UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012.

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 000-25699

PLX Technology, Inc.

(Exact name of Registrant as Specified in its Charter)

Delaware	**94-3008334**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

870 W. Maude Avenue
Sunnyvale, California 94085
(408) 774-9060

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes[X] No[ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes[X] No[ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a small reporting company. See definition of “large accelerated filer”, "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check One):
Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ] Smaller Reporting Company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of September 30, 2012 there were 45,020,505 shares of common stock, par value $0.001 per share, outstanding.

PLX TECHNOLOGY, INC.
INDEX TO
REPORT ON FORM 10-Q
FOR QUARTER ENDED SEPTEMBER 30, 2012

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PLX TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands)

	September 30, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 14,374	$ 12,097
Short-term marketable securities	3,219	7,549
Accounts receivable, net	14,133	11,074
Inventories	10,240	8,896
Other current assets	1,763	1,323
Total current assets	43,729	40,939
Property and equipment, net	11,274	12,291
Goodwill	20,461	21,338
Other acquired intangible assets, net	22	20,845
Long-term marketable securities	280	106
Other assets	2,178	1,299
Total assets	$ 77,944	$ 96,818
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 15,548	$ 7,134
Accrued compensation and benefits	5,775	3,586
Accrued commissions	804	632
Short term note payable and capital lease obligation	105	5,115
Short term borrowing against line of credit	5,000	-
Other accrued expenses	4,268	3,132
Total current liabilities	31,500	19,599
Long term borrowing against line of credit	-	2,000
Total liabilities	31,500	21,599
Stockholders' Equity:		
Common stock, par value	45	45
Additional paid-in capital	188,623	185,323
Accumulated other comprehensive loss	(246)	(147)
Accumulated deficit	(141,978)	(110,002)
Total stockholders' equity	46,444	75,219
Total liabilities and stockholders' equity	$ 77,944	$ 96,818

See accompanying notes to condensed consolidated financial statements.

PLX TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Net revenues	$ 26,866	$ 29,763	$ 76,834	$ 86,256
Cost of revenues	10,808	12,580	31,732	37,038
Gross margin	16,058	17,183	45,102	49,218
Operating expenses:				
Research and development	8,823	7,007	21,362	22,929
Selling, general and administrative	6,654	6,745	22,764	20,402
Acquisition and restructuring related costs	2,830	42	5,179	890
Amortization of acquired intangible assets	64	382	223	1,145
Total operating expenses	18,371	14,176	49,528	45,366
Income (loss) from operations	(2,313)	3,007	(4,426)	3,852
Interest income (expense) and other, net	(60)	(42)	(119)	(209)
Income (loss) from continuing operations before provision for income taxes	(2,373)	2,965	(4,545)	3,643
Provision for income taxes	931	1,083	466	1,767
Income (loss) from continuing operations, net of tax	(3,304)	1,882	(5,011)	1,876
Loss from discontinued operations (including gain on disposal of $2,097 for the three and nine months ended September 30, 2012), net of tax	(3,013)	(6,108)	(26,965)	(21,246)
Net loss	$ (6,317)	$ (4,226)	$ (31,976)	$ (19,370)
Basic net income (loss) per share:				
Income (loss) from continuing operations	$ (0.07)	$ 0.04	$ (0.11)	$ 0.04
Loss from discontinued operations	$ (0.07)	$ (0.14)	$ (0.60)	$ (0.48)
Net loss	$ (0.14)	$ (0.10)	$ (0.71)	$ (0.44)
Diluted net income (loss) per share:				
Income (loss) from continuing operations	$ (0.07)	$ 0.04	$ (0.11)	$ 0.04
Loss from discontinued operations	$ (0.07)	$ (0.14)	$ (0.60)	$ (0.47)
Net loss	$ (0.14)	$ (0.10)	$ (0.71)	$ (0.43)
Shares used to compute per share amounts				
Basic	44,946	44,537	44,824	44,525
Diluted	44,946	45,003	44,824	45,032

See accompanying notes to condensed consolidated financial statements.

PLX TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Net loss	$ (6,317)	$ (4,226)	$ (31,976)	$ (19,370)
Unrealized gain (loss) on marketable securities, net	1	2	(7)	12
Foreign currency translation adjustments	(26)	(20)	(92)	9
Comprehensive net loss	$ (6,342)	$ (4,244)	$ (32,075)	$ (19,349)

See accompanying notes to condensed consolidated financial statements.

PLX TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2012	**2011**
Cash flows used in operating activities:		
Net loss	$ (31,976)	$ (19,370)
Adjustments to reconcile net loss to net cash flows used in operating activities, net of assets acquired and liabilities assumed:		
Depreciation and amortization	2,305	2,670
Share-based compensation expense	2,342	1,748
Amortization of acquired intangible assets	5,262	7,333
Impairment of assets	10,343	-
Gain on sale of business	(2,097)	-
Write-downs of inventories	771	1,015
Other non-cash items	71	242
Changes in operating assets and liabilities:		
Accounts receivable	(3,059)	733
Inventories	(3,368)	(775)
Income tax receivable	-	901
Other current assets	(440)	1,356
Other assets	271	(139)
Accounts payable	8,414	(1,329)
Accrued compensation and benefits	2,189	633
Other accrued expenses	1,624	792
Net cash used in operating activities	(7,348)	(4,190)
Cash flows from investing activities:		
Proceeds from sale of business	9,000	-
Purchases of marketable securities	(4,112)	(4,823)
Sales and maturities of marketable securities	8,191	13,841
Purchase of property and equipment	(1,989)	(2,487)
Net cash provided by investing activities	11,090	6,531
Cash flows from financing activities:		
Borrowings against line of credit	9,500	2,000
Principal payments on line of credit	(6,500)	-
Proceeds from exercise of common stock options	1,006	91
Taxes paid related to net share settlement of equity awards	(47)	-
Principal payment on acquisition note	(4,848)	-
Principal payments on capital lease obligations	(478)	(615)
Net cash provided by (used in) financing activities	(1,367)	1,476
Effect of exchange rate fluctuations on cash and cash equivalents	(98)	(42)
Net increase in cash and cash equivalents	2,277	3,775
Cash and cash equivalents at beginning of period	12,097	5,835
Cash and cash equivalents at end of period	$ 14,374	$ 9,610
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 14	$ 6
Cash from income tax refunds	$ 15	$ 978
Cash paid for interest	$ 282	$ 36

See accompanying notes to condensed consolidated financial statements.

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of PLX Technology, Inc. and its wholly-owned subsidiaries (collectively, "PLX" or the "Company") as of September 30, 2012 and for the three and nine month periods ended September 30, 2012 and 2011 have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring accruals) that management considers necessary for a fair presentation of the Company's financial position, operating results and cash flows for the interim periods presented. Operating results and cash flows for interim periods are not necessarily indicative of results for the entire year.

On September 20, 2012, the Company completed the sale of its physical layer 10GBase-T integrated circuit ("PHY") family of products pursuant to an Asset Purchase Agreement between the Company and Aquantia Corporation dated September 14, 2012. On July 6, 2012, the Company had also entered into an Asset Purchase Agreement (the "Entropic APA") with Entropic Communications, Inc., pursuant to which the Company completed the sale of its digital channel stacking switch product line within the PHY product family, including certain assets exclusively related to the product line. The operations of the PHY related business have been segregated from continuing operations and are presented as discontinued operations in the Company's consolidated statement of operations for all periods presented.

The unaudited condensed consolidated financial statements include all of the accounts of the Company and those of its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

This financial data should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and in our Current Report on Form 8-K, filed on November 9, 2012.

Pending Transaction

On April 30, 2012, the Company entered into an Agreement and Plan of Merger ("Merger Agreement") with Integrated Device Technology, Inc. ("IDT") in which IDT will purchase all of the Company's outstanding shares of common stock in exchange for consideration, per share, comprised of (i) $3.50 in cash plus (ii) 0.525 of a share of IDT common stock.

The agreement contains certain termination rights by the Company and IDT including the Company's acceptance of a superior proposal. In the event that the Merger Agreement is terminated, the Company may, under specified circumstances, be required to pay a termination fee of $13.20 million.

The agreement is subject to various conditions, including, but not limited to (i) at least a majority of shares of PLX common stock then outstanding (calculated on a fully diluted basis) being tendered into the Offer, (ii) the expiration or termination of the applicable Hart-Scott-Rodino Act ("HSR Act") waiting period, (iii) the registration statement for IDT's common stock issuable in connection with the Offer and Merger being declared effective by the SEC and the listing of such shares on Nasdaq and (iv) the absence of any Company Material Adverse Effect (as defined in the Merger Agreement) with respect to PLX's business.

On May 7, 2012, IDT and the Company made premerger filings under the HSR Act with the Federal Trade Commission ("FTC") and the Antitrust Division of the U.S. Department of Justice. On June 5, 2012, following consultation with the FTC and PLX, IDT voluntarily withdrew its Notification and Report Form with respect to the exchange offer and the merger. IDT re-filed its Notification and Report form on June 6, 2012. On July 6, 2012, IDT and PLX each received a request for additional information from the FTC (the Second Request). This Second Request extends the waiting period applicable to the exchange offer under the HSR Act, which was set to expire on July 6, 2012 at 11:59 p.m., New York City time. The waiting period is extended until 11:59 p.m., New York City time, on the thirtieth day (or the next business day) after both IDT and PLX substantially comply with the Second Request, as specified by the HSR Act and the implementing rules, subject to extension by agreement among the parties. In the third quarter of 2012, IDT and the Company signed a timing agreement with the FTC extending the post-compliance waiting period from thirty to forty-five days, which is subject to change by agreement among the parties.

A copy of the Merger Agreement is attached as Exhibit 2.1 to the Form 8-K filed by PLX on April 30, 2012, to report the signing of the Merger Agreement. Additional information relating to the Merger Agreement is also included in that Form 8-K and in other filings PLX and IDT have made and will make with the SEC relating to the Merger Agreement.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates and such differences may be material to the financial statements.

Accumulated Other Comprehensive Loss

The components of accumulated comprehensive loss was as follows (in thousands):

	September 30, 2012	December 31, 2011
Unrealized gain on investments, net	$ 2	$ 9
Cumulative translation adjustments	(248)	(156)
Accumulated other comprehensive loss	$ (246)	$ (147)

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery or customer acceptance, where applicable, has occurred, the fee is fixed or determinable, and collection is reasonably assured.

Revenue from product sales to direct customers and distributors is recognized upon shipment and transfer of risk of loss, if the Company believes collection is reasonably assured and all other revenue recognition criteria are met. The Company assesses the probability of collection based on a number of factors, including past transaction history and the customer's creditworthiness. At the end of each reporting period, the sufficiency of allowances for doubtful accounts is assessed based on the age of the receivable and the individual customer's creditworthiness.

The Company offers pricing protection to two distributors whereby the Company supports the distributor's resale product margin on certain products held in the distributor's inventory. The Company analyzes current requests for credit in process, also known as ship and debits, and inventory at the distributor to determine the ending sales reserve required for this program. The Company also offers stock rotation rights to three distributors such that they can return up to a total of 5% of products purchased every six months in exchange for other PLX products of equal value. The Company analyzes inventory at distributors, current stock rotation requests and past experience to determine the ending sales reserve required for this program. Provisions for reserves are charged directly against revenue and the related reserves are recorded as a reduction to accounts receivable.

For license and service agreements, the Company evaluates revenue agreements under the accounting guidance for multiple-deliverable revenue arrangements. A multiple-deliverable arrangement is separated into more than one unit of accounting if (a) the delivered item(s) has value to the customer on a stand-alone basis, and (b) if the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. If both of these criteria are not met, the arrangement is accounted for as a single unit of accounting which would result in revenue being recognized ratably over the contract term or being deferred until the earlier of when such criteria are met or when the last undelivered element is delivered. If these criteria are met for each, the arrangement consideration is allocated to the separate units of accounting based on each unit's relative selling price. The selling price for each element is based upon the following selling price hierarchy: vendor-specific objective evidence ("VSOE") if available, third party evidence ("TPE") if VSOE is not available, or estimated selling price if neither VSOE nor TPE is available.

Revenues from the licensing of the Company's intellectual property are recognized when the significant contractual obligations have been fulfilled.

On occasion, the Company enters into development service arrangements in which customer payments are tied to achievements of specific milestones. The Company has elected to use the milestone method of revenue recognition for development service agreements upon the achievement of substantive milestones. When determining if a milestone is substantive, the Company assesses whether the milestone consideration (a) is commensurate with the Company's performance to achieve the milestone or the enhancement of the value of the delivered item as a result of the outcome from the Company's performance, (b) relates solely to past performance and (c) is reasonable relative to all deliverables and payments terms within the arrangement.

Recent Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board ("FASB") issued amended standards to simplify how entities test indefinite-lived intangible assets for impairment which improve consistency in impairment testing requirements among long-lived asset categories. These amended standards permit an assessment of qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying value. For assets in which this assessment concludes it is more likely than not that the fair value is more than its carrying value, these amended standards eliminate the requirement to perform quantitative impairment testing as outlined in the previously issued standards. These amended standards are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

2. Share-Based Compensation

Equity Incentive Plans

In May 2008, the Company's stockholders approved the 2008 Equity Incentive Plan ("2008 Plan"). The 2008 Plan was amended by the Company's stockholders in May 2010 to increase the number of shares reserved for issuance under the Plan by 1,500,000 shares. In May 2011, the 2008 Plan was amended again by the Company's stockholders to increase the number of shares reserved for issuance under the Plan by 2,300,000 shares. Under the 2008 Plan, there is currently authorized for issuance and available for awards an aggregate of 5,000,000 shares of the Company's common stock, plus up to an additional 2,407,369 shares that otherwise would have reverted to the share reserve of the Company's prior incentive plan, the Company's 1999 Stock Incentive Plan, subject to an overall, aggregate share reserve limit of 7,407,369 shares. Awards under the 2008 Plan may include stock options, restricted stock, stock appreciation rights, performance awards, restricted stock units and other awards, provided that with respect to full value awards, such as restricted stock or restricted stock units, no more than 300,000 shares may be issued in the form of full value awards during the term of the 2008 Plan. Awards under the 2008 Plan may be made to the Company's officers and other employees, its board members and consultants that it hires. Generally, options vest over a four-year period and expire no more than seven years after the date of grant. The 2008 Plan has a term of ten years.

Employee Stock Ownership Plan

In January 2009, the Company established the PLX Technology, Inc. Employee Stock Ownership Plan (the "ESOP"). The ESOP is a tax-qualified defined contribution retirement plan that is non-contributory. PLX regular employees (other than nonresident aliens with no U.S.-source income, employees covered by a collective bargaining agreement, leased employees and employees of a non-participating subsidiary of PLX) who are at least 18 years old and have worked for PLX for at least 12 consecutive months are eligible to participate in the ESOP. The Company made cash contributions equal to a percentage of eligible compensation that is determined annually by the Board of Directors. Eligible compensation is limited to $150,000. The contributions were used to purchase common stock of the Company. Since the adoption of the ESOP, the Company has made annual contributions of 2% of each employee's eligible compensation up to a maximum of $3,000 for any single employee (2% of $150,000 of eligible compensation). In accordance with the IDT merger agreement, the Company ceased contributing to the plan after the April 2012 contribution. Eligible participants receive a share allocation at the end of the plan year based on the contributions plus an additional allocation for forfeitures that occurred during the plan year. The shares and forfeitures are allocated to each ESOP participant who is employed on the last day of the ESOP Plan Year (December 31) in the same proportion that the compensation (up to the $150,000 limit) of each ESOP participant bears to the eligible compensation of all ESOP participants.

Share-Based Compensation Expense

The fair value of share-based awards is calculated using the Black-Scholes option pricing model, which requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values.

The weighted-average fair value of share-based compensation to employees is based on the multiple option valuation approach. Forfeitures are estimated and it is assumed no dividends will be declared. The estimated fair value of share-based compensation awards to employees is amortized using the straight-line method over the vesting period of the awards. The weighted-average fair value calculations are based on the following weighted average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Risk-free interest rate	0.55%	0.78%	0.68%	1.24%
Expected volatility	64.10%	60.90%	62.90%	61.40%
Expected life (years)	4.35	4.32	4.35	4.32

Risk-Free Interest Rate: The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option.

Expected Life: The Company's expected life represents the weighted-average period that the Company's stock options are expected to be outstanding. The expected life is based on the observed and expected time to post-vesting exercise of options by employees. The Company uses historical exercise patterns of previously granted options in relation to stock price movements to derive an employee behavioral pattern used to forecast expected exercise patterns.

Expected Volatility: The Company believes that historical volatility best represents expected volatility due to the lack of market data consistently available to calculate implied volatility. The historical volatility is based on the weekly closing prices of its common stock over a period equal to the expected term of the option and is a strong indicator of the expected future volatility.

