



PLX TECHNOLOGY, INC. REPORTS SOLID THIRD-QUARTER AND NINE-MONTH 2004 FINANCIAL RESULTS

SUNNYVALE, Calif. – (October 19, 2004) – PLX Technology, Inc. (NASDAQ: PLXT) today announced financial results for the third quarter ended September 30, 2004. Financial results include the acquired operations of NetChip Technology, Inc. beginning on May 24, 2004.

For the third quarter, PLX reported net revenues of \$15.5 million, a 50 percent increase from the \$10.3 million reported for the third quarter of 2003 and a ten percent increase from the \$14.0 million reported for the second quarter of 2004. Net revenues for the first nine months of 2004 were \$41.1 million, a 50 percent increase from the \$27.4 million reported for the first nine months of 2003.

Net income under U.S. generally accepted accounting principles (GAAP), which included the effect of acquisition-related costs, was \$0.3 million, or \$0.01 per share (diluted), for the third quarter of 2004. This compared with net income under GAAP of \$0.1 million, or \$0.01 per share (diluted), for the third quarter of 2003 and net loss under GAAP of \$0.5 million, or a loss of \$0.02 per share (diluted), for the prior quarter. Net income for the first nine months of 2004 was \$0.1 million, or \$0.00 per share (diluted), compared to net losses of \$2.6 million, or a loss of \$0.12 per share (diluted), for the first nine months of 2003.

Pro forma net income for the third quarter of 2004, which excluded the effect of acquisition-related costs, was \$0.8 million, or \$0.03 per share (diluted). This compared with pro forma net income of \$0.6 million, or \$0.02 per share (diluted), for the same quarter a year ago, and with pro forma net income of \$1.1 million, or \$0.04 per share (diluted), for the prior quarter. Pro forma net income for the first nine months of 2004 was \$2.5 million, or \$0.10 per share (diluted), compared to pro forma net losses of \$0.1 million, or a loss of \$0.01 per share (diluted), for the first nine months of 2003. The 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.

"Despite a more cautious customer purchasing environment, I am pleased that we met our revenue and exceeded our earnings expectations for the quarter," said Mike Salameh, president and chief executive officer of PLX. "We also achieved important milestones in our long-term growth programs, including PCI Express™ technology."

The Company's gross margin for the third quarter of 2004 was 64 percent, compared with 65 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, partially offset by a net benefit of approximately one and one-half margin points, primarily due to the sale of previously written down NetChip inventory.

Operating expenses on a GAAP basis for the third quarter of 2004 were \$9.4 million, as compared with \$9.7 million for the prior quarter. On a pro forma basis, which excludes acquisition-related costs of approximately \$0.5 million, operating expenses for the third quarter of 2004 were \$8.9 million, as compared with \$8.1 million for the prior quarter.

The Company's balance sheet remained strong. At September 30, 2004, cash, cash equivalents and total investments increased to \$31.8 million, from \$31.3 million at June 30, 2004, and there was no debt.

The Company also noted that the emerging PCI Express standard, a new interconnect architecture for servers, storage, communications, embedded systems, and other microprocessor-based systems, is a major focus for PLX. In the third quarter, the Company produced the first silicon for the largest and most complex chip in its PCI Express family, the 32-lane switch. In September, the Company demonstrated this switch at the Intel Developer Forum and also provided samples to customers. Based on strong customer interest, the Company believes that the PCI Express market provides PLX a significant long-term growth opportunity.

Although third-quarter revenues met the Company's expectations, the Company believes that customers have accumulated excess inventory of PLX® products. Therefore, fourth-quarter revenues are expected to decline relative to the third quarter. However, the Company believes that its progress with new products and new designs will translate to renewed revenue growth in 2005.

Business Outlook

The following statements are based on current expectations. The Company does not intend to update, confirm or change this guidance until its fourth-quarter earnings conference call, although it may provide additional detail regarding its guidance on today's scheduled call.

- Revenue for the fourth quarter of 2004 is expected to be between \$13.5 million and \$14.5 million.
- Gross margins are expected to be in the range of 61 percent to 65 percent.
- Operating expenses on a GAAP basis are expected to be between \$9.4 million and \$9.8 million. On a pro forma basis, which excludes acquisition-related costs of approximately \$0.5 million, expenses are expected to be between \$8.9 million and \$9.3 million. Engineering expenses related to 0.13-micron chip development, Sarbanes-Oxley compliance and year-end audit comprise a significant portion of total anticipated fourth-quarter expenses. The timing of the development expenses will depend on when the actual mask and prototype fabrication work is performed.

PLX management plans to conduct a conference call today at 2:00 p.m. PDT to discuss its third-quarter financial results, as well as its fourth-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 October 26, 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. These innovative solutions enable customers to develop products with industry-leading performance and functionality. Furthermore, the combination of PLX product features, supporting development tools and partnerships allows customers to bring their designs to market faster. PLX PCI and USB interconnect chips are designed into a wide variety of communications, server, storage, embedded-control and consumer products.

