for income taxes	<u>-</u>	<u>(24)</u>	<u>172</u>	<u>172</u>	<u>(16)</u>
Net income (loss)	<u>\$ (537)</u>	<u>\$ (1,897)</u>	<u>\$ 277</u>	<u>\$ (260)</u>	<u>\$ (2,713)</u>
Basic net income (loss) per share	<u>\$ (0.02)</u>	<u>\$ (0.09)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.13)</u>
Shares used to compute basic per share amounts	<u>24,850</u>	<u>22,214</u>	<u>23,876</u>	<u>24,363</u>	<u>21,678</u>
Diluted net income (loss) per share	<u>\$ (0.02)</u>	<u>\$ (0.09)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ (0.13)</u>
Shares used to compute diluted per share amounts	<u>24,850</u>	<u>22,214</u>	<u>25,181</u>	<u>24,363</u>	<u>21,678</u>

PLX TECHNOLOGY, INC.

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
(Excluding Acquisition-Related Costs and Amortization of Intangible Assets)
(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended			Six Month Ended	
	June 30	June 30	March 31	June 30	
	2004	2003	2004	2004	2003
Net revenues	\$ 14,016	\$ 8,660	\$ 11,642	\$ 25,658	\$ 17,163
Cost of revenues	4,925	2,518	3,229	8,154	5,033
Gross margin	9,091	6,142	8,413	17,504	12,130
Operating expenses:					
Research and development	4,379	3,534	4,048	8,427	6,790
Selling, general and administrative	3,755	3,184	3,669	7,424	6,242
Total operating expenses	8,134	6,718	7,717	15,851	13,032
Income (loss) from operations	957	(576)	696	1,653	(902)
Interest income and other, net	99	102	68	167	210
Income (loss) before provision for income taxes	1,056	(474)	764	1,820	(692)
Provision for income taxes	-	4	172	172	12
Net income (loss)	<u>\$ 1,056</u>	<u>\$ (478)</u>	<u>\$ 592</u>	<u>\$ 1,648</u>	<u>\$ (704)</u>
Basic net income (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.02)</u>	<u>\$ 0.02</u>	<u>\$ 0.07</u>	<u>\$ (0.03)</u>
Shares used to compute basic per share amounts	<u>24,850</u>	<u>22,214</u>	<u>23,876</u>	<u>24,363</u>	<u>21,678</u>
Diluted net income (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.02)</u>	<u>\$ 0.02</u>	<u>\$ 0.06</u>	<u>\$ (0.03)</u>
Shares used to compute diluted per share amounts	<u>26,678</u>	<u>22,214</u>	<u>25,181</u>	<u>25,975</u>	<u>21,678</u>

A reconciliation between net income (loss) on a GAAP basis and pro forma net income (loss) is as follows:

GAAP net income (loss)	\$ (537)	\$ (1,897)	\$ 277	\$ (260)	\$ (2,713)
In-process research and development	1,123	875	-	1,123	875
Amortization of deferred stock-based compensation	28	368	18	46	825
Amortization of purchased intangible assets	442	204	297	739	337
Income tax effect	-	(28)	-	-	(28)
Pro forma net income (loss)	<u>\$ 1,056</u>	<u>\$ (478)</u>	<u>\$ 592</u>	<u>\$ 1,648</u>	<u>\$ (704)</u>

PLX TECHNOLOGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	June 30, 2004	December 31, 2003 (1)
	(unaudited)	
ASSETS		
Cash and investments	\$ 31,335	\$ 23,056
Accounts receivable, net	6,192	4,998
Inventories	3,487	1,893
Property and equipment, net	30,477	31,068
Goodwill	27,840	15,998
Other intangible assets	7,970	2,730
Other assets	1,949	2,060
Total assets	\$ 109,250	\$ 81,803
LIABILITIES		
Accounts payable	\$ 4,005	\$ 1,768
Accrued compensation and benefits	2,003	1,427
Deferred revenues	1,290	991
Accrued commissions	354	368
Other accrued expenses	2,853	1,228
Total liabilities	10,505	5,782
STOCKHOLDERS' EQUITY		
Common stock, par value	26	24
Additional paid-in capital	108,410	84,508
Deferred compensation	(868)	(44)
Notes receivable for employee stock purchases	-	(70)
Accumulated other comprehensive income	(215)	(49)
Accumulated deficit	(8,608)	(8,348)
Total stockholders' equity	98,745	76,021
Total liabilities and stockholders' equity	\$ 109,250	\$ 81,803

(1) Derived from audited financial statements