These factors could change in the future, which would affect the share-based compensation expense in future periods.

As share-based compensation expense recognized in the unaudited Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2012 and 2011 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table shows total share-based compensation and employee stock ownership plan expenses recorded for the three and nine months ended September 30, 2012 and 2011, included in the respective line items of the Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Cost of revenues	$ 49	$ 11	$ 98	$ 34
Research and development	349	193	719	588
Selling, general and administrative	516	239	1,189	895
Discontinued operations	126	228	517	602
Total share-based compensation expense	$ 1,040	$ 671	$ 2,523	$ 2,119

A summary of option activity under the Company's stock equity plans during the nine months ended September 30, 2012 is as follows:

Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2011	4,612,367	$ 4.15	4.61	$ 872,567
Granted	1,049,500	4.37		
Exercised	(305,877)	3.29		
Cancelled	(591,898)	5.72		
Outstanding at September 30, 2012	4,764,092	$ 4.06	4.51	$ 9,465,506
Exercisable at September 30, 2012	2,525,424	$ 4.19	3.45	$ 5,262,038

The Black-Scholes weighted average fair values of options granted during the three months ended September 30, 2012 and 2011 were $2.90 and $1.57, respectively.

The Black-Scholes weighted average fair values of options granted during the nine months ended September 30, 2012 and 2011 were $2.16 and $1.76, respectively.

The following table summarizes ranges of outstanding and exercisable options as of September 30, 2012:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$1.80-$2.69	1,081,846	3.72	$ 2.14	819,954	$ 2.03
$2.70-$3.73	1,386,123	5.02	3.50	594,451	3.48
$3.74-$4.10	1,040,573	5.64	4.04	214,336	3.86
$4.11-$7.03	1,004,250	4.28	5.32	645,383	5.23
$7.04-$15.58	251,300	1.35	10.48	251,300	10.48
Total	4,764,092	4.51	$ 4.06	2,525,424	$ 4.19

The total intrinsic value of options exercised during the three and nine months ended September 30, 2012 was $0.3 million and $0.7 million, respectively. For the same periods in 2011, the total intrinsic value of options exercised was $20,000 and $73,000, respectively. The fair value of options vested during the three and nine months ended September 30, 2012 was approximately $0.5 million and $1.9 million, respectively. As of September 30, 2012, total unrecognized compensation costs related to nonvested stock options including estimated forfeitures was $1.8 million which is expected to be recognized as expense over a weighted average period of approximately 1.32 years.

The following table summarizes the activity for our nonvested restricted stock units ("RSUs") during the nine months ended September 30, 2012:

	Nonvested Restricted Stock Units	
	Number of Shares	Weighted Average Grant-Date Fair Value
December 31, 2011	-	$ -
Granted	299,000	$ 6.28
Vested	(21,500)	$ 6.66
Cancelled	(7,000)	$ 6.66
September 30, 2012	270,500	$ 6.24

As of September 30, 2012, total unrecognized compensation cost related to nonvested RSUs was $0.8 million which is expected to be recognized as expense over a weighted average period of approximately .31 years. RSUs vest on January 1, 2013 and February 28, 2013 or accelerate upon an employee's involuntary separation from the Company other than for cause.

3. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market (net realizable value). Inventories were as follows (in thousands):

	September 30, 2012	December 31, 2011
Work-in-process	$ 4,572	$ 4,216
Finished goods	5,668	4,680
Total	$ 10,240	$ 8,896

The Company evaluates the need for potential inventory write downs by considering a combination of factors including the life of the product, sales history, obsolescence, sales forecasts and expected sales prices.

4. Net Income (Loss) Per Share

The Company uses the treasury stock method to calculate the weighted average shares used in the diluted earnings per share. The following table sets forth the computation of basic and diluted net income (loss) per share (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income (loss) from continuing operations	$ (3,304)	$ 1,882	$ (5,011)	$ 1,876
Weighted average shares outstanding - basic	44,946	44,537	44,824	44,525
Dilutive effect of stock options and RSUs	-	466	-	507
Weighted average shares outstanding - diluted	$ 44,946	$ 45,003	$ 44,824	$ 45,032
Basic net income (loss) per share from continuing operations	$ (0.07)	$ 0.04	$ (0.11)	$ 0.04
Diluted net income (loss) per share from continuing operations	$ (0.07)	$ 0.04	$ (0.11)	$ 0.04

As the Company incurred a net loss for the three and nine month periods ended September 30, 2012, the effect of dilutive securities, totaling 5.0 million shares has been excluded from the computation of diluted loss per share, as its impact would be anti-dilutive. Dilutive securities are comprised of options to purchase common stock.

Weighted average employee stock options to purchase approximately 3.8 million and 3.4 million shares for the three and nine month periods ended September 30, 2011, respectively, were outstanding, but were not included in the computation of diluted earnings per share as the exercise price of the options was greater than the average share price of the Company's stock and, therefore, the effect would have been anti-dilutive.

5. Fair Value Measurements

The accounting guidance for fair value measurements provided a framework for measuring fair value and expands related disclosures. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The guidance also established a hierarchy which requires an entity to maximize the use of observable inputs, when available. The guidance requires fair value measurement be classified and disclosed in one of the following three categories:

Level 1: Valuations based on quoted prices in active markets for identical assets and liabilities. The fair value of available-for-sale securities included in the level 1 category is based on quoted prices that are readily and regularly available in an active market.

Level 2: Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly. The fair value of available-for-sale securities included in the Level 2 category is based upon quoted prices in markets that are not active and incorporate available trade, bid and other market information.

Level 3: Valuations based on inputs that are unobservable and involve management judgment and the reporting entity's own assumptions about market participants and pricing.

The fair value of financial assets and liabilities measured on a recurring basis is as follows (in thousands):

		Fair Value Measurement as Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
	September 30, 2012	(Level 1)	(Level 2)	(Level 3)
Assets:				
Money market funds	$ 474	$ 474	$ -	$ -
Certificate of deposit	910	910	-	-
Marketable securities	3,844	-	3,844	-
Total	$ 5,228	$ 1,384	$ 3,844	$ -

		Fair Value Measurement as Reporting Date Using		
	December 31, 2011	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds	$ 89	$ 89	$ -	$ -
Certificate of deposit	2,988	2,988	-	-
Marketable securities	6,161	-	6,161	-
Total	$ 9,238	$ 3,077	$ 6,161	$ -

The fair value of assets and liabilities measured on a non-recurring basis is as follows (in thousands):

		Fair Value Measurement as Reporting Date Using		
	September 30, 2012	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Escrow Receivable	$ 1,600	$ -	$ -	$ 1,600
Total	$ 1,600	$ -	$ -	$ 1,600

The estimated fair value of the escrow payment is based on assumptions made regarding potential claims against the escrow using historical and market data and is subject to change. See Note 14 of the condensed consolidated financial statements for more information on the escrow receivable.

6. Investments

As of September 30, 2012, the Company's securities consisted of debt securities and were designated as available-for-sale. Available-for-sale securities are carried at fair value, based on quoted market prices or prices quoted in markets that are not active, with unrealized gains and losses reported in a separate component of stockholders' equity. The amortized cost of debt securities is adjusted for the amortization of premiums and the accretion of discounts to maturity, both of which are included in interest income. Realized gains and losses are recorded on the specific identification method.

The fair value of available-for-sale investments is as follows (in thousands):

	September 30, 2012			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Certificate of deposit	$ 910	$ -	$ -	$ 910
Corporate bonds and notes	280	-	-	280
Municipal bonds	2,986	2	-	2,988
US treasury and government agencies securities	576	-	-	576
Total bonds, notes and equity securities	$ 4,752	$ 2	$ -	$ 4,754
Less amounts classified as cash equivalents				(1,255)
Total short and long-term available-for-sale investments				$ 3,499
Contractual maturity dates for investments:				
Less than one year:				3,219
One to two years:				280
				$ 3,499

	December 31, 2011			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Certificate of deposit	$ 2,988	$ -	$ -	$ 2,988
Corporate bonds and notes	434	-	-	434
Municipal bonds	2,083	4	-	2,087
US treasury and government agencies securities	3,635	5	-	3,640
Total bonds, notes and equity securities	$ 9,140	$ 9	$ -	$ 9,149
Less amounts classified as cash equivalents				(1,494)
Total short and long-term available-for-sale investments				$ 7,655
Contractual maturity dates for investments:				
Less than one year:				7,549
One to two years:				106
				$ 7,655

As of September 30, 2012 and December 31, 2011, the Company had an aggregate unrealized loss of less than $1,000.

The Company reviews its available for sale investments for impairment at the end of each period. Investments in debt securities, which make up the majority of the Company's investments, are considered impaired when the fair value of the debt security is below its amortized cost. If an impairment exists and the Company determines it has intent to sell the debt security or if it is more likely than not that it will be required to sell the debt security before recovery of its amortized cost basis, an other-than-temporary impairment loss is recognized in earnings to write the debt security down to its fair value. However, even if the Company does not expect to sell the debt security, it must evaluate expected cash flows to be received and determine if a credit loss exists. In the event of a credit loss, only the amount of impairment associated with the credit loss is recognized in earnings. Amounts relating to factors other than credit losses are recognized in other comprehensive income (loss). The Company did not record any other-than-temporary write-downs in the accompanying financial statements.

7. Asset Impairment

In June 2012 the Company recorded impairment charges of $10.3 million related to its 10 Gigabit Ethernet business, including core technology of $9.6 million, trade name and customer relationships of $0.2 million and certain tangible assets of $0.5 million. The primary factors contributing to this impairment charge was the uncertainty of and reduction in forecasted cash flows, resulting in an increase in the probability that the product line will be sold or disposed of based on the reduction and timing of future cash flows. In determining the amount of impairment charges the Company calculated the fair value of the asset group as of the impairment date. The fair value was determined using the weighted average of a discounted cash flow analysis and a market approach along with proceeds received from Entropic in July 2012 in connection with the IP license agreement. The discounted cash flow approach calculates the value based on the risk-adjusted present value of the cash flows related to 10 Gigabit Ethernet while the market approach calculates the value based on indications of what a market participant would pay for the asset group. The key unobservable inputs utilized in the discounted cash flow model include a 40% discount rate, a tax rate of 40% and future cash flows based on current product and market data. The impairment was recorded in discontinued operations in the Company's Condensed Consolidated Statement of Operations.

8. Goodwill and Intangibles

The changes in the carrying amount of goodwill for the nine months ended September 30, 2012 are as follows (in thousands):

Net goodwill as of December 31, 2011	$ 21,338
Adjustment for divestiture of PHY business	(877)
Net goodwill as of September 30, 2012	$ 20,461

See Note 14 of the condensed consolidated financial statements for more information on the divestiture of the PHY business.

The following table summarizes the gross carrying amount and accumulated amortization for each major intangible class and the weighted average amortization period, in total and by major intangible asset class (in thousands):

	September 30, 2012		
	Gross Carrying Value	Accumulated Amortization	Net Value
Existing and core technology			
Oxford USB and Serial Connectivity	$ 4,600	$ (4,600)	$ -
Oxford Network Attached Storage Connectivity	3,800	(3,778)	22
Trade Name			
Oxford	600	(600)	-
Customer Relationships			
Oxford	56	(56)	-
Totals	$ 9,056	$ (9,034)	$ 22

	December 31, 2011		
	Gross Carrying Value	Accumulated Amortization	Net Value
Existing and core technology			
Oxford USB and Serial Connectivity	$ 4,600	$ (4,600)	$ -
Oxford Network Attached Storage Connectivity	3,800	(3,555)	245
Teranetics Network PHY	20,100	(4,187)	15,913
Trade Name			
Oxford	600	(600)	-
Teranetics	200	(125)	75
Customer Relationships			
Oxford	56	(56)	-
Teranetics	10,200	(5,588)	4,612
Totals	$ 39,556	$ (18,711)	$ 20,845

All of these intangibles are subject to amortization. There is no estimated residual value on any of the intangible assets. The amortization expense from continuing operations for the three and nine month periods ended September 30, 2012 was $64,000 and $0.2 million, respectively. For the same periods in 2011 the amortization expense was $0.4 million and $1.1 million, respectively.

The amortization expense from discontinued operations for the three and nine month periods ended September 30, 2012 was $1.7 million and $5.0 million, respectively. In the second quarter of 2012, the Company recorded impairment charges of $10.3 million related to its core technology, trade name and customer relationships acquired in the Teranetics acquisition. See Note 7 of the condensed consolidated financial statements for more information on the impairment. As a result of the impairment and the Entropic and Aquantia transactions, the Company reduced the remaining useful lives and accelerated the amortization of the Teranetics acquired intangibles. The remaining value of the intangibles of $5.8 million was written off and included in the gain on disposal. See Note 14 of the condensed consolidated financial statements for more information on the divestiture of the PHY business. For the same periods in 2011 the amortization expense was $2.1 million and $6.2 million, respectively.

The remaining value of intangibles of $22,000 will be amortized over the remainder of 2012.

9. Acquisition and Restructuring Costs

Acquisition Costs

For the three and nine months ended September 30, 2012, the Company recorded $2.8 million and $5.2 million, respectively, of acquisition costs, primarily for outside legal and investment banking fees associated with the pending IDT acquisition of PLX. For the nine months ended September 30, 2011 the Company recorded $88,000 of outside legal and accounting costs associated with the 2010 Teranetics acquisition. These expenses were included in operating expenses under acquisition and restructuring related costs in the Company's Condensed Consolidated Statement of Operations for the three and nine months ended September 30, 2012 and 2011.

Severance

In the nine months ended September 30, 2011, the Company recorded approximately $0.5 million of severance and benefit related costs, included in acquisition and restructuring related costs in the Condensed Consolidated Statement of Operations, related to the termination of 14 employees worldwide as a result of the downsizing and refocus of the operations in the UK and cost control efforts as a result of the Teranetics acquisition. As of December 31, 2011, all of the $0.5 million severance and benefit related costs were paid.

Lease Terminations

In October 2010, associated with the acquisition of Teranetics, the Company assumed a building lease in San Jose, California which was vacated in March 2011. The lease accrual charge of $0.4 million for future lease costs, reduced by estimated sublease rental and deferred rent was recorded in discontinued operations in the Condensed Consolidated Statement of Operations for the nine months ended September 30, 2011. As of June 30, 2012 the lease liability was paid.

In connection with the downsizing of UK operations, the Company vacated the first floor of its building as of March 2011 and terminated the lease for this space. The lease accrual charge of $0.3 million for future lease costs and early termination fees was recorded in acquisition and restructuring related costs in the Condensed Consolidated Statement of Operations for the nine months ended September 30, 2011. As of December 31, 2011 the lease liability was paid.

The following table summarizes the activity within the lease termination liability (in thousands):

Liability at December 31, 2011	$ 281
Cash payments	(281)
Liability at September 30, 2012	$ -

10. Segments of an Enterprise and Related Information

The Company has one operating segment, the sale of semiconductor devices. The Chief Executive Officer has been identified as the Chief Operating Decision Maker ("CODM") because he has final authority over resource allocation decisions and performance assessment. The CODM does not receive discrete financial information about individual components of the Company's business. The majority of the Company's assets are located in the United States.

Revenues from continuing operations by geographic region based on customer location were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
China	$ 6,640	$ 7,574	$ 20,052	$ 21,314
Taiwan	6,403	8,088	17,955	21,248
United States	4,671	5,079	12,195	14,645
Singapore	4,326	3,517	10,494	10,088
Other Asia Pacific	2,070	2,454	6,193	7,417
Germany	2,398	2,510	8,485	9,755
Europe, Middle East and Africa	266	513	1,175	1,688
The Americas - excluding United States	92	28	285	101
Total	$ 26,866	$ 29,763	$ 76,834	$ 86,256

There were no direct end customers that accounted for more than 10% of net revenues. Sales to the following distributors accounted for 10% or more of net revenues from continuing operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Excelpoint Systems Pte Ltd	30%	24%	27%	24%
Avnet, Inc.	24%	21%	24%	23%
Answer Technology, Inc.	18%	21%	20%	20%
Promate Electronics Co., Ltd	*	10%	*	*

The following distributors accounted for 10% or more of the total accounts receivable balance:

	September 30,	
	2012	2011
Excelpoint Systems Pte Ltd	38%	31%
Answer Technology, Inc.	22%	22%
Avnet, Inc.	11%	16%
Promate Electronics Co., Ltd	*	12%

* Less than 10%

11. Line of Credit

On September 30, 2011, the Company entered into an agreement with Silicon Valley Bank to establish a two-year $10 million revolving loan facility. The facility provides for revolving advances based on a borrowing-base formula tied to the Company's receivables and also provides for month-end and fiscal quarter-end advances beyond the borrowing-base formula subject to certain limitations and requirements. Borrowings under the credit facility bear interest at rates equal to the prime rate announced from time to time in The Wall Street Journal. As of September 30, 2012 the prime rate was 3.25%. The facility also provides for commitment, unused facility and letter-of-credit fees. The facility is secured by liens on the Company's personal property assets except for intellectual property, which is subject to a negative pledge against encumbrance. As of September 30, 2012 there is $5.0 million outstanding against the facility and borrowing availability is $5.0 million. Interest payments are paid monthly with principal due at maturity.