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, and estimated gross margins for the fourth quarter of 2004, which are set forth under the caption "Business Outlook," and statements regarding the PCI Express market, customer inventory levels, progress with new products and new design, revenue growth prospects for 2005, and timing of development expenses. 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, 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 the Company's quarterly report on Form 10-Q for the quarter ended June 30, 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			Nine Months Ended	
	September 30	September 30	June 30	September 30	
	2004	2003	2004	2004	2003
Net revenues	\$ 15,457	\$ 10,283	\$ 14,016	\$ 41,115	\$ 27,446
Cost of revenues	5,639	2,846	4,925	13,793	7,879
Gross margin	<u>9,818</u>	<u>7,437</u>	<u>9,091</u>	<u>27,322</u>	<u>19,567</u>
Operating expenses:					
Research and development	4,765	3,816	4,394	13,216	11,422
Selling, general and administrative	4,209	3,301	3,768	11,655	9,552
In-process research and development	-	-	1,123	1,123	875
Amortization of purchased intangible assets	467	297	442	1,206	634
Total operating expenses	<u>9,441</u>	<u>7,414</u>	<u>9,727</u>	<u>27,200</u>	<u>22,483</u>
Income (loss) from operations	377	23	(636)	122	(2,916)
Interest income and other, net	<u>134</u>	<u>138</u>	<u>99</u>	<u>301</u>	<u>348</u>
Income (loss) before provision for income taxes	511	161	(537)	423	(2,568)
Provision for income taxes	<u>184</u>	<u>32</u>	<u>-</u>	<u>356</u>	<u>16</u>
Net income (loss)	<u>\$ 327</u>	<u>\$ 129</u>	<u>\$ (537)</u>	<u>\$ 67</u>	<u>\$ (2,584)</u>
Basic net income (loss) per share	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ 0.00</u>	<u>\$ (0.12)</u>
Shares used to compute basic per share amounts	<u>26,342</u>	<u>23,797</u>	<u>24,850</u>	<u>25,028</u>	<u>22,392</u>
Diluted net income (loss) per share	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ 0.00</u>	<u>\$ (0.12)</u>
Shares used to compute diluted per share amounts	<u>27,129</u>	<u>24,442</u>	<u>24,850</u>	<u>26,144</u>	<u>22,392</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			Nine Months Ended	
	September 30 2004	September 30 2003	June 30 2004	September 30 2004	September 30 2003
Net revenues	\$ 15,457	\$ 10,283	\$ 14,016	\$ 41,115	\$ 27,446
Cost of revenues	5,639	2,846	4,925	13,793	7,879
Gross margin	9,818	7,437	9,091	27,322	19,567
Operating expenses:					
Research and development	4,745	3,713	4,379	13,172	10,503
Selling, general and administrative	4,175	3,287	3,755	11,599	9,529
Total operating expenses	8,920	7,000	8,134	24,771	20,032
Income (loss) from operations	898	437	957	2,551	(465)
Interest income and other, net	134	138	99	301	348
Income (loss) before provision for income taxes	1,032	575	1,056	2,852	(117)
Provision for income taxes	184	4	-	356	16
Net income (loss)	\$ 848	\$ 571	\$ 1,056	\$ 2,496	\$ (133)
Basic net income (loss) per share	\$ 0.03	\$ 0.02	\$ 0.04	\$ 0.10	\$ (0.01)
Shares used to compute basic per share amounts	26,342	23,797	24,850	25,028	22,392
Diluted net income (loss) per share	\$ 0.03	\$ 0.02	\$ 0.04	\$ 0.10	\$ (0.01)
Shares used to compute diluted per share amounts	27,129	24,442	26,678	26,144	22,392

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

GAAP net income (loss)	\$ 327	\$ 129	\$ (537)	\$ 67	\$ (2,584)
In-process research and development	-	-	1,123	1,123	875
Amortization of deferred stock-based compensation	54	117	28	100	942
Amortization of purchased intangible assets	467	297	442	1,206	634
Income tax effect	-	28	-	-	-
Pro forma net income (loss)	\$ 848	\$ 571	\$ 1,056	\$ 2,496	\$ (133)

PLX TECHNOLOGY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30, 2004 (unaudited)	December 31, 2003 (1)
ASSETS		
Cash and investments	\$ 31,760	\$ 23,056
Accounts receivable, net	6,165	4,998
Inventories	4,351	1,893
Property and equipment, net	30,978	31,068
Goodwill	30,970	15,998
Other intangible assets	7,503	2,730
Other assets	1,341	2,060
Total assets	\$ 113,068	\$ 81,803
LIABILITIES		
Accounts payable	\$ 4,558	\$ 1,768
Accrued compensation and benefits	1,998	1,427
Deferred revenues	1,678	991
Accrued commissions	332	368
Other accrued expenses	2,264	1,228
Total liabilities	10,830	5,782
STOCKHOLDERS' EQUITY		
Common stock, par value	26	24
Additional paid-in capital	111,477	84,508
Deferred compensation	(818)	(44)
Notes receivable for employee stock purchases	-	(70)
Accumulated other comprehensive income	(166)	(49)
Accumulated deficit	(8,281)	(8,348)
Total stockholders' equity	102,238	76,021
Total liabilities and stockholders' equity	\$ 113,068	\$ 81,803

(1) Derived from audited financial statements