



## **PLX TECHNOLOGY, INC. REPORTS FOURTH QUARTER AND FISCAL YEAR 2006 FINANCIAL RESULTS**

### ***For the Fiscal Year:***

- ***49 Percent Net Revenue Growth***
- ***PCI Express Revenues Increase Fourfold***
- ***GAAP EPS of \$0.10 vs. loss of (\$0.06) for Fiscal Year 2005***
- ***Generated \$7.3 million in cash***

### ***For the Fourth Quarter:***

- ***37 Percent Net Revenue Growth Year over Year***
- ***PCI Express Revenues Double Year over Year***

SUNNYVALE, Calif. – (January 25, 2007) – PLX Technology, Inc. (NASDAQ: PLXT) today announced financial results for the fourth quarter and fiscal year ended December 31, 2006.

“Our performance in 2006 confirmed the success of our long-term growth strategy,” said Michael Salameh, PLX Technology’s chief executive officer. “Compared to 2005, full-year revenues increased by 49 percent, accompanied by a \$7.3 million growth in cash and investments and substantial growth in net income. While our PCI I/O and USB product lines recorded healthy growth, the main driver of our overall growth was the revenue ramp of our focus PCI Express® product line, which finished 2006 with \$18 million in revenues, more than four times revenues of the prior year. Included in the customer designs in production in the fourth quarter were products of three of the leading server suppliers, four of the leading storage suppliers plus leading suppliers of graphics, PC peripherals, embedded computing and communications systems.

“During 2006, we continued to invest in PCI Express. Including the new 24-, 32- and 48-lane switches we announced last week, over the last twelve months we nearly doubled the number of PCI Express products now available. To date, we have shipped samples or development systems to nearly 600 different customers, which confirms the breadth of the market and the interest in our products.

“We believe that our 2006 PCI Express revenue is just the tip of the iceberg of the long term potential, because of the growth of the market and our leadership position. We expect a broad mix of new customer products to enter production throughout 2007, the largest being new server, storage and PC peripheral products that are in late stages of the design cycle. We also expect an increasing contribution to revenue from new communications and embedded systems designs. We believe that the success of our PCI Express product line will continue to drive total Company revenue growth”

Net revenues for the full twelve months of 2006 were \$81.4 million, a 49 percent increase from the \$54.6 million reported for the full twelve months of 2005. Full-year 2006 net revenues include the \$2.8 million one-time pick-up as a result of the Company's change in the first quarter of 2006 from the sell-through method of accounting for distributor revenues to the sell-in method.

For the fourth quarter ended December 31, 2006, PLX reported net revenues of \$21.0 million. This was 37 percent higher than the \$15.4 million reported in the fourth quarter ended December 31, 2005, and flat compared to the \$21.0 million reported in the third quarter ended September 30, 2006.

Net income for the full twelve months of 2006, under U.S. generally accepted accounting principles (GAAP), which included the effect of acquisition-related amortization of \$1,873,000 and share-based compensation of \$4,903,000, was \$3,006,000, or \$0.10 per share (diluted), compared to GAAP net losses of \$1,748,000, or a loss of \$0.06 per share (diluted), for the full twelve months of 2005. The full-year net loss for 2005 included the effect of acquisition-related amortization of \$2,262,000 but does not include the effect of share-based compensation pursuant to Statement of Financial Accounting Standards No. 123R (FAS 123R).

GAAP net income for the fourth quarter ended December 31, 2006, which included the effect of acquisition-related amortization of \$440,000 and share-based compensation of \$1,231,000, was \$162,000, or \$0.01 per share (diluted). This compares with GAAP net income for the third quarter ended September 30, 2006, of \$1,022,000, or \$0.04 per share (diluted), which included the effect of acquisition-related amortization of \$440,000 and share-based compensation of \$1,172,000. This also compares to GAAP net income for the fourth quarter ended December 31, 2005, of \$35,000, or \$0.00 per share (diluted), which included the effect of acquisition-related amortization of \$726,000 but does not include the effect of share-based compensation pursuant to FAS 123R.

The Company's gross margin for the fourth quarter ended December 31, 2006, which included the effect of share-based compensation of \$13,000, was 56 percent. This compared with 58 percent for the third quarter ended September 30, 2006, which included the effect of share-based compensation of \$13,000 and 64 percent for the fourth quarter ended December 31, 2005, which did not include the effect of share-based compensation. The Company recorded an inventory reserve of approximately \$549,000, or 2.6 gross margin percentage points in the fourth quarter ended December 31, 2006. The primary reason for the inventory reserve was because certain customers migrated from PCI I/O led to lead-free devices much quicker than the Company had expected. The decrease in the year-over-year quarterly gross margin percentage was due primarily to the inventory reserved recorded in the fourth quarter of 2006 and the expected change in the Company's product mix.

Operating expenses under GAAP for the fourth quarter ended December 31, 2006, of \$11.9 million included \$440,000 of acquisition-related amortization and \$1,218,000 in share-based compensation of which \$732,000 was related to sales, general and administrative expenses and \$486,000 was related to research and development expenses. This compares with operating expenses under GAAP of \$11.4 million in the third quarter ended September 30, 2006, which included \$440,000 of acquisition-related amortization and \$1,159,000 of share-based

compensation of which \$674,000 was related to sales, general and administrative expenses and \$485,000 was related to research and development expenses.

The Company's balance sheet remained strong. At December 31, 2006, cash and investments grew by \$7.3 million, or 21 percent, to \$42.3 million from \$35.0 million at December 31, 2005. Additionally, there continues to be no debt.