The facility is subject to certain financial covenants for EBITDA, as defined in the agreement, and a monthly quick ratio computation (PLX's cash, investments and accounts receivable divided by current liabilities). The Company was in compliance with all financial covenants associated with this facility as of September 30, 2012.

12. Contingencies

To date, Internet Machines LLC ("Internet Machines") has filed three separate lawsuits against PLX. The first suit was filed on February 2, 2010, which has been served on PLX, entitled Internet Machines LLC v. Alienware Corporation, et al., in the United States District Court for the Eastern District of Texas, Tyler Division (the "First Suit"). This First Suit alleges infringement by PLX and the other defendants in the lawsuit of two patents held by Internet Machines. The complaint in the lawsuit seeks unspecified compensatory damages, treble damages and attorneys' fees, as well as injunctive relief against further infringement of Internet Machines' patents. On May 14, 2010, the Company filed its answer to the live complaint and asserted counterclaims, seeking declaratory judgments of non-infringement and invalidity of the patents-in-suit. On December 6, 2010, the Court held a case-management conference and subsequently entered a scheduling order in this matter, and set the trial for February 2012.

On February 21, 2012, through February 29, 2012, the claims and defenses asserted in the First Suit were tried to a seven-member jury in the United States District Court for the Eastern District of Texas, Tyler Division. On February 29, 2012, the jury returned its verdict, finding the patents-in-suit valid and infringed and awarded money damages against PLX in the amount of $1.0 million. The Court has not entered a final judgment on the jury's verdict, and the Company intends to vigorously seek reversal of the jury's verdict through post-trial motions and, if necessary, on appeal.

Internet Machines' second lawsuit, which has also been served on PLX, was filed on October 17, 2010, again in the United States District Court for the Eastern District of Texas, Tyler Division (the "Second Suit"). This Second Suit, entitled Internet Machines LLC v. ASUS Computer International, et al., alleges infringement by PLX of another patent held by Internet Machines. The complaint also asserts infringement claims against a separate group of defendants not named in the first Internet Machines lawsuit, and accuses those defendants of infringing the two patents asserted against PLX in the First Suit, as well as the additional patent listed in this Second Suit. The complaint in the lawsuit seeks unspecified compensatory damages, treble damages and attorneys' fees, as well as injunctive relief against further infringement of Internet Machines' patents. On December 28, 2010, the Company filed its answer to the live complaint in the second lawsuit and asserted counterclaims, seeking declaratory judgments of non-infringement and invalidity of the patents-in-suit.

On May 17, 2011, Internet Machines filed a third lawsuit entitled Internet Machines LLC v. Avnet, Inc., et al., again in the United States District Court for the Eastern District of Texas, Tyler Division (the "Third Suit"). The third lawsuit has been served on PLX and alleges that PLX infringes a fourth patent held by Internet Machines. This lawsuit also accuses a new group of defendants of infringing each of Internet Machines' patents at issue in the First and Second Suits, as well as the fourth patent asserted against PLX in this Third Suit. The complaint in the Third Suit seeks unspecified compensatory damages, treble damages and attorneys' fees, as well as injunctive relief against further infringement of Internet Machines' patents. On September 27, 2011, the Company filed its answer to the live complaint and asserted counterclaims, seeking declaratory judgments of non-infringement and invalidity of the patents-in-suit.

On January 20, 2012, the Court entered an order consolidating the Second and Third Suits into one action. The Court further ordered that the schedule entered in the Third Suit would govern the consolidated action. As a result, the consolidated action was set for trial in February 2013.

On March 25, 2011, a related entity, Internet Machines MC LLC, filed a lawsuit against PLX, entitled Internet Machines MC LLC v. PLX Technology, Inc., et al., in the United States District Court for the Eastern District of Texas, Marshall Division. Internet Machines MC LLC, however, did not serve the initial complaint on PLX. Instead, on August 26, 2011, Internet Machines MC LLC filed a first amended complaint, which has now been served on PLX, alleging infringement by PLX and the other defendants in the lawsuit of one patent held by Internet Machines MC LLC. The complaint in this lawsuit seeks unspecified compensatory damages, treble damages and attorneys' fees, as well as injunctive relief against further infringement of Internet Machines MC LLC's patents. On November 11, 2011, the Company filed its answer to the live complaint and asserted counterclaims, seeking declaratory judgments of non-infringement and invalidity of the patents-in-suit. On March 5, 2012, the Court held an initial case-management conference in this matter. The Court entered a scheduling order in this matter, and trial was set for July 2013.

On September 4, 2012, the Court entered an order staying the Second and Third Suits and the lawsuit brought by Internet Machines MC LLC discussed in the preceding paragraph. Pursuant to the Court's order, those lawsuits are stayed until a final non-appealable judgment is entered in the First Suit, again styled Internet Machines LLC v. Alienware Corp., et al., Cause No. 6:10-CV-023, in the United States District Court for the Eastern District of Texas.

As a result of the jury's February 29, 2012 verdict on the First Suit, the Company accrued $1.0 million as of December 31, 2011. As noted above, the Court has not filed its final judgment on the jury's verdict. It is reasonably possible that any change in the ruling as a result of post-trial motions or possible appeals could change the estimated liability. While it is not possible to determine the ultimate outcome of the remaining suits, the Company believes that it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position, but it is unable to estimate a range of possible loss.

13. Income Taxes

A provision for income tax from continuing operations of $0.5 million has been recorded for the nine month period ended September 30, 2012, compared to a provision of $1.8 million for the same period in 2011. Income tax expense for the nine months ended September 30, 2012 and September 30, 2011 is a result of applying the estimated annual effective tax rate to cumulative profit before taxes adjusted for certain discrete items which are fully recognized in the period they occur and miscellaneous state income taxes. The Company excluded from its calculation of the effective tax rate losses in the US since it cannot benefit those losses.

The Company has determined that negative evidence supports the need for a full valuation allowance against its net deferred tax assets at this time. The Company will maintain a full valuation allowance until sufficient positive evidence exists to support a reversal of the valuation allowance.

As of September 30, 2012, the Company had unrecognized tax benefits of approximately $4.4 million of which none, if recognized, would result in a reduction of the Company's effective tax rate. There were no material changes in the amount of unrecognized tax benefits during the nine months ended September 30, 2012. Future changes in the balance of unrecognized tax benefits will have no impact on the effective tax rate as they are subject to a full valuation allowance. The Company does not believe the amount of its unrecognized tax benefits will significantly change within the next twelve months.

The Company is subject to taxation in the United States and various states and foreign jurisdictions. The tax years 2007 through 2011 remain open to examination by the federal and most state tax authorities. Net operating loss and tax credit carryforwards generated in prior periods remain open to examination.

14. Discontinued Operations

On September 20, 2012, the Company completed the sale of its physical layer 10GBase-T integrated circuit ("PHY") family of products pursuant to an Asset Purchase Agreement (the "Aquantia APA") between the Company and Aquantia Corporation for $2.0 million in cash.

On July 6, 2012, the Company had also entered into an Asset Purchase Agreement (the "Entropic APA") with Entropic Communications, Inc., pursuant to which the Company completed the sale of its digital channel stacking switch product line within the PHY product family, including certain assets exclusively related to the product line. Under the terms of the Entropic APA, the Company continued to have an obligation to complete the development in process. The agreement provided for $3.0 million upon closing and up to $5.0 million in future payments. Future payments consist of a milestone payment of $2.0 million in connection with product acceptance, a $2.0 million escrow payment relating to certain representations, warranties and indemnities made by PLX and is due to be released to PLX twelve months after product acceptance and a $1.0 million milestone payment in the event a third party royalty arrangement is secured. In conjunction with the Entropic APA, the Company entered into an Intellectual Property License Agreement (the "License Agreement") with Entropic which provided a fully paid, royalty free license to certain of the physical layer 10GBase-T integrated circuit technology which provided for a $4.0 million payment from Entropic to the Company upon signing. In connection with the Transaction with Aquantia, the Company is in negotiations to modify the Agreement with Entropic and it is probable that the payment terms of certain milestone payments will be reduced and accelerated and the obligation of PLX to complete the development of the product will be assumed by Entropic.

The consideration for the combined sale of the PHY business consisted of cash received at closing in connection with the Aquantia APA of $2.0 million, the Entropic APA of $3.0 million and the License Agreement of $4.0 million and the estimated fair value of the escrow payment under the Entropic APA of $1.6 million. The estimated fair value of the escrow payment is included in the Company's balance sheet as other non-current assets and is based on assumptions made regarding potential claims against the escrow using historical and market data and is subject to change. Future payments of up to $3.0 million which are contingent on future milestone achievements were not included in the initial consideration and will be accounted for when they are received. The Company recorded a gain of $2.1 million related to this divestiture. The following table summarizes the components of the gain (in thousands):

Cash proceeds from sale (including fair value amount held escrow)	$ 10,600
Less carrying value of assets transferred and asset write-offs:	
Inventory transferred	(1,254)
Fixed assets transferred	(589)
Intangible assets write-off	(5,783)
Goodwill write-off	(877)
Gain on disposal	$ 2,097

The following is selected financial information included in net loss from discontinued operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	in thousands			
Revenues	$ 1,435	$ 1,313	$ 2,947	$ 3,644
Gain on disposal	2,097	-	2,097	-
Loss before income taxes	(3,935)	(7,129)	(27,363)	(22,899)
Benefit from income taxes	(922)	(1,021)	(398)	(1,653)
Loss from discontinued operations	$ (3,013)	$ (6,108)	$ (26,965)	$ (21,246)

In connection with the above transactions, the Company is providing transitional support through the continued negotiations with Entropic and expects the transition period to last no more than six months.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Report on Form 10-Q contains forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements regarding our expectations, hopes, intentions, beliefs or strategies regarding the future, but excluding from such “safe harbor” any statements made or deemed made in connection with the agreement described in Note 1 of the condensed consolidated financial statements. Forward-looking statements include statements regarding our expectations or other prospective statements concerning the Merger Agreement and related transactions described in Note 1 of the condensed consolidated financial statements, future gross margin, our future research and development expenses, our future unrecognized tax benefits, our ability to meet our capital requirements for the next twelve months, our future capital requirements, current high turns fill requirements and our anticipation that sales to a small number of customers will account for a significant portion of our sales. Actual results could differ materially from those projected in such forward-looking statements. Factors that could cause actual results to differ include unexpected changes in the mix of our product sales, unexpected pricing pressures, unexpected capital requirements that may arise due to other possible acquisitions or other events, unanticipated changes in the businesses of our suppliers, and unanticipated cash shortfalls. Actual results could also differ for the reasons noted under the sub-heading “Factors That May Affect Future Operating Results” in Item 1A, Risk Factors in Part II of this report on Form 10-Q and in other sections of this report on Form 10-Q. All forward-looking statements included in this Form 10-Q are based on information available to us on the date of this report on Form 10-Q, and we assume no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements.

The following discussion should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and in our Current Report on Form 8-K, filed on November 9, 2012.

OVERVIEW

PLX Technology, Inc. ("PLX" or the "Company"), a Delaware corporation established in 1986, designs, develops, manufactures, and sells integrated circuits that perform critical system connectivity functions. These interconnect products are fundamental building blocks for standards-based electronic equipment. We market our products to major customers that sell electronic systems in the enterprise, consumer, server, storage, communications, PC peripheral and embedded markets.

On April 30, 2012, we announced that we entered into an agreement to be acquired by IDT, summarized in Note 1 of Notes to Condensed Consolidated Financial Statements.

The explosive growth of cloud-based computing has provided a significant opportunity for PLX, since the data centers that house these systems are limited by their ability to offer high performance, low cost, low power, scalable interconnection. The level of integration is increasing, and the need for rapid expansion forces these customers to build their systems using standard-based, off-the-shelf devices. The industry has converged around two general purpose interconnection standards, PCI Express and Ethernet.

PLX is a market share leader in PCI Express switches and bridges. We recognized the trend towards this serial, switched interconnect technology early, launched products for this market long before our competitors, and have deployed multiple generations of products to serve a general-purpose market. In addition to enabling customer differentiation through our product features, the breadth of our product offering is in itself a significant benefit to our customers, since we can serve the complete needs of our customers with cost-effective solutions tailored to specific system requirements. PLX supplies an extensive portfolio of PCI Express switches; PCI Express bridges that allow backward compatibility to the previous PCI standard; and our newest bridge enables seamless interoperability between two of the most popular mainstream interconnects: PCI Express and USB 3.0. Our long experience with PCI Express connectivity products enables PLX to deliver reliable devices that operate in non-ideal real-world, system environments.

PLX offers a complete solution consisting of semiconductor devices, software development kits, hardware design kits, software drivers, and firmware solutions that enable added-value features in our products. We differentiate our products by offering higher performance at lower power, by enabling a richer customer experience based on proprietary features that enable system-level customer advantages, and by providing capabilities that enable a customer to get to market more quickly.

We utilize a “fabless” semiconductor business model whereby we purchase wafers and packaged and tested semiconductor devices from independent manufacturing foundries. This approach allows us to focus on defining, developing, and marketing our products and eliminates the need for us to invest large amounts of capital in manufacturing facilities and work-in-process inventory.

We rely on a combination of direct sales personnel, distributors and manufacturers’ representatives throughout the world to sell a significant portion of our products. We pay manufacturers’ representatives a commission on sales while we sell products to distributors at a discount from the selling price.

The time period between initial customer evaluation and design completion is generally between six and twelve months, though it can be longer in some circumstances. Furthermore, there is typically an additional six to twelve month or greater period after design completion before a customer requests volume production of our products. Due to the variability and length of these design cycles and variable demand from customers, we may experience significant fluctuations in new orders from month to month. In addition, we typically make inventory purchases prior to receiving customer orders. Consequently, if anticipated sales and shipments in any quarter do not occur when expected, expenses and inventory levels could be disproportionately high, and our results for that quarter and potentially future quarters would be materially and adversely affected.

Our long-term success will depend on our ability to successfully introduce new products. While new products typically generate little or no revenue during the first twelve months following their introduction, our revenues in subsequent periods depend upon these new products. Due to the lengthy sales cycle and additional time before our customers request volume production, significant revenues from our new products typically occur twelve to twenty-four months after product introduction. As a result, revenues from newly introduced products have, in the past, produced a small percentage of our total revenues in the year the product was introduced. See –“Our Lengthy Sales Cycle Can Result in Uncertainty and Delays with Regard to Our Expected Revenues” in Item 1A, Risk Factors, in Part II of this report on Form 10-Q.

Discontinued operations

On September 20, 2012, the Company completed the sale of its physical layer 10GBase-T integrated circuit (“PHY”) family of products pursuant to an Asset Purchase Agreement between the Company and Aquantia Corporation dated September 14, 2012. On July 6, 2012, the Company had also entered into an Asset Purchase Agreement (the “Entropic APA”) with Entropic Communications, Inc., pursuant to which the Company completed the sale of its digital channel stacking switch product line within the PHY product family, including certain assets exclusively related to the product line. The 10G Ethernet market has developed more slowly than had previously been anticipated and the divestiture was intended to reduce future spending and operating losses associated with this business. The operations of the PHY related business have been segregated from continuing operations and are presented as discontinued operations in the Company’s consolidated statement of operations. Unless otherwise indicated, the following discussions in Results of Operations pertain only to our continuing operations.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2011

Net Revenues

The following table shows the revenue by type (in thousands) and as a percentage of net revenues:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012		2011		2012		2011	
PCI Express Revenue	$ 17,484	65.1%	$ 16,263	54.6%	$ 50,523	65.8%	$ 47,312	54.9%
Connectivity Revenue	9,382	34.9%	13,500	45.4%	26,311	34.2%	38,944	45.1%
	$ 26,866		$ 29,763		$ 76,834		$ 86,256	

Net revenues consist primarily of product revenues generated principally by sales of our semiconductor devices. Net revenues for the three months ended September 30, 2012 decreased 9.7%, or $2.9 million compared to same period in 2011. The decrease was due to lower sales of our consumer storage devices within the Connectivity product grouping as a result of the decline in demand for products used in systems nearing end of life and the customer transition from our legacy products to our PCI Express products, partially offset by higher sales of our PCI Express products due to the ramp of our Gen 2 and Gen 3 products.

Net revenues for the nine months ended September 30, 2012 decreased 10.9%, or $9.4 million compared to the same period in 2011. The decrease was due to lower sales of our consumer storage devices within the Connectivity product grouping as a result of the decline in demand for products used in systems nearing end of life, increased sales in the second quarter of 2011 in connection with the March 2011 Japan Tsunami and the customer transition from our legacy products to our PCI Express products, partially offset by higher sales of our PCI Express products due to the ramp of our Gen 2 and Gen 3 products.

There were no direct end customers that accounted for more than 10% of net revenues. Sales to the following distributors accounted for 10% or more of net revenues:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Excelpoint Systems Pte Ltd	30%	24%	27%	24%
Avnet, Inc.	24%	21%	24%	23%
Answer Technology, Inc.	18%	21%	20%	20%
Promate Electronics Co., Ltd	*	10%	*	*

* Less than 10%

Future demand for our products is uncertain and is highly dependent on general economic conditions and the demand for products that contain our chips. Customer demand for semiconductors can change quickly and unexpectedly. Our revenue levels have been highly dependent on the amount of new orders that are received for products to be delivered to the customer within the same quarter, also called “turns fill” orders. Because of the long cycle time to build our products and our lack of visibility into demand when turns fill orders are high, it is difficult to predict which products to build to match future demand. We believe the current high turns fill requirements will continue indefinitely. The high turns fill orders pattern, together with the uncertainty of product mix and pricing, makes it difficult to predict future levels of sales and profitability and may require us to carry higher levels of inventory.

Gross Margin

Gross margin represents net revenues less the cost of revenues. Cost of revenues includes the cost of (1) purchasing semiconductor devices or wafers from our independent foundries, (2) packaging, assembly and test services from our independent foundries, assembly contractors and test contractors and (3) our operating costs associated with the procurement, storage, and shipment of products as allocated to production.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	in thousands			
Gross profit	$ 16,058	$ 17,183	$ 45,102	$ 49,218
Gross margin	59.8%	57.7%	58.7%	57.1%

Gross profit for the three months ended September 30, 2012 decreased by 6.6%, or $1.1 million compared to the same period in 2011 while gross margin increased 2.1 percentage points or 3.6%. The increase in product gross margin was due primarily to increased sales and improved costs on our PCI Express Gen 3 builds as we move from our early revision products to our production revision products and into production volume builds as well decreased sales of the low margin Storage products within the Connectivity product grouping. The decrease in absolute dollars was due to the decrease in overall product sales.

Gross profit for the nine months ended September 30, 2012 decreased by 8.4%, or $4.1 million compared to the same period in 2011 while gross margin increased 1.6 percentage points or 2.8%. The increase in product gross margin was due primarily to decreased sales of the low margin Storage products within the Connectivity product grouping. The decrease in absolute dollars was due to the decrease in overall product sales.

Future gross profit and gross margin are highly dependent on the product and customer mix, timing of development service and IP mix, provisions and sales of previously written down inventory, the position of our products in their respective life cycles and specific manufacturing costs. Accordingly, we are not able to predict future gross profit levels or gross margins with certainty.

Research and Development Expenses

Research and development ("R&D") expenses consist primarily of tape-out costs at our independent foundries, salaries and related costs, including share-based compensation and expenses for outside engineering consultants.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	in thousands			
R&D expenses	$ 8,823	$ 7,007	$ 21,362	$ 22,929
As a percentage of revenues	32.8%	23.5%	27.8%	26.6%

R&D expenses increased by $1.8 million or 25.9% in the three months ended September 30, 2012 compared to the same period in 2011. In the three months ended September 30, 2011 expenses relating to the divested UK design team were $1.7 million. Excluding the impact of the UK design team divestiture in the fourth quarter of 2011, R&D expenses increased by $3.5 million or 67.6%. The increase in R&D in absolute dollars and as a percentage of revenue was primarily due to increases in R&D spending on tape-out related activities of $3.1 million due to timing of projects taped-out and compensation and benefit expenses of $0.4 million due to an increase in headcount and the issuance of restricted stock units (RSUs) in 2012.

R&D expenses decreased by $1.6 million or 6.8% in the nine months ended September 30, 2012 compared to the same period in 2011. In the nine months ended September 30, 2011 expenses relating to the divested UK design team were $5.7 million. Excluding the impact of the UK design team divestiture in the fourth quarter of 2011, R&D expenses increased by $4.1 million or 23.7%. The increase in R&D in absolute dollars and as a percentage of revenue was primarily due to increases in R&D spending on tape-out related activities of $2.3 million due to timing of projects taped-out, compensation and benefit expenses of $0.7 million due to an increase in headcount and the issuance of RSUs in 2012, variable compensation of $0.5 million as a result of the changes in the plan to tie payouts to personal and group performance objectives and consulting fees of $0.5 million.

We believe continued spending on research and development to develop new products is critical to our success. R&D spending will continue to fluctuate due to timing of projects and tape-out related activities.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses consist primarily of salaries and related costs, including share-based compensation, commissions to manufactures' representatives and professional fees, as well as trade show and other promotional expenses.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	in thousands			
SG&A expenses	$ 6,654	$ 6,745	$ 22,764	$ 20,402
As a percentage of revenues	24.8%	22.7%	29.6%	23.7%

SG&A expenses were flat at $6.7 million in the three months ended September 30, 2012 compared to the same period in 2011. SG&A spending in compensation and benefit expenses decreased $0.4 million due to the decrease in headcount, which was offset by an increase in share-based compensation expense of $0.3 million due to the issuance of RSUs in 2012.

SG&A expenses increased by $2.4 million or 11.6% in the nine months ended September 30, 2012 compared to the same period in 2011. The increase in SG&A in absolute dollars and a percentage of revenue was due primarily to an increase in legal fees of $2.3 million relating to the Internet Machines patent infringement lawsuit in which a significant portion of the increase was due to the February 2012 trial of the first suit. In addition to increased legal fees, increases in variable compensation as a result of the changes in the plan to tie payouts to personal and group performance objectives and share-based compensation expense due to the issuance of RSUs in 2012 were offset by a decrease in headcount as a result of cost control efforts.

Acquisition and Restructuring Related Costs

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	in thousands			
Deal costs	$ 2,830	$ -	$ 5,179	$ 88
Severance costs	-	-	-	501
Lease commitment accrual	-	42	-	301
	$ 2,830	$ 42	$ 5,179	$ 890

In the three and nine month ended September 30, 2012, we recorded acquisition related costs of $2.8 million and $5.2 million, respectively, primarily for outside legal and investment banking expenses associated with the pending IDT acquisition of PLX.

Due primarily to our entering into an agreement to be acquired by IDT summarized in Note 1 of the condensed consolidated financial statements, we expect to incur, in the fourth quarter and possibly additional future periods, significant additional expenses in connection with the transactions contemplated by the agreement. See “Item 1A Risk Factors – Risks Related to the Proposed Acquisition of the Company by IDT” for a discussion of risks related to the proposed acquisition.

In the nine months ended September 30, 2011, we recorded acquisition related costs of $88,000 primarily for outside legal and accounting costs associated with the October 1, 2010 acquisition of Teranetics.

In the nine months ended September 30, 2011, we recorded approximately $0.5 million of severance and benefit related costs, included in acquisition and restructuring related costs in the Condensed Consolidated Statement of Operations, related to the termination of 14 employees as a result of the downsizing and refocus of the operations in the UK and cost control efforts as a result of the Teranetics acquisition.

In the three and nine months ended September 30, 2011, in connection with the downsizing of the UK operations, we recorded lease commitment accrual charges of $42,000 and $0.3 million, respectively. See Note 9 of the condensed consolidated financial statements for additional information.

Amortization of Acquired Intangible Assets

Amortization of acquired intangible assets consists of amortization expense related to developed core technology, trade name and customer base acquired as a result of the Oxford acquisition in January 2009.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	in thousands			
Amortization of acquired intangible assets	$ 64	$ 382	$ 223	$ 1,145
As a percentage of revenues	0.2%	1.3%	0.3%	1.3%

Amortization of acquired intangible assets decreased by $0.3 million or 83.3% and $0.9 million or 80.5% in the three and nine months ended September 30, 2012, respectively, compared to the same periods in 2011. The decrease in amortization expense was due to the Oxford Serial and USB core technology becoming fully amortized in December 2011 and the fourth quarter 2011 acceleration of the Oxford NAS developed core technology as a result of the UK design team divestiture.

Interest Income (Expense) and Other, Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	in thousands			
Interest income	$ 8	$ 15	$ 27	$ 60
Interest expense	(72)	(60)	(162)	(188)
Other income (expense)	4	3	16	(81)
	$ (60)	$ (42)	$ (119)	$ (209)

Interest income reflects interest earned on cash, cash equivalents and short-term and long-term investment balances. Interest income decreased for the three and nine months ended September 30, 2012 compared to the same period in 2011 due to lower investment balances largely due to operating losses and the payment of the note related to the Teranetics acquisition.

Interest expense for the three and nine months ended September 30, 2012, primarily consisted of interest recorded on the line of credit borrowings and capital lease obligations. For the same periods in 2011, interest expense consisted of interest recorded on the notes associated with the acquisition of Teranetics and interest recorded on our capital lease obligations.

Other income includes foreign currency transaction gains and losses and other miscellaneous transactions. Other income may fluctuate significantly due to currency fluctuations.

Provision for Income Taxes

A provision for income tax of $0.5 million has been recorded for the nine month period ended September 30, 2012, compared to a provision of $1.8 million for the same period in 2011. Income tax expense for the nine months ended September 30, 2012 and September 30, 2011 is a result of applying the estimated annual effective tax rate to cumulative profit before taxes adjusted for certain discrete items which are fully recognized in the period they occur and miscellaneous state income taxes. We excluded from our calculation of the effective tax rate losses in the US since we cannot benefit those losses.

We have determined that negative evidence supports the need for a full valuation allowance against our net deferred tax assets at this time. We will maintain a full valuation allowance until sufficient positive evidence exists to support a reversal of the valuation allowance.

As of September 30, 2012, we had unrecognized tax benefits of approximately $4.4 million of which none, if recognized, would result in a reduction of our effective tax rate. There were no material changes in the amount of unrecognized tax benefits during the nine months ended September 30, 2012. Future changes in the balance of unrecognized tax benefits will have no impact on the effective tax rate as they are subject to a full valuation allowance. We do not believe the amount of our unrecognized tax benefits will significantly change within the next twelve months.

The Company is subject to taxation in the United States and various states and foreign jurisdictions. The tax years 2007 through 2011 remain open to examination by the federal and most state tax authorities. Net operating loss and tax credit carryforwards generated in prior periods remain open to examination.

Liquidity and Capital Resources

Cash and Investments

We invest excess cash predominantly in debt instruments that are highly liquid, of high-quality investment grade, and predominantly have maturities of less than one year with the intent to make such funds readily available for operating purposes. As of September 30, 2012 cash, cash equivalents, short and long-term marketable securities were $17.9 million, a decrease of $1.9 million from $19.8 million at December 31, 2011.

Operating Activities

Cash used in operating activities primarily consists of net loss adjusted for certain non-cash items including depreciation, amortization, share-based compensation expense, impairments, fair value remeasurements, provisions for excess and obsolete inventories, other non-cash items, and the effect of changes in working capital and other activities. Cash used in operating activities for the nine months ended September 30, 2012 was $7.3 million compared to cash used in operating activities of $4.2 million in the same period in 2011 and included net loss from discontinued operations, adjusted for non-cash items, of $13.0 million and $13.9 million, respectively. The increase in cash flow used in operations was primarily due to an increased net loss, adjusted for non-cash and non-operating items and changes in our working capital. Our days sales outstanding increased due to strong shipments late in September 2012 as compared to the same period in 2011. The decrease in inventory from September 30, 2011 reflects our efforts to control inventory levels and the inventory transferred to Aquantia; however inventory purchases increased in the nine months ended September 30, 2012 compared to the same period in 2011 to support customer demand. Our days payable outstanding increased due to timing of vendor payments. In addition to the changes in accounts receivables, inventories and accounts payable, the increase in cash used in working capital related items is due to an increase in prepaid software licenses and an income tax refund received in 2011, partially offset by an increased variable compensation accrual in 2012 combined with a larger variable compensation payment in the first quarter of 2011.

Investing Activities

Our investing activities are primarily driven by investment of our excess cash, sales of investments, business acquisitions and divestitures and capital expenditures. Capital expenditures have generally been comprised of purchases of engineering equipment, computer hardware, software, server equipment and furniture and fixtures. The cash provided by investing activities for the nine months ended September 30, 2012 of $11.1 million was due to proceeds received from the sale of the PHY business of $9.0 million and the sales and maturities of investments (net of purchases) of $4.1 million, partially offset by capital expenditures of $2.0 million. Cash provided by investing activities for the nine months ended September 30, 2011 of $6.5 million was due to the sales and maturities of investments (net of purchases) of $9.0 million, partially offset by capital expenditures of $2.5 million.

Financing Activities

Cash used in financing activities for the nine months ended September 30, 2012 of $1.4 million was due to payment of the note associated with the acquisition of Teranetics of $4.8 million and payments made on capital lease obligations of $0.5 million, partially offset by borrowings against the line of credit (net of principal payments) of $3.0 million and proceeds from the exercise of stock options of $1.0 million. Cash provided by financing activities for the nine month period ended September 30, 2011 of $1.5 million was due to borrowings against the line of credit of $2.0 million and the proceeds from the exercise of stock options of $0.1 million, partially offset by the payments made on capital lease obligations of $0.6 million.

Obligations

As of September 30, 2012, we had the following significant contractual obligations and commercial commitments (in thousands):

	Payments due in			
	Total	Less than 1 Year	1-3 Years	More than 3 Years
Operating leases - facilities and equipment	$ 425	$ 142	$ 283	$ -
Capital leases - IP and equipment	108	108	-	-
Software licenses	5,841	3,239	2,602	-
Inventory purchase commitments	9,629	9,629	-	-
Borrowing against line of credit	5,000	5,000	-	-
Total cash obligations	$ 21,003	$ 18,118	$ 2,885	$ -

On September 30, 2011, we entered into an agreement with Silicon Valley Bank to establish a two-year $10 million revolving loan facility. Borrowings under the credit facility bear interest at rates equal to the prime rate announced from time to time in The Wall Street Journal. As of September 30, 2012 the prime rate was 3.25%. The facility also provides for commitment, unused facility and letter-of-credit fees. As of September 30, 2012, we have outstanding borrowings of $5.0 million. The facility is subject to certain financial covenants for EBITDA, as defined in the agreement, and a monthly quick ratio computation (PLX's cash, investments and accounts receivable divided by current liabilities). We were in compliance with all financial covenants associated with this facility as of September 30, 2012. See Note 11 of the condensed consolidated financial statements for additional information.

We believe that our existing resources, together with cash generated from our operations and sale of the PHY business will be sufficient to meet our capital requirements for at least the next twelve months. Our future capital requirements will depend on many factors, including the inventory levels we maintain, the level of investment we make in new technologies and improvements to existing technologies and the levels of monthly expenses required to launch new products. To the extent that existing resources and future earnings are insufficient to fund our future activities, we may need to raise additional funds through public or private financings. Additional funds may be difficult to obtain as a result of the pending transaction with IDT, and may not be available or, if available, we may not be able to obtain them on terms favorable to us and our stockholders.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the condensed consolidated financial statements and accompanying notes. The U.S. Securities and Exchange Commission ("SEC") has defined a company's critical accounting policies as the ones that are most important to the portrayal of the company's financial condition and results of operations, and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the critical accounting policies and judgments addressed below. We also have other key accounting policies which involve the use of estimates, judgments and assumptions that are significant to understanding our results. Although we believe that our estimates, assumptions and judgments are reasonable, they are based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, delivery or customer acceptance, where applicable, has occurred, the fee is fixed or determinable, and collection is reasonably assured.

Revenue from product sales to direct customers and distributors is recognized upon shipment and transfer of risk of loss, if we believe collection is reasonably assured and all other revenue recognition criteria are met. We assess the probability of collection based on a number of factors, including past transaction history and the customer's creditworthiness. At the end of each reporting period, the sufficiency of allowances for doubtful accounts is assessed based on the age of the receivable and the individual customer's creditworthiness.

As of September 30, 2012, we offer pricing protection to two distributors whereby the Company supports the distributor's resale product margin on certain products held in the distributor's inventory. We analyze current requests for credit in process, also known as ship and debits, and inventory at the distributor to determine the ending sales reserve required for this program. We also offer stock rotation rights to three distributors such that they can return up to a total of 5% of products purchased every six months in exchange for other PLX products of equal value. We analyze inventory at distributors, current stock rotation requests and past experience, which has historically been insignificant, to determine the ending sales reserve required for this program. Provisions for reserves are charged directly against revenue and related reserves are recorded as a reduction to accounts receivable.