## **Business Outlook**

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

- Net revenues for the first quarter ended March 31, 2007, are expected to be between \$18 million and \$19 million, with approximately 27 percent of total revenues attributable to PCI Express products and approximately 11 percent of total revenues attributable to USB products.
- Gross margins are expected to be in the range of 59 percent to 61 percent.
- Operating expenses under GAAP basis are expected to be between \$11.6 million and \$12.0 million. GAAP operating expenses include the effect of share-based compensation, which is expected to be between \$1.0 million and \$1.3 million and acquisition-related amortization of approximately \$0.4 million.

PLX® management plans to conduct a conference call today at 2:00 p.m. PST to discuss its fourth-quarter and fiscal year financial results, as well as its first-quarter outlook. The conference call dial-in number is (913) 981-4912. 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 <http://www.plxtech.com/investors> until February 1, 2007. The Webcast can also be accessed through [www.ccbn.com](http://www.ccbn.com).

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 call.

### *About PLX*

PLX Technology, Inc. ([www.plxtech.com](http://www.plxtech.com)), based in Sunnyvale, Calif., USA, is the world's leading supplier of PCI Express and other standard I/O interconnect semiconductors to the communications, server, storage, embedded-control, and consumer markets. The company provides a competitive advantage through an integrated combination of experience, high-performance silicon, hardware and software design tools, and global partnerships. These innovative solutions enable our customers to develop equipment with industry-leading performance, scalability and reliability that allows them to bring designs to market faster.

### **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, estimates of revenues attributable to certain products, estimated expenses, and estimated gross margins for the first quarter of 2007, which are set forth under the caption “Business Outlook,” statements regarding the PCI Express and USB product lines and statements about achieving continued growth. 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, reduced acceptance of the Company’s PCI Express products, 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, 2005, and our quarterly report on Form 10-Q for the quarter ended September 30, 2006, 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.

**PLX and the PLX logo are trademarks of PLX Technology, Inc., which may be registered in some jurisdictions. All other product names that appear in this material are for identification purposes only and are acknowledged to be trademarks or registered trademarks of their respective companies.**

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**PLX TECHNOLOGY, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended			Twelve Months Ended	
	December 31	December 31	September 30	December 31	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2006 (1)</u>	<u>2005</u>
Net revenues	\$ 20,963	\$ 15,339	\$ 21,046	\$ 81,425	\$ 54,615
Cost of revenues	9,237	5,462	8,836	33,795	19,613
Gross margin	<u>11,726</u>	<u>9,877</u>	<u>12,210</u>	<u>47,630</u>	<u>35,002</u>
Operating expenses:					
Research and development	4,884	4,843	5,396	20,194	18,469
Selling, general and administrative	6,582	4,339	5,609	23,848	16,577
Amortization of purchased intangible assets	440	726	440	1,873	2,262
Total operating expenses	<u>11,906</u>	<u>9,908</u>	<u>11,445</u>	<u>45,915</u>	<u>37,308</u>
Income (loss) from operations	(180)	(31)	765	1,715	(2,306)
Interest income and other, net	<u>556</u>	<u>261</u>	<u>484</u>	<u>1,803</u>	<u>823</u>
Income (loss) before provision for income taxes	376	230	1,249	3,518	(1,483)
Provision for income taxes	<u>214</u>	<u>195</u>	<u>227</u>	<u>512</u>	<u>265</u>
Net income (loss)	<u>\$ 162</u>	<u>\$ 35</u>	<u>\$ 1,022</u>	<u>\$ 3,006</u>	<u>\$ (1,748)</u>
Basic net income (loss) per share	<u>\$ 0.01</u>	<u>\$ 0.00</u>	<u>\$ 0.04</u>	<u>\$ 0.11</u>	<u>\$ (0.06)</u>
Shares used to compute basic per share amounts	<u>28,494</u>	<u>27,592</u>	<u>28,241</u>	<u>28,177</u>	<u>27,198</u>
Diluted net income (loss) per share	<u>\$ 0.01</u>	<u>\$ 0.00</u>	<u>\$ 0.04</u>	<u>\$ 0.10</u>	<u>\$ (0.06)</u>
Shares used to compute diluted per share amounts	<u>29,320</u>	<u>28,237</u>	<u>28,783</u>	<u>29,050</u>	<u>27,198</u>

- (1) The above amounts for the twelve months ended December 31, 2006, include a pick-up in net revenues and cost of revenues of \$2,766,076 and \$891,009, respectively, as a result of the Company's change from the sell-through method of accounting for revenues to the sell-in method whereby revenues are recognized at the time of shipment to a distributor.

**PLX TECHNOLOGY, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)

	<b>December 31</b>	<b>December 31</b>
	<b>2006</b>	<b>2005 (1)</b>
	<b>(unaudited)</b>	
<b>ASSETS</b>		
Cash and investments	\$ 42,323	\$ 35,043
Accounts receivable, net	8,491	6,203
Inventories	8,295	4,328
Property and equipment, net	28,744	29,535
Goodwill	35,818	35,818
Other intangible assets	2,856	4,729
Other assets	2,263	2,255
Total assets	<u>\$ 128,790</u>	<u>\$ 117,911</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,995	\$ 4,530
Accrued compensation and benefits	2,417	1,754
Deferred revenues	-	1,963
Accrued commissions	1,100	298
Other accrued expenses	1,342	1,877
Total liabilities	<u>7,854</u>	<u>10,422</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value	29	28
Additional paid-in capital	128,735	118,313
Accumulated other comprehensive loss	(96)	(114)
Accumulated deficit	(7,732)	(10,738)
Total stockholders' equity	<u>120,936</u>	<u>107,489</u>
Total liabilities and stockholders' equity	<u>\$ 128,790</u>	<u>\$ 117,911</u>

(1) Derived from audited financial statements