For license and service agreements, we evaluate revenue agreements under the accounting guidance for multiple-deliverable revenue arrangements. A multiple-deliverable arrangement is separated into more than one unit of accounting if (a) the delivered item(s) has value to the customer on a stand-alone basis, and (b) if the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. If both of these criteria are not met, the arrangement is accounted for as a single unit of accounting which would result in revenue being recognized ratably over the contract term or being deferred until the earlier of when such criteria are met or when the last undelivered element is delivered. If these criteria are met for each, the arrangement consideration is allocated to the separate units of accounting based on each unit's relative selling price. The selling price for each element is based upon the following selling price hierarchy: vendor-specific objective evidence ("VSOE") if available, third party evidence ("TPE") if VSOE is not available, or estimated selling price if neither VSOE nor TPE is available.

Revenues from the licensing of our intellectual property are recognized when the significant contractual obligations have been fulfilled.

On occasion, we enter into development service arrangements in which customer payments are tied to achievements of specific milestones. We have elected to use the milestone method of revenue recognition for development service agreements upon the achievement of substantive milestones. When determining if a milestone is substantive, we assess whether the milestone consideration (a) is commensurate with our performance to achieve the milestone or the enhancement of the value of the delivered item as a result of the outcome from our performance, (b) relates solely to past performance and (c) is reasonable relative to all deliverables and payments terms within the arrangement.

Inventory Valuation

We evaluate the need for potential inventory provisions by considering a combination of factors, including the life of the product, sales history, obsolescence, sales forecasts and expected sales prices. Any adverse changes to our future product demand may result in increased provisions, resulting in decreased gross margin. In addition, future sales on any of our previously written down inventory may result in increased gross margin in the period of sale.

Allowance for Doubtful Accounts

We evaluate the collectibility of our accounts receivable based on length of time the receivables are past due. Generally, our customers have between thirty to forty five days to remit payment of invoices. We record reserves for bad debts against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. Once we have exhausted collection efforts, we will reduce the related accounts receivable against the allowance established for that receivable. We have certain customers with individually large amounts due at any given balance sheet date. Any unanticipated change in one of those customers' creditworthiness or other matters affecting the collectibility of amounts due from such customers could have a material adverse effect on our results of operations in the period in which such changes or events occur. Historically, our write-offs have been insignificant.

Goodwill

Our methodology for allocating the purchase price related to business acquisitions is determined through established valuation techniques. Goodwill is measured as the excess of the cost of the acquisition over the amounts assigned to identifiable tangible and intangible assets acquired less assumed liabilities. We have one operating segment and business reporting unit, the sales of semiconductor devices, and we perform goodwill impairment tests annually during the fourth quarter and between annual tests if indicators of potential impairment exist.

Long-lived Assets

We review long-lived assets, principally property and equipment and identifiable intangibles, for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. We evaluate recoverability of assets to be held and used by comparing the carrying amount of an asset to estimated future net undiscounted cash flows generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. In addition, if we determine the useful life of an asset is shorter than we had originally estimated, we accelerate the rate of depreciation over the assets' new, shorter useful life.

Share-Based Compensation

The fair value of employee restricted stock units is equal to the market value of our common stock on the date the award is granted. We estimate the value of employee stock options on the date of grant using the Black-Scholes model. The determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the expected stock price volatility over the term of the awards and the actual and projected employee stock option exercise behaviors. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. We calculate expected volatility using the historical volatility of stock. We estimate the amount of forfeitures at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Taxes

We account for income taxes using the asset and liability method. Deferred taxes are determined based on the differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. As of September 30, 2012, we carried a valuation allowance for the entire deferred tax asset as a result of uncertainties regarding the realization of the asset balance. We will maintain a full valuation allowance against our deferred tax assets until sufficient positive evidence exists to support a reversal of the valuation allowance.

Future taxable income and/or tax planning strategies may eliminate all or a portion of the need for the valuation allowance. In the event we determine we are able to realize our deferred tax asset, an adjustment to the valuation allowance may increase income in the period such determination is made.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We have an investment portfolio of fixed income securities, including amounts classified as cash equivalents, short-term investments and long-term investments of $4.8 million at September 30, 2012. These securities are subject to interest rate fluctuations and will decrease in market value if interest rates increase.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. We invest primarily in high quality, short-term and long-term debt instruments. A hypothetical 100 basis point increase in interest rates would result in less than a $13,000 decrease (less than 1%) in the fair value of our available-for-sale securities.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Based on their evaluation as of September 30, 2012, our Interim Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective to ensure that the information required to be disclosed by us in this Quarterly Report on Form 10-Q was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and instructions for Form 10-Q and that such disclosure controls and procedures were also effective to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Interim Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal controls.

There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

To date, Internet Machines LLC ("Internet Machines") has filed three separate lawsuits against PLX. The first suit was filed on February 2, 2010, which has been served on PLX, entitled Internet Machines LLC v. Alienware Corporation, et al., in the United States District Court for the Eastern District of Texas, Tyler Division (the “First Suit”). This First Suit alleges infringement by PLX and the other defendants in the lawsuit of two patents held by Internet Machines. The complaint in the lawsuit seeks unspecified compensatory damages, treble damages and attorneys' fees, as well as injunctive relief against further infringement of Internet Machines' patents. On May 14, 2010, we filed our answer to the live complaint and asserted counterclaims, seeking declaratory judgments of non-infringement and invalidity of the patents-in-suit. On December 6, 2010, the Court held a case-management conference and subsequently entered a scheduling order in this matter, and set the trial for February 2012.

On February 21, 2012, through February 29, 2012, the claims and defenses asserted in the First Suit were tried to a seven-member jury in the United States District Court for the Eastern District of Texas, Tyler Division. On February 29, 2012, the jury returned its verdict, finding the patents-in-suit valid and infringed and awarded money damages against PLX in the amount of $1.0 million. The Court has not entered a final judgment on the jury’s verdict, and we intend to vigorously seek reversal of the jury’s verdict through post-trial motions and, if necessary, on appeal.

Internet Machines' second lawsuit, which has also been served on PLX, was filed on October 17, 2010, again in the United States District Court for the Eastern District of Texas, Tyler Division (the “Second Suit”). This Second Suit, entitled Internet Machines LLC v. ASUS Computer International, et al., alleges infringement by PLX of another patent held by Internet Machines. The complaint also asserts infringement claims against a separate group of defendants not named in the first Internet Machines lawsuit, and accuses those defendants of infringing the two patents asserted against PLX in the First Suit, as well as the additional patent listed in this Second Suit. The complaint in the lawsuit seeks unspecified compensatory damages, treble damages and attorneys' fees, as well as injunctive relief against further infringement of Internet Machines' patents. On December 28, 2010, we filed our answer to the live complaint in the second lawsuit and asserted counterclaims, seeking declaratory judgments of non-infringement and invalidity of the patents-in-suit.

On May 17, 2011, Internet Machines filed a third lawsuit entitled Internet Machines LLC v. Avnet, Inc., et al., again in the United States District Court for the Eastern District of Texas, Tyler Division (the “Third Suit”). The third lawsuit has been served on PLX and alleges that PLX infringes a fourth patent held by Internet Machines. This lawsuit also accuses a new group of defendants of infringing each of Internet Machines' patents at issue in the First and Second Suits, as well as the fourth patent asserted against PLX in this Third Suit. The complaint in the Third Suit seeks unspecified compensatory damages, treble damages and attorneys' fees, as well as injunctive relief against further infringement of Internet Machines' patents. On September 27, 2011, we filed our answer to the live complaint and asserted counterclaims, seeking declaratory judgments of non-infringement and invalidity of the patents-in-suit.

On January 20, 2012, the Court entered an order consolidating the Second and Third Suits into one action. The Court further ordered that the schedule entered in the Third Suit would govern the consolidated action. As a result, the consolidated action was set for trial in February 2013.

On March 25, 2011, a related entity, Internet Machines MC LLC, filed a lawsuit against PLX, entitled Internet Machines MC LLC v. PLX Technology, Inc., et al., in the United States District Court for the Eastern District of Texas, Marshall Division. Internet Machines MC LLC, however, did not serve the initial complaint on PLX. Instead, on August 26, 2011, Internet Machines MC LLC filed a first amended complaint, which has now been served on PLX, alleging infringement by PLX and the other defendants in the lawsuit of one patent held by Internet Machines MC LLC. The complaint in this lawsuit seeks unspecified compensatory damages, treble damages and attorneys' fees, as well as injunctive relief against further infringement of Internet Machines MC LLC's patents. On November 11, 2011, we filed our answer to the live complaint and asserted counterclaims, seeking declaratory judgments of non-infringement and invalidity of the patents-in-suit. On March 5, 2012, the Court held an initial case-management conference in this matter. The Court entered a scheduling order in this matter, and trial was set for July 2013.

On September 4, 2012, the Court entered an order staying the Second and Third Suits and the lawsuit brought by Internet Machines MC LLC discussed in the preceding paragraph. Pursuant to the Court's order, those lawsuits are stayed until a final non-appealable judgment is entered in the First Suit, again styled Internet Machines LLC v. Alienware Corp., et al., Cause No. 6:10-CV-023, in the United States District Court for the Eastern District of Texas.

As a result of the jury's February 29, 2012 verdict on the First Suit, we accrued $1.0 million as of December 31, 2011. As noted above, the Court has not filed its final judgment on the jury's verdict. It is reasonably possible that any change in the ruling as a result of post-trial motions or possible appeals could change the estimated liability. While it is not possible to determine the ultimate outcome of the remaining suits, we believe that we have meritorious defenses with respect to the claims asserted against us and intend to vigorously defend our position, but we are unable to estimate a range of possible loss.

ITEM 1A. RISK FACTORS

FACTORS THAT MAY AFFECT FUTURE OPERATING RESULTS

This quarterly report on Form 10-Q contains forward-looking statements which involve risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking statements as a result of certain factors, including those set forth below. The following risk factors have been updated from those set forth in Item 1A. of Part I of our Annual Report on Form 10-K for the year ended December 31, 2011, and are included herein in their entirety.

RISKS RELATED TO THE PROPOSED ACQUISITION OF THE COMPANY BY IDT

Failure To Complete, Or Delays In Completing, The Transaction With IDT Announced On April 30, 2012, Could Materially And Adversely Affect The Company's Business, Results Of Operations, Financial Condition And Stock Price

On April 30, 2012, Integrated Device Technology, Inc., a Delaware corporation ("IDT"), Pinewood Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of IDT, Pinewood Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of IDT and PLX Technology, Inc., a Delaware corporation ("PLX") entered into an Agreement and Plan of Merger (the "Merger Agreement"). The Merger Agreement provides that, on and subject to the terms of the Merger Agreement, Pinewood Acquisition Corp. will commence an exchange offer (the "Offer") to purchase all of the outstanding shares of PLX common stock in exchange for consideration, per Share, comprised of (i) $3.50 in cash plus (ii) 0.525 of a share of IDT common stock (the sum of (i) and (ii) being the "Offer Price"), without interest and less any applicable withholding taxes.

Consummation of the Offer is subject to various conditions set forth in the Merger Agreement, including, but not limited to (i) at least a majority of shares of PLX common stock then outstanding (calculated on a fully diluted basis) being tendered into the Offer (the "Minimum Condition"), (ii) the expiration or termination of the applicable Hart-Scott-Rodino Act waiting period (the "FTC Clearance"), (iii) the registration statement for IDT's common stock issuable in connection with the Offer and Merger being declared effective by the SEC, and the listing of such shares on NASDAQ, and (iv) the absence of any Company Material Adverse Effect (as defined in the Merger Agreement) with respect to PLX's business. The Offer is not subject to a financing condition.

A copy of the Merger Agreement is included as an exhibit to a Form 8-K we filed on April 30, 2012, to report the Merger Agreement, and the references in this report to the Merger Agreement are qualified in their entirety by reference to the full text of the Merger Agreement. The discussion of risks below is not an offer to sell or the solicitation of an offer to buy any securities or otherwise participate in the Offer.

Any offer with respect to the acquisition of PLX will only be made through the prospectus, which is part of the registration statement on Form S-4, which contains an offer to purchase, form of letter of transmittal and other documents relating to the exchange offer, as well as the Tender Offer Statement on Schedule TO, each initially filed with the SEC by IDT on May 22, 2012. The registration statement has not yet become effective. In addition, PLX filed with the SEC on May 22, 2012, a solicitation/recommendation statement on Schedule 14D-9 with respect to the exchange offer. These filings have been and will be further amended and supplemented from to time. Investors and security holders are urged to carefully read these documents and the other documents relating to the transactions because these documents contain important information relating to the exchange offer and related transactions. Investors and security holders may obtain a free copy of these documents, as filed with the SEC, and other annual, quarterly and special reports and other information filed with the SEC by IDT or PLX, at the SEC's website at www.sec.gov. In addition, such materials will be available from IDT or PLX, or by calling Innisfree M&A Incorporated, the information agent for the exchange offer, toll-free at (877) 456-3463 (banks and brokers may call collect at (212) 750-5833).

On May 7, 2012, IDT and the Company made premerger filings under the HSR Act with the Federal Trade Commission (FTC) and the Antitrust Division of the U.S. Department of Justice. On June 5, 2012, following consultation with the FTC and PLX, IDT voluntarily withdrew its Notification and Report Form with respect to the exchange offer and the merger. IDT re-filed its Notification and Report form on June 6, 2012. On July 6, 2012, IDT and PLX each received a request for additional information from the FTC (the Second Request). This Second Request extends the waiting period applicable to the exchange offer under the HSR Act, which was set to expire on July 6, 2012 at 11:59 p.m., New York City time. The waiting period is extended until 11:59 p.m., New York City time, on the thirtieth day (or the next business day) after both IDT and PLX substantially comply with the Second Request, as specified by the HSR Act and the implementing rules, subject to extension by agreement among the parties. In the third quarter of 2012, IDT and the Company signed a timing agreement with the FTC extending the post-compliance waiting period from thirty to forty-five days, which is subject to change by agreement among the parties.

Pursuant to the Merger Agreement, if all conditions to the Offer were not satisfied as of October 30, 2012, IDT was not required to extend the Offer after October 30, 2012, provided, however, that IDT or PLX each had the right to extend the Offer for three months ending on January 31, 2013 for the sole purpose of obtaining the FTC Clearance or both obtaining the FTC Clearance and satisfying the Minimum Condition. Consistent with the terms of the Merger Agreement, at the end of October 2012, the Offer was extended until January 31, 2013. However, if the FTC Clearance has not been obtained and/or the Minimum Condition has not been satisfied prior to January 31, 2013, only IDT has the right to further extend the Offer for the purposes of obtaining the FTC Clearance or both obtaining the FTC Clearance and satisfying the Minimum Condition for an additional three months ending on April 30, 2013. If IDT chooses not to exercise such right, the Offer will expire and will not be completed.

We cannot assure that the FTC Clearance will have been obtained and the Minimum Condition will be satisfied prior to the expiration of the Offer on January 31, 2013, and we also cannot assure that, should those conditions not be satisfied prior to that date, IDT will exercise its sole right to extend the Offer for an additional three months ending on April 30, 2013. Therefore, we cannot assure at this time that the parties will be able to complete the Offer and mergers contemplated by the Merger Agreement (with other related transactions contemplated by the Merger Agreement, the “Transaction”) as contemplated under the Merger Agreement or at all. Risks related to the pending status of the Transaction, and/or failure to complete the Transaction, include the following:

- If the Transaction is not completed, PLX would not realize the potential benefits of the Transaction, which could have a negative effect on our stock price;
- PLX will remain liable for significant transaction costs, including legal, accounting, financial advisory and other costs relating to the Transaction, whether or not it is consummated;
- Under certain circumstances relating to superior proposals as described in the Merger Agreement (and there are no assurances as to when or whether superior proposals might be made or on what terms), PLX must pay a termination fee to IDT in the amount of $13.20 million if Merger Agreement is terminated by PLX;
- The attention of PLX management and employees may be diverted from day-to-day operations during the period up to the completion of the merger;
- Both ordinary course and other transactions may be disrupted by uncertainty over when or if the Transaction will be completed;
- Our customers, suppliers and other third parties may seek to modify or terminate existing agreements, or delay entering into new agreements, as a result of the announcement of the Transaction;
- Under the Merger Agreement, PLX is subject to certain restrictions on the conduct of its business prior to completing the Transaction, which restrictions could adversely affect our ability to conduct business as it otherwise would have done without these restrictions; and
- Our ability to retain current key employees or attract new employees may be harmed by uncertainties associated with the Transaction.

The occurrence of any of these events individually or in combination could materially and adversely affect our business, results of operations, financial condition and stock price.

Lawsuits May Be Filed Against PLX, The Members Of Its Board Of Directors, IDT And Possibly Others Challenging The Transaction, And An Adverse Judgment In Any Such Lawsuit May Prevent The Offer From Being Consummated Or The Transaction From Being Completed On The Desired Schedule, And Could Result In Significant Additional Expenses To PLX

Proposed acquisitions of publicly traded target companies, such as the Transaction, frequently lead to lawsuits filed against the parties and/or their management, based on allegations of breach of fiduciary care and loyalty allegedly resulting from a failure to maximize shareholder value, allegations that the process of entering into the transaction breach alleged duties, allegations that the documents filed by the parties with the SEC contain misstatements or omissions that should be corrected, or other claims.

There can be no assurance that PLX and other potential defendants in these lawsuits will be successful in their defenses. An unfavorable outcome in any of the lawsuits could prevent or delay completion of the Transaction and/or result in substantial costs.

If The Transaction Is Completed, The Combined Company May Not Perform As PLX Or Investors May Expect, Which Could Have An Adverse Effect On The Price Of IDT Common Shares, Which PLX Stockholders Will Receive As Part Of The Offer Price

The integration of PLX into IDT's existing operations may be a complex, time-consuming and expensive process and could disrupt IDT's existing operations. IDT may not realize the anticipated benefits of the Transaction. IDT may encounter the following risks which could materially and adversely affect the results of operations, business, financial condition and stock price of the combined company:

- conflicts between business cultures;
    - difficulties and delays in the integration of operations, personnel, technologies, products, and other systems of the acquired business;
    - the diversion of management's attention from normal daily operations of the business;
    - complexities associated with managing the larger, more complex, combined business;
    - large one-time write-offs;
    - the incurrence of contingent liabilities;
    - contractual and/or intellectual property disputes;
    - lost sales and customers as a result of customers of either of the two companies deciding not to do business with the combined company;
    - problems, defects or other issues relating to acquired products or technologies that become known to the combined company following the consummation of the offer or the mergers;
    - conflicts in distribution, marketing or other important relationships;
    - difficulties caused by entering geographic and business markets in which IDT has no or only limited experience;
    - acquired products and services that may not attract customers;
    - loss of key employees and disruptions among employees that may erode employee morale;
    - inability to implement uniform standards, controls, policies and procedures; or
    - failure to achieve anticipated levels of revenue, profitability or productivity.

IDT's operating expenses may increase significantly over the near term due to the Transaction. To the extent that the expenses increase but revenues do not, there are unanticipated expenses related to the integration process, or there are significant costs associated with presently unknown liabilities, IDT's business, operating results and financial condition may be adversely affected. Failure to minimize the numerous risks associated with the post-acquisition integration strategy also may adversely affect the trading price of IDT's common stock.

The Announcement And Pendency Of The IDT Transaction Could Cause Disruptions In The Businesses Of IDT Or PLX, Which Could Have An Adverse Effect On Their Respective Business And Financial Results, And Consequently On The Combined Company

IDT and PLX have operated and, until the consummation of the initial merger (as described in the Merger Agreement), will continue to operate, independently. Uncertainty about the effect of the Transaction on customers, suppliers and employees may have an adverse effect on IDT or PLX, and consequently on the combined company. In response to the announcement of the offer and mergers, existing or prospective customers or suppliers of IDT or PLX may:

- delay, defer or cease purchasing products or services from or providing products or services to IDT, PLX or the combined company;
- delay or defer other decisions concerning IDT, PLX or the combined company; or
- otherwise seek to change the terms on which they do business with IDT, PLX or the combined company.

Any such delays or changes to terms could materially and adversely affect the business, results of operations and financial condition of either company or, if the Transaction is completed, the combined company.

In addition, as a result of the Transaction, current and prospective employees could experience uncertainty about their future with IDT, PLX or the combined company. These uncertainties may impair the ability of each company to retain, recruit or motivate key personnel.

PLX And IDT Will Incur Significant Costs In Connection With The Transaction, Whether Or Not It Is Consummated, And The Integration Of PLX Into IDT May Result In Significant Expenses And Accounting Charges That Adversely Affect IDT's Operating Results And Financial Condition

PLX and IDT will incur substantial expenses related to the Transaction, whether or not the Transaction is completed. Through October 2012, PLX has incurred direct transaction costs of approximately $5.6 million. PLX estimates that it will incur additional investment banking fees of $2.5 million, which is contingent upon consummation of the Transaction. Due to the pending Second Request process, PLX is unable to make a reliable estimate of the future amount of direct transaction costs associated with the antitrust review of the Transaction. Moreover, in the event that the Merger Agreement is terminated, PLX may, under some circumstances, be required to pay IDT a $13.20 million termination fee. Payment of these expenses by PLX as a standalone entity would adversely affect PLX's operating results and financial condition and would likely adversely affect its stock price.

In accordance with generally accepted accounting principles, IDT will account for the acquisition of PLX using the acquisition method of accounting. IDT's financial results may be adversely affected by the resulting accounting charges incurred in connection with the offer and the mergers. IDT may also incur additional costs associated with combining the operations of IDT and PLX, which may be substantial but which cannot be readily estimated at this time.

The price of IDT's common stock could decline to the extent IDT's financial results are materially and adversely affected by the expenses and costs of the Transaction. The consummation of the Transaction may result in dilution of future earnings per share to IDT's stockholders, decline in operating results, or a weaker financial condition compared to that which would have been achieved by IDT on a stand-alone basis.

Consummation of the Offer may adversely affect the liquidity of the shares of PLX common stock not tendered in the Offer

If the Offer is completed but not all shares of PLX common stock are tendered in the Offer, the number of PLX stockholders and the number of shares of PLX common stock publicly held will be greatly reduced. As a result, the closing of the Offer could adversely affect the liquidity and market value of the remaining shares of PLX common stock held by the public.

OTHER RISKS RELATING TO OUR BUSINESS

Global Economic Conditions May Continue To Have An Adverse Effect On Our Businesses And Results Of Operations

In late 2008 and 2009, the severe tightening of the credit markets, turmoil in the financial markets, and weakening global economy contributed to slowdowns in the industries in which we operate. Economic uncertainty exacerbated negative trends in spending and caused certain customers to push out, cancel, or refrain from placing orders, which reduced revenue. We have seen market conditions improve since the second half of 2009 and throughout most of 2010; however, we are seeing the rate of growth has slowed as inventory levels have balanced themselves out in 2011 and into 2012. Difficulties in obtaining capital and uncertain market conditions may lead to the inability of some customers to obtain affordable financing, resulting in lower sales. Customers with liquidity issues may lead to additional bad debt expense. These conditions may also similarly affect key suppliers, which could affect their ability to deliver parts and result in delays in the availability of product. Further, these conditions and uncertainty about future economic conditions make it challenging for us to forecast our operating results, make business decisions, and identify the risks that may affect our business, financial condition and results of operations. In addition, we maintain an investment portfolio that is subject to general credit, liquidity, market and interest rate risks that may be exacerbated by deteriorating financial market conditions and, as a result, the value and liquidity of the investment portfolio could be negatively impacted and lead to impairment. If the current improving economic conditions are not sustained or begin to deteriorate again, or if we are not able to timely and appropriately adapt to changes resulting from the difficult macroeconomic environment, our business, financial condition or results of operations may be materially and adversely affected.

Our Operating Results May Fluctuate Significantly Due To Factors Which Are Not Within Our Control

Our quarterly operating results have fluctuated significantly in the past and are expected to fluctuate significantly in the future based on a number of factors, many of which are not under our control. Our operating expenses, which include product development costs and selling, general and administrative expenses, are relatively fixed in the short-term. If our revenues are lower than we expect because we sell fewer semiconductor devices, delay the release of new products or the announcement of new features, or for other reasons, we may not be able to quickly reduce our spending in response.

Other circumstances that can affect our operating results include:

- the timing of significant orders, order cancellations and reschedulings;
- the loss of one or more significant customers;
- introduction of products and technologies by our competitors;
- the availability of production capacity at the fabrication facilities that manufacture our products;
- our significant customers could lose market share that may affect our business;
- integration of our product functionality into our customers' products;
- our ability to develop, introduce and market new products and technologies on a timely basis;
- unexpected issues that may arise with devices in production;
- shifts in our product mix toward lower margin products;
- changes in our pricing policies or those of our competitors or suppliers, including decreases in unit average selling prices of our products;
- the availability and cost of materials to our suppliers;
- general macroeconomic conditions; and
- political climate.

These factors are difficult to forecast, and these or other factors could adversely affect our business. Any shortfall in our revenues would have a direct impact on our business. In addition, fluctuations in our quarterly results could adversely affect the market price of our common stock in a manner unrelated to our long-term operating performance.

The Cyclical Nature Of The Semiconductor Industry May Lead To Significant Variances In The Demand For Our Products

In the past, the semiconductor industry has been characterized by significant downturns and wide fluctuations in supply and demand. Also, during this time, the industry has experienced significant fluctuations in anticipation of changes in general economic conditions. This cyclicality has led to significant variances in product demand and production capacity. It has also accelerated erosion of average selling prices per unit on some of our products. We may experience periodic fluctuations in our future financial results because of industry-wide conditions.

Because A Substantial Portion Of Our Net Sales Is Generated By A Small Number Of Large Customers, If Any Of These Customers Delays Or Reduces Its Orders, Our Net Revenues And Earnings Will Be Harmed

Historically, a relatively small number of customers have accounted for a significant portion of our net revenues in any particular period. See Note 10 of the condensed consolidated financial statements for customer concentrations.

We have no long-term volume purchase commitments from any of our significant customers. We cannot be certain that our current customers will continue to place orders with us, that orders by existing customers will continue at the levels of previous periods or that we will be able to obtain orders from new customers. In addition, some of our customers supply products to end-market purchasers and any of these end-market purchasers could choose to reduce or eliminate orders for our customers' products. This would in turn lower our customers' orders for our products.

We anticipate that sales of our products to a relatively small number of customers will continue to account for a significant portion of our net sales. Due to these factors, the following have in the past and may in the future reduce our net sales or earnings:

- the reduction, delay or cancellation of orders from one or more of our significant customers;
- the selection of competing products or in-house design by one or more of our current customers;
- the loss of one or more of our current customers; or
- a failure of one or more of our current customers to pay our invoices.

Intense Competition In The Markets In Which We Operate May Reduce The Demand For Or Prices Of Our Products

Competition in the semiconductor industry is intense. If our main target market, the microprocessor-based systems market, continues to grow, the number of competitors may increase significantly. In addition, new semiconductor technology may lead to new products that can perform similar functions as our products. Some of our competitors and other semiconductor companies may develop and introduce products that integrate into a single semiconductor device the functions performed by our semiconductor devices. This would eliminate the need for our products in some applications.

In addition, competition in our markets comes from companies of various sizes, many of which are significantly larger and have greater financial and other resources than we do and thus can better withstand adverse economic or market conditions. Therefore, we cannot assure you that we will be able to compete successfully in the future against existing or new competitors, and increased competition may adversely affect our business. See “Business -- Products,” and “-- Competition” in Part I of Item I of our Form 10-K for the year ended December 31, 2011.

Our Independent Manufacturers May Not Be Able To Meet Our Manufacturing Requirements

We do not manufacture any of our semiconductor devices. Therefore, we are referred to in the semiconductor industry as a “fabless” producer of semiconductors. Consequently, we depend upon third party manufacturers to produce semiconductors that meet our specifications. We currently have third party manufacturers located in China, Japan, Korea, Malaysia, Singapore and Taiwan, that can produce semiconductors which meet our needs. However, as the semiconductor industry continues to progress towards smaller manufacturing and design geometries, the complexities of producing semiconductors will increase. Decreasing geometries may introduce new problems and delays that may affect product development and deliveries. Due to the nature of the semiconductor industry and our status as a fabless semiconductor company, we could encounter fabrication-related problems that may affect the availability of our semiconductor devices, delay our shipments or may increase our costs.

Only a small number of our semiconductor devices are currently manufactured by more than one supplier. We place our orders on a purchase order basis and do not have a long term purchase agreement with any of our existing suppliers. In the event that the supplier of a semiconductor device was unable or unwilling to continue to manufacture our products in the required volume, we would have to identify and qualify a substitute supplier. Introducing new products or transferring existing products to a new third party manufacturer or process may result in unforeseen device specification and operating problems. These problems may affect product shipments and may be costly to correct. Silicon fabrication capacity may also change, or the costs per silicon wafer may increase. Manufacturing-related problems may have a material adverse effect on our business.

Lower Demand For Our Customers’ Products Will Result In Lower Demand For Our Products

Demand for our products depends in large part on the development and expansion of the high-performance microprocessor-based systems markets including networking and telecommunications, enterprise and consumer storage, imaging and industrial applications. The size and rate of growth of these microprocessor-based systems markets may in the future fluctuate significantly based on numerous factors. These factors include the adoption of alternative technologies, capital spending levels and general economic conditions. Demand for products that incorporate high-performance microprocessor-based systems may not grow.

Our Lengthy Sales Cycle Can Result In Uncertainty And Delays With Regard To Our Expected Revenues

Our customers typically perform numerous tests and extensively evaluate our products before incorporating them into their systems. The time required for test, evaluation and design of our products into a customer's equipment can range from six to twelve months or more. It can take an additional six to twelve months or more before a customer commences volume shipments of equipment that incorporates our products. Because of this lengthy sales cycle, we may experience a delay between the time when we increase expenses for research and development and sales and marketing efforts and the time when we generate higher revenues, if any, from these expenditures.

In addition, the delays inherent in our lengthy sales cycle raise additional risks of customer decisions to cancel or change product plans. When we achieve a design win, there can be no assurance that the customer will ultimately ship products incorporating our products. Our business could be materially adversely affected if a significant customer curtails, reduces or delays orders during our sales cycle or chooses not to release products incorporating our products.

Failure To Have Our Products Designed Into The Products Of Electronic Equipment Manufacturers Will Result In Reduced Sales

Our future success depends on electronic equipment manufacturers that design our semiconductor devices into their systems. We must anticipate market trends and the price, performance and functionality requirements of current and potential future electronic equipment manufacturers and must successfully develop and manufacture products that meet these requirements. In addition, we must meet the timing requirements of these electronic equipment manufacturers and must make products available to them in sufficient quantities. These electronic equipment manufacturers could develop products that provide the same or similar functionality as one or more of our products and render these products obsolete in their applications.

We do not have purchase agreements with our customers that contain minimum purchase requirements. Instead, electronic equipment manufacturers purchase our products pursuant to short-term purchase orders that may be canceled without charge. We believe that in order to obtain broad penetration in the markets for our products, we must maintain and cultivate relationships, directly or through our distributors, with electronic equipment manufacturers that are leaders in the embedded systems markets. Accordingly, we will incur significant expenditures in order to build relationships with electronic equipment manufacturers prior to volume sales of new products. If we fail to develop relationships with additional electronic equipment manufacturers to have our products designed into new microprocessor-based systems or to develop sufficient new products to replace products that have become obsolete, our business would be materially adversely affected.

Defects In Our Products Could Increase Our Costs And Delay Our Product Shipments

Our products are complex. While we test our products, these products may still have errors, defects or bugs that we find only after commercial production has begun. We have experienced errors, defects and bugs in the past in connection with new products.

Our customers may not purchase our products if the products have reliability, quality or compatibility problems. This delay in acceptance could make it more difficult to retain our existing customers and to attract new customers. Moreover, product errors, defects or bugs could result in additional development costs, diversion of technical and other resources from our other development efforts, claims by our customers or others against us, or the loss of credibility with our current and prospective customers. In the past, the additional time required to correct defects has caused delays in product shipments and resulted in lower revenues. We may have to spend significant amounts of capital and resources to address and fix problems in new products.

We must continuously develop our products using new process technology with smaller geometries to remain competitive on a cost and performance basis. Migrating to new technologies is a challenging task requiring new design skills, methods and tools and is difficult to achieve.

Failure Of Our Products To Gain Market Acceptance Would Adversely Affect Our Financial Condition

We believe that our growth prospects depend upon our ability to gain customer acceptance of our products and technology. Market acceptance of products depends upon numerous factors, including compatibility with other products, adoption of relevant interconnect standards, perceived advantages over competing products and the level of customer service available to support such products. There can be no assurance that growth in sales of new products will continue or that we will be successful in obtaining broad market acceptance of our products and technology.

We expect to spend a significant amount of time and resources to develop new products and refine existing products. In light of the long product development cycles inherent in our industry, these expenditures will be made well in advance of the prospect of deriving revenues from the sale of any new products. Our ability to commercially introduce and successfully market any new products is subject to a wide variety of challenges during this development cycle, including start-up bugs, design defects and other matters that could delay introduction of these products to the marketplace. In addition, since our customers are not obligated by long-term contracts to purchase our products, our anticipated product orders may not materialize, or orders that do materialize may be cancelled. As a result, if we do not achieve market acceptance of new products, we may not be able to realize sufficient sales of our products in order to recoup research and development expenditures. The failure of any of our new products to achieve market acceptance would harm our business, financial condition, results of operation and cash flows.

A Large Portion Of Our Revenues Is Derived From Sales To Third-Party Distributors Who May Terminate Their Relationships With Us At Any Time

We depend on distributors to sell a significant portion of our products. For the nine months ended September 30, 2012 and 2011, sales through distributors accounted for approximately 89% and 90%, respectively, of our continuing net revenues. Some of our distributors also market and sell competing products. Distributors may terminate their relationships with us at any time. Our future performance will depend in part on our ability to attract additional distributors that will be able to market and support our products effectively, especially in markets in which we have not previously distributed our products. We may lose one or more of our current distributors or may not be able to recruit additional or replacement distributors. The loss of one or more of our major distributors could have a material adverse effect on our business, as we may not be successful in servicing our customers directly or through manufacturers' representatives.

The Demand For Our Products Depends Upon Our Ability To Support Evolving Industry Standards

A majority of our revenues are derived from sales of products, which rely on the PCI Express, PCI, PCI-X, Serial ATA, Ethernet, 1394 and USB standards. If markets move away from these standards and begin using new standards, we may not be able to successfully design and manufacture new products that use these new standards. There is also the risk that new products we develop in response to new standards may not be accepted in the market. In addition, these standards are continuously evolving, and we may not be able to modify our products to address new specifications. Any of these events would have a material adverse effect on our business.

We Must Make Significant Research And Development Expenditures Prior To Generating Revenues From Products

To establish market acceptance of a new semiconductor device, we must dedicate significant resources to research and development, production and sales and marketing. We incur substantial costs in developing, manufacturing and selling a new product, which often significantly precede meaningful revenues from the sale of this product. Consequently, new products can require significant time and investment to achieve profitability. Investors should understand that our efforts to introduce new semiconductor devices or other products or services may not be successful or profitable. In addition, products or technologies developed by others may render our products or technologies obsolete or noncompetitive.

We record as expenses the costs related to the development of new semiconductor devices and other products as these expenses are incurred. As a result, our profitability from quarter to quarter and from year to year may be adversely affected by the number and timing of our new product launches in any period and the level of acceptance gained by these products.

We Could Lose Key Personnel Due To Competitive Market Conditions And Attrition

Our success depends to a significant extent upon our senior management and key technical and sales personnel. The loss of one or more of these employees could have a material adverse effect on our business. We do not have employment contracts with any of our executive officers.

We have lost several employees as a result of the uncertainty associated with the pending acquisition, continued uncertainty and the delays in the expiration of the Hart-Scott-Rodino Act waiting period may cause additional employee losses, impact employee morale and disrupt our short term objectives.

Our success also depends on our ability to attract and retain qualified technical, sales and marketing, customer support, financial and accounting, and managerial personnel. Competition for such personnel in the semiconductor industry is intense, and we may not be able to retain our key personnel or to attract, assimilate or retain other highly qualified personnel in the future. In addition, we may lose key personnel due to attrition, including health, family and other reasons. We have experienced, and may continue to experience, difficulty in hiring and retaining candidates with appropriate qualifications. If we do not succeed in hiring and retaining candidates with appropriate qualifications, our business could be materially adversely affected.

The Successful Marketing And Sales Of Our Products Depend Upon Our Third Party Relationships, Which Are Not Supported By Written Agreements

When marketing and selling our semiconductor devices, we believe we enjoy a competitive advantage based on the availability of development tools offered by third parties. These development tools are used principally for the design of other parts of the microprocessor-based system but also work with our products. We will lose this advantage if these third party tool vendors cease to provide these tools for existing products or do not offer them for our future products. This event could have a material adverse effect on our business. We have no written agreements with these third parties, and these parties could choose to stop providing these tools at any time.

Our Limited Ability To Protect Our Intellectual Property And Proprietary Rights Could Adversely Affect Our Competitive Position

Our future success and competitive position depend upon our ability to obtain and maintain proprietary technology used in our principal products. Currently, we have limited protection of our intellectual property in the form of patents and rely instead on trade secret protection. Our existing or future patents may be invalidated, circumvented, challenged or licensed to others. The rights granted there under may not provide competitive advantages to us. In addition, our future patent applications may not be issued with the scope of the claims sought by us, if at all. Furthermore, others may develop technologies that are similar or superior to our technology, duplicate our technology or design around the patents owned or licensed by us. In addition, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in foreign countries where we may need protection. We cannot be sure that steps taken by us to protect our technology will prevent misappropriation of the technology.

We may from time to time receive notifications of claims that we may be infringing patents or other intellectual property rights owned by third parties.

See Note 12 of the condensed consolidated financial statements for a description of the four lawsuits filed against us by a company alleging patent infringement.

During the course of the litigations as well as any other future intellectual property litigations, we will incur costs associated with defending or prosecuting these matters. These litigations could also divert the efforts of our technical and management personnel, whether or not they are determined in our favor. In addition, if it is determined in such a litigation that we have infringed the intellectual property rights of others, we may not be able to develop or acquire non-infringing technology or procure licenses to the infringing technology under reasonable terms. This could require expenditures by us of substantial time and other resources. Any of these developments would have a material adverse effect on our business.

Acquisitions Could Adversely Affect Our Financial Condition And Could Expose Us To Unanticipated Liabilities

As part of our business strategy, we expect to continue to review acquisition prospects that would complement our existing product offerings, improve market coverage or enhance our technological capabilities. Potential future acquisitions could result in any or all of the following:

- potentially dilutive issuances of equity securities;
- large acquisition-related write-offs;
- potential patent and trademark infringement claims against the acquired company;
- the incurrence of debt and contingent liabilities or amortization expenses related to other intangible assets;
- difficulties in the assimilation of operations, personnel, technologies, products and the information systems of the acquired companies;
- the incurrence of additional operating losses and expenses of potential companies we may acquire;

- possible delay or failure to achieve expected synergies;
- diversion of management's attention from other business concerns;
- risks of entering geographic and business markets in which we have limited or no prior experience; and
- potential loss of key employees.

Because We Sell Our Products To Customers Outside Of The United States And Because Our Products Are Incorporated With Products Of Others That Are Sold Outside Of The United States We Face Foreign Business, Political And Economic Risks

Sales outside of the United States accounted for approximately 84% and 83% of our continuing net revenues for the nine months ended September 30, 2012 and 2011, respectively. Sales outside of the United States may fluctuate in future periods and are expected to account for a large portion of our revenues. In addition, equipment manufacturers who incorporate our products into their products sell their products outside of the United States, thereby exposing us indirectly to foreign risks. Further, most of our semiconductor products are manufactured outside of the United States. Accordingly, we are subject to international risks, including:

- difficulties in managing distributors;
- difficulties in staffing and managing foreign subsidiary and branch operations;
- political and economic instability;
- foreign currency exchange fluctuations;
- difficulties in accounts receivable collections;
- potentially adverse tax consequences;
- timing and availability of export licenses;
- changes in regulatory requirements, tariffs and other barriers;
- difficulties in obtaining governmental approvals for telecommunications and other products; and
- the burden of complying with complex foreign laws and treaties.

Because sales of our products have been denominated to date exclusively in United States dollars, increases in the value of the United States dollar will increase the price of our products so that they become relatively more expensive to customers in the local currency of a particular country, which could lead to a reduction in sales and profitability in that country.

We May Be Required To Record A Significant Charge To Earnings If Our Goodwill Or Amortizable Intangible Assets Become Impaired

Under generally accepted accounting principles, we review our amortizable intangible and long lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is tested for impairment annually during the fourth quarter and between annual tests in certain circumstances. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill, amortizable intangible assets or other long lived assets may not be recoverable, include a persistent decline in stock price and market capitalization, reduced future cash flow estimates, and slower growth rates in our industry. As a result of changes in business climate and the increase in likelihood that the 10 Gigabit Ethernet asset group would be sold or disposed of, we determined that its carrying value exceeded its fair value and recorded an impairment charge of $10.3 million. See Note 7 of the condensed consolidated financial statements for more information around the 10 Gigabit Ethernet impairment review. We have recorded goodwill and other intangible assets related to prior acquisitions, and may do so in connection with any potential future acquisitions. We may be required to record a significant charge in our financial statements during the period in which any additional impairment of our goodwill, amortizable intangible assets or other long lived assets is determined, which would adversely impact our results of operations.

Our Principal Stockholders Have Significant Voting Power And May Take Actions That May Not Be In The Best Interests Of Our Other Stockholders

Our executive officers, directors and other principal stockholders, in the aggregate, beneficially own a substantial amount of our outstanding common stock. Although these stockholders do not have majority control, they currently have, and likely will continue to have, significant influence with respect to the election of our directors and approval or disapproval of our significant corporate actions. This influence over our affairs might be adverse to the interests of other stockholders. In addition, the voting power of these stockholders could have the effect of delaying or preventing a change in control of PLX.

The Anti-Takeover Provisions In Our Certificate of Incorporation Could Adversely Affect The Rights Of The Holders Of Our Common Stock

Anti-takeover provisions of Delaware law and our Certificate of Incorporation may make a change in control of PLX more difficult, even if a change in control would be beneficial to the stockholders. These provisions may allow the Board of Directors to prevent changes in the management and control of PLX.

As part of our anti-takeover devices, our Board of Directors has the ability to determine the terms of preferred stock and issue preferred stock without the approval of the holders of the common stock. Our Certificate of Incorporation allows the issuance of up to 5,000,000 shares of preferred stock. There are no shares of preferred stock outstanding. However, because the rights and preferences of any series of preferred stock may be set by the Board of Directors in its sole discretion without approval of the holders of the common stock, the rights and preferences of this preferred stock may be superior to those of the common stock. Accordingly, the rights of the holders of common stock may be adversely affected. Consistent with Delaware law, our Board of Directors may adopt additional anti-takeover measures in the future.

ITEM 6. EXHIBITS

Exhibit Number	Description
2.1	Asset Purchase Agreement, dated as of July 6, 2012, between Entropic Communications, Inc. as Purchaser and PLX Technology, Inc. as Seller. Certain portions have been omitted pursuant to a confidential treatment request submitted to the Securities and Exchange Commission. The omitted information is indicated by [*] and has been filed separately with the Securities and Exchange Commission. In the event that the Securities and Exchange Commission should deny such request in whole or in part, such exhibit or relevant portions thereof shall be filed by further amendment to this quarterly report on Form 10-Q. Pursuant to Regulation S-K, Item 601(b)(2), certain exhibits and schedules to this exhibit, as set forth in this exhibit, have not been filed herewith. The registrant agrees to furnish a supplemental copy of any such omitted exhibit or schedule to the Securities and Exchange Commission upon request; provided, however, that the registrant may request confidential treatment of omitted items.
2.2	Asset Purchase Agreement, dated as of September 14, 2012, between Aquantia Corp. as Purchaser and PLX Technology, Inc. as Seller, incorporated herein by this reference from Exhibit 10.1 to the PLX Form 8-K filed on September 26, 2012, reporting the completion of the transaction under Item 2.01. Pursuant to Regulation S-K, Item 601(b)(2), certain schedules (and similar attachments) to this exhibit have not been filed herewith. A list of omitted schedules is included in the agreement. The registrant agrees to furnish a supplemental copy of any such omitted schedule (or similar attachment) to the Securities and Exchange Commission upon request; provided, however, that the registrant may request confidential treatment of omitted items.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, Chapter 63 of Title 18, United States Code, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, Chapter 63 of Title 18, United States Code, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document

101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* XBRL (Extensible Business Reporting Language) information is furnished and not filed herewith, is not a part of a registration statement or Prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PLX TECHNOLOGY, INC.

Date: November 9, 2012

By: /s/ Arthur O. Whipple

Arthur O. Whipple
Chief Financial Officer
(*Principal Financial Officer and duly authorized signatory)*

EXHIBIT INDEX

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Exhibit 2.1

*****Certain Text Omitted (indicated by [*]) and Filed Separately with the Securities and Exchange Commission. Confidential Treatment Requested Under 17 C.F.R. Sections 200.80(b)(4) and 240.24b-2**

ASSET PURCHASE AGREEMENT

Dated as of July 6, 2012
By and Between
Entropic Communications, Inc.
as Purchaser,
and
PLX Technology, Inc.
as Seller

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ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this ***"Agreement"***) dated as of July 6, 2012 is by and between Entropic Communications, Inc., a Delaware corporation (***"Purchaser"***), and PLX Technology, Inc., a Delaware corporation (the ***"Company"***). Purchaser and the Company are collectively referred to herein as the ***"Parties"*** and individually as a ***"Party"***. Capitalized terms used herein are defined in **Exhibit A**.

RECITALS

WHEREAS, Teranetics, Inc., a Delaware corporation and wholly-owned subsidiary of the Company and [*] are party to that certain Letter of Intent dated June 12, 2009, including the LOI Cost & Technical Terms attached thereto (the "[*] ***Letter of Intent***"), a copy of which is attached hereto as **Exhibit H**;

WHEREAS, the Company is in the process of designing and developing a digital channel stacking switch chip semiconductor product, defined as the Digital SWM ASIC in the [*] Letter of Intent, and, as more particularly described in the [*] Letter of Intent, including the A0 & B0 versions of such product (the ***"Product"***); and

WHEREAS, the Company desires to sell, assign, convey, transfer and deliver to Purchaser, and Purchaser desires to purchase from the Company, the Product Assets (as hereinafter defined), on the terms and subject to the conditions hereinafter set forth.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing recitals, the representations, warranties and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

ARTICLE I
SALE AND PURCHASE OF ASSETS

Section 1.1 Product Assets. Upon the terms and conditions set forth in this Agreement, including, but not limited to, the provisions of Section 1.2 and Section 1.3, the Company agrees to, and shall cause each of its Subsidiaries to, sell, assign, convey and transfer (collectively, ***"Transfer"***) to Purchaser, and Purchaser agrees to acquire from the Company and each of its applicable Subsidiaries, all right, title and interest of the Company and its Subsidiaries in and to the following assets and properties (collectively, the ***"Product Assets"***), free and clear of any and all Encumbrances other than Permitted Encumbrances:

(a) the Product, including all the masks and mask works for the Product together with its associated design, layout, code (including all HDL, RTL, Netlists, GDS and similar code), data, together with all design, test, and manufacturing materials exclusively used by the Company and its Subsidiaries in connection with the Product, in each case, excluding any

Work Product (as defined in the [*] Letter of Intent), including, without limitation, the items set forth in Schedule 1.1(a) of the Asset Schedules (as defined below);

(b) the inventory exclusively related to the Product, including any raw materials, work in process, finished goods, consumables, service parts, packing materials and supplies (***"Inventory"***), including, without limitation, the Inventory listed in Schedule 1.1(b) of the Asset Schedules;

(c) trade accounts receivable, notes receivable, negotiable instruments and chattel paper exclusively related to the Product (the ***"Receivables"***), including, without limitation, the Receivables listed in Schedule 1.1(c) of the Asset Schedules;

(d) the tangible personal property exclusively related to the Product (the ***"Tangible Personal Property"***), including, without limitation, the Tangible Personal Property listed in Schedule 1.1(d) of the Asset Schedules;

(e) the Product Software that is owned by the Company or any Subsidiary and is exclusively used in connection with the Product, including, without limitation, the Product Software listed in Schedule 1.1(e) of the Asset Schedules;

(f) all Product Owned Intellectual Property Assets that are used by the Company or any Subsidiary exclusively in the Product, or are exclusively embodied in the Product, or are used by the Company or any Subsidiary exclusively to design, develop, manufacture, market, sell, service, or support the Product (the ***"Acquired IP Assets"***), including, without limitation, the Acquired IP Assets listed in Schedule 1.1(f) to the Asset Schedules, all goodwill associated with the Acquired IP Assets, and all rights of the Company or any of its Subsidiaries under the Acquired IP Assets, remedies against past, present, and future infringement or misappropriation of the Acquired IP Assets, including, without limitation, the right to income, royalties and damages related to any of the foregoing, and rights to protection of past, present, and future interests in any Acquired IP Assets under the Laws of all applicable jurisdictions;

(g) the Company's and each of its Subsidiaries' right, title and interest in, to or under each Contract which is exclusively for Product Licensed Intellectual Property Assets to the extent such Contract relates to the Product Assets, including operating systems, middleware, drivers and development tools bundled with the Product, including, without limitation, the Contracts listed in Schedule 1.1(g)(i) of the Asset Schedules; *provided, however*, that neither the Company nor any of its Subsidiaries will Transfer to Purchaser any Contract listed in Schedule 1.1(g)(ii) of the Asset Schedules (the ***"Restrictive Contracts"***) until the Product Acceptance Date;

(h) the [*] Letter of Intent and all other Seller Contracts exclusively related to the Product Assets to which the Company or any Subsidiary of the Company is a party and that are listed in Schedule 1.1(h) of the Asset Schedules (the ***"Acquired Contracts"***);

(i) all prepaid expenses, deposits and advance payments of the Company or any Subsidiary included within the Product Assets and all rights of the Company or any Subsidiary to receive discounts, refunds, reimbursements, rebates, awards and other similar benefits, in each case, specifically and exclusively for Product Assets (which, for purposes of clarity, shall not include payments, discounts, refunds, reimbursements, rebates, awards and other similar benefits which are not specifically and exclusively for the Product Assets, including under any master agreement for applicable Product Assets and other assets), including, without limitation, those listed in Schedule 1.1(i) of the Asset Schedules;

(j) claims and rights (and benefits arising therefrom) with or against all Persons exclusively related to the Product Assets, including all rights against suppliers, under warranties covering any Inventory or Tangible Personal Property;

(k) all Permits to the extent transferable or assignable to Purchaser (the ***"Acquired Permits"***), including, without limitation, the Acquired Permits listed in Schedule 1.1(k) of the Asset Schedules; and

(l) all documentation, books and records, files, vendor or supplier lists, reference materials, maintenance and asset history records, export control license records, laboratory notebooks, bug lists and records of bug fixes, software documentation, test data, product data sheets, and other research and development records and databases, in each case that are exclusively related to the Product or the other Product Assets that are owned or used by the Company or any of its Subsidiaries (collectively, the ***"Records"***), including, without limitation, the Records listed in Schedule 1.1(l) of the Asset Schedules; *provided*, *however*, that the Company may retain copies of such Records as required by applicable Law and as reasonably necessary to enable the Company to fulfill its Tax filing, regulatory or statutory obligations after the date hereof.

On the Product Acceptance Date, the Company shall, as applicable, update the Schedules 1.1(b) through 1.1(l) (such Schedules, the "***Asset Schedules***") to reflect the Product Acceptance Assets (as hereinafter defined) (such updated Asset Schedules, the "***Asset Schedule Update***").

Section 1.2 Closing Date Transfer. On the Closing Date, the Company agrees to, and shall cause each of its Subsidiaries to, Transfer to Purchaser, and Purchaser agrees to acquire from the Company and each of its applicable Subsidiaries, all right, title and interest in and to the Product Assets then existing on such date (such Product Assets, the ***"Closing Assets"***), free and clear of any and all Encumbrances other than Permitted Encumbrances.

Section 1.3 Product Acceptance Transfer. On the Product Acceptance Date, the Company agrees to, and shall cause each of its Subsidiaries to, Transfer to Purchaser, and Purchaser agrees to acquire from the Company and each of its applicable Subsidiaries, all right, title and interest in and to (i) the Restrictive Contracts and (ii) the Product Assets, if any, then existing on such date, but which were not in existence on the Closing Date, including without limitation the Product Assets, if any, subsequently disclosed in the Asset Schedule Update (such

Product Assets, the ***"Product Acceptance Assets"***), free and clear of any and all Encumbrances other than Permitted Encumbrances.

Section 1.4 Excluded Assets. The Company and its Subsidiaries are not Transferring to Purchaser, and the term ***"Product Assets"*** shall not include the Company's and each of its Subsidiaries' right, title and interest in and to any and all of the assets and properties of the Company and each of its Subsidiaries, other than the Product Assets (collectively, the ***"Excluded Assets"***), which Excluded Assets shall include, for purposes of clarity only and without limitation:

(a) all of the Licensed Assets; and

(b) all of the Background Property.

For the avoidance of doubt, the Parties acknowledge that, except with respect to the Transfer of the Product Assets to Purchaser and except for Purchaser's rights under the License Agreement, no rights to any assets or properties of the Company or any of its Subsidiaries, including, without limitation, the Background Property, are implied or granted under this Agreement or intended to be conveyed hereby.

Section 1.5 Assumed Liabilities. On the terms and subject to the conditions contained in this Agreement, at the Closing, Purchaser will assume and agree to discharge and perform when due (i) each Liability listed in Schedule 1.5(i) of the Disclosure Schedule related to the Product Assets which has been incurred by the Company prior to the Closing Date, (ii) each Liability listed in Schedule 1.5(ii) of the Disclosure Schedule relating to retention bonuses payable by the Company to the Product Transferred Personnel (the ***"Retention Bonus Amount"***), (iii) all Liabilities arising out of or relating to Purchaser's ownership, operation and use of the Product Assets after the Closing Date, and (iv) all Liabilities arising after or otherwise required to be performed under any Acquired Contract after the Closing Date; provided, however in the case of clause (iv) Purchaser is (a) not assuming any Liabilities arising under the [*] Letter of Intent prior to the Closing Date, (b) not assuming any Liabilities under the Restrictive Contracts until the Product Acceptance Date and (c) not assuming any Liabilities under any Acquired Contract that relate to a breach of or default under, or any non-compliance with Laws with respect to, any such Acquired Contract that occurred on or prior to the date such Acquired Contract is Transferred to Purchaser, as applicable, and Purchaser is not assuming any Liabilities for wages, employee benefits, accrued vacation, or other accrued or vested paid time off, assessments, severance or other employment compensation for any employees, or employer Taxes, or unpaid amounts to any consultants of the Company or any Subsidiary of the Company accrued or arising prior to the Closing (the ***"Assumed Liabilities"***).

Section 1.6 Retained Liabilities. As between the Company and Purchaser, the Company and its Subsidiaries, as applicable, shall remain responsible for and will discharge and perform in full when due all Liabilities of the Company and its Subsidiaries other than the Assumed Liabilities (collectively, the ***"Retained Liabilities"***). Purchaser will not assume, and will not be responsible for or otherwise bear the economic burden of, any Retained Liability.

Section 1.7 Purchase Price. The consideration for the sale of the Product Assets to the Purchaser shall be (collectively, the ***"Purchase Price"***):

(a) an aggregate amount calculated as follows: (i) $3,000,000 *minus* (ii) the aggregate amount of the Retention Bonus Amount, payable at the Closing by wire transfer to a bank account designated in writing by the Company to Purchaser, in immediately available funds in United States Dollars (the ***"Closing Consideration"***).

(b) the assumption of the Assumed Liabilities;

(c) payment of the Milestone Payments, when and if payable pursuant to Section 1.8; and

(d) the Escrow Amount, subject to the provisions of Section 1.10 and the Escrow Agreement, when and if deposited pursuant to Section 1.10.

Section 1.8 Milestone Payments. Purchaser shall make the following milestone payments, when and if payable:

(a) Promptly (but no more than five Business Days) after the Product Acceptance Date, and provided that the Company has satisfied each of its delivery obligations set forth in Section 2.4, including the obligation to deliver the Company Bring Down Certificate, Purchaser shall pay to the Company, by wire transfer to a bank account designated in writing by the Company to Purchaser, in immediately available funds in United States Dollars, an aggregate of $2,000,000 (the ***"Product Acceptance Milestone Payment"***). Notwithstanding the foregoing, if the occurrence of the Product Acceptance Date (i) happens following a Change of Control of the Company that was not consented to in writing by Purchaser and (ii) was a result of an Accelerated Product Acceptance Milestone Event, then in such event the Product Acceptance Milestone Payment shall not be paid to the Company until the occurrence of a True Product Acceptance Milestone Event, which such payment shall be paid promptly (but no more than five Business Days) after the True Product Acceptance Milestone Event.

(b) Promptly (but no more than five Business Days) after the [*] License Date, Purchaser shall pay to the Company, by wire transfer to a bank account designated in writing by the Company to Purchaser, in immediately available funds in United States Dollars, an aggregate of $1,000,000 (the **"**[*] ***License Milestone Payment"***, and together with the Product Acceptance Milestone Payment, the ***"Milestone Payments"***).

(c) Without limiting Purchaser's obligations under Section 5.4(n), (i) neither Purchaser nor any of its Affiliates makes any representation or warranty to the Company that any of the conditions to Purchaser's payment obligations under this Section 1.8 will be satisfied and (ii) Purchaser and its Affiliates shall have absolute discretion to make all decisions with respect to the Product Assets following the Closing and shall have no obligation to make decisions with respect to the Product Assets in order to maximize the likelihood of any Milestone Payment becoming payable.

Section 1.9 No Claw-Backs. Subject to the Company's indemnification obligations under Article VI, following Purchaser's payment of the Closing Consideration or a Milestone Payment pursuant to Section 1.7 or Section 1.8(a) or (b), Purchaser shall not be permitted to claw-back or claim the repayment of the Closing Consideration or such Milestone Payment for any reason, including without limitation in the event that the conditions for a subsequent Milestone Payment are never achieved.

Section 1.10 Escrow. As a portion of the Purchase Price and to secure the indemnification and payment obligations of the Company under Article VI, promptly (but no more than five Business Days) after the Product Acceptance Date, Purchaser will deposit an amount equal to $2,000,000 minus the aggregate amount of any indemnification payments made by the Company to the Purchaser pursuant to Article VI prior to the Product Acceptance Date (the ***"Escrow Amount"***) in an account (the ***"Escrow Account"***) with U.S. Bank National Association (together with its successors and permitted assigns, the ***"Escrow Agent"***) to be held, invested and distributed by the Escrow Agent pursuant to the terms and conditions of the escrow agreement substantially in the form of **Exhibit B** (the ***"Escrow Agreement"***) *provided, however*, that in the event the Product Acceptance Date occurs after the termination of the Escrow Agreement in accordance with its terms, promptly after the Product Acceptance Date, $2,000,000 will be payable to the Company by Purchaser by wire transfer to a bank account designated in writing by the Company to Purchaser, in immediately available funds in United States Dollars.

Section 1.11 Allocation. The Company and Purchaser agree that the Purchase Price shall be allocated among the Product Assets in a reasonable manner consistent with Section 1060 of the Code and the rules and regulations promulgated thereunder (and any similar provision of state, local or foreign law, as appropriate), and **Exhibit C** (the ***"Allocation"***). As soon as practicable after the Closing Date, Purchaser shall submit a preliminary Allocation to the Company. The Company shall thereupon have 30 days to review the preliminary Allocation and to notify Purchaser of any aspects of the preliminary Allocation with which it disagrees. In the event of any such disagreement, the Parties shall negotiate in good faith to resolve such disagreement. Should the Parties fail to resolve any disagreement within 30 days after the Company notifies Purchaser that the Company disagrees with any aspect of the preliminary Allocation, a determination regarding the disputed item(s) shall be made by a mutually agreed upon and jointly engaged Arbitrating Accountant, whose decision shall be final and whose fees shall be shared equally by the Company and Purchaser. The Company and Purchaser agree to file all Tax Returns in a manner consistent with this Section 1.11 and the Allocation and will not, in connection with the filing of such Tax Returns, make any allocation that is contrary to the Allocation unless required to do so by applicable Law and after prior written notice thereof to the other such Party. The Company and Purchaser agree to consult with each other with respect to all issues related to the Allocation in connection with any Tax audits, controversies, or litigation.

ARTICLE II
CLOSING; CLOSING DELIVERIES

Section 2.1 Time and Place of Closing. The closing of the sale of the Product Assets (the ***"Closing"***) will occur at the offices of Cooley LLP in San Diego, California, commencing at 9:00 a.m. local time on the date hereof or such other date as the Parties mutually determine (the ***"Closing Date"***). The Closing will be effective as of 12:01 a.m. local time on the Closing Date.

Section 2.2 Deliveries of the Company at Closing. At the Closing, the Company will deliver to Purchaser:

(a) the written consent executed by [*], in the form attached hereto as **Exhibit F** (the "[*] ***Consent***");

(b) the Escrow Agreement, executed by the Company;

(c) the Intellectual Property License Agreement in the form of **Exhibit D** (the ***"License Agreement"***), executed by the Company;

(d) a certificate of the Secretary of the Company, certifying that attached thereto are true and complete copies of (i) the Governing Documents of the Company, as amended through and in effect on the Closing Date, and (ii) resolutions of the board of directors or the equivalent governing body of the Company authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and consummation of the transactions contemplated hereby and thereby, and certifying as to the incumbency of the officer of the Company executing this Agreement and each Transaction Document on behalf of the Company;

(e) a certificate of good standing for the Company issued by the secretary of state of the state of incorporation or formation of the Company;

(f) the bill of sale attached hereto as **Exhibit E** for the Closing Assets, executed by the Company; provided however, that the Company shall not be required to physically deliver any of the Tangible Personal Property until the earlier of (i) the Product Acceptance Date or (ii) the date of a written notice delivered by Purchaser to Company requesting that the Tangible Personal Property be physically delivered to Purchaser;

(g) the non-competition agreement in the form of **Exhibit G** (the ***"Non-Competition Agreement"***), executed by the Company;

(h) all other separate assignments of any intangible Closing Assets necessary, proper or advisable to record the transfer of such Closing Assets with any applicable Governmental Authority or other Person with whom such assignments must be filed, if any;

(i) a FIRPTA certificate in accordance with the requirements of Treasury Regulation Section 1.1445-2(b)(2) certifying that the Company is a U.S. person;

(j) releases of Encumbrances, other than Permitted Encumbrances, on the Closing Assets, if any; and

(k) certificates of title or origin with respect to all equipment included in the Closing Assets for which a certificate of title or origin is required to transfer title to Purchaser.

Section 2.3 Deliveries of Purchaser at Closing. At the Closing, Purchaser will deliver to the Company the following (each in a form and substance reasonably satisfactory to the Company):

(a) the Closing Consideration in accordance with Section 1.7(a);

(b) the Escrow Agreement, executed by Purchaser; and

(c) the License Agreement, executed by Purchaser; and

(d) the Non-Competition Agreement, executed by Purchaser.

Section 2.4 Deliveries of the Company at Product Acceptance. On the Product Acceptance Date, the Company will deliver to Purchaser:

(a) the bill of sale attached hereto as **Exhibit E** for the Product Acceptance Assets, executed by the Company, and, unless already delivered to Purchaser in accordance with a written notice delivered in accordance with Section 2.2(f), accompanied by physical delivery of the Tangible Personal Property to a location specified by Purchaser;

(b) all other separate assignments of any intangible Product Acceptance Assets necessary, proper or advisable to record the transfer of such Product Acceptance Assets with any applicable Governmental Authority or other Person with whom such assignments must be filed, if any;

(c) releases of Encumbrances, other than Permitted Encumbrances, on the Product Acceptance Assets, if any;

(d) certificates of title or origin with respect to all equipment included in the Product Acceptance Assets for which a certificate of title or origin is required to transfer title to Purchaser;

(e) the Asset Schedule Update, if any; and

(f) a certificate of a duly authorized officer of the Company (the "***Company Bring Down Certificate***") stating that the representations and warranties of the Company set forth in Article III, when read without qualification as to materiality or material adverse effect, as the same relate to the Product Assets then being Transferred, are true and correct in all material respects (without taking into account for purposes of such certificate any qualifications to such representations and warranties set forth in any Disclosure Schedule Update) as of the Product

Acceptance Date (except for representations or warranties that relate to a specific date or time, which representations and warranties shall be true and correct as of such date or time).

Section 2.5 Deliveries of the Purchaser at Product Acceptance. Upon the achievement of the Product Acceptance Milestone Event, in accordance with Section 1.8(a) and subject to the proviso set forth therein, Purchaser will pay to the Company the Product Acceptance Milestone Payment and shall deliver to the Company a certificate of a duly authorized officer of Purchaser (the "***Purchaser Bring Down Certificate***") stating that the representations and warranties of Purchaser set forth in Article IV, when read without qualification as to materiality or material adverse effect, are true and correct in all material respects as of the Product Acceptance Date (except for representations or warranties that relate to a specific date or time, which representations and warranties shall be true and correct as of such date or time).

Section 2.6 Deliveries of the Purchaser at [*] **License.** Upon the achievement of the [*] License Event, in accordance with Section 1.8(b), Purchaser will pay to the Company the [*] License Milestone Payment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

Subject to the exceptions noted in the schedule delivered by the Company concurrently herewith and identified as the ***"Disclosure Schedule,"*** the Company represents and warrants to Purchaser as follows:

Section 3.1 Organization. The Company is a corporation duly incorporated or organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation. The Company is qualified to conduct business and is in good standing as a foreign corporation under the Laws of each jurisdictions where the failure to be so qualified and in good standing would reasonably be expected to be materially adverse to the Product Assets, taken as a whole.

Section 3.2 Power and Authority. The Company has all necessary corporate power and authority to own the Product Assets. The Product Assets are all owned by the Company and its Subsidiaries listed on Section 3.2 of the Disclosure Schedule and not by any other Subsidiary of the Company. The Company has full corporate power and authority to execute, deliver and perform its obligations under this Agreement and all other Transaction Documents (collectively, the ***"Seller Documents"***). The execution, delivery and performance by the Company of the Transaction Documents have been duly authorized by all requisite corporate and stockholder action in accordance with applicable Law and the Company's Governing Documents. No vote of Company's stockholders is necessary to approve this Agreement or the Contemplated Transactions.

Section 3.3 Subsidiaries. Each Subsidiary of the Company that owns Product Assets is a corporation or limited liability company duly organized, validly existing, and in good

standing under the laws of the jurisdiction of its incorporation or organization. Each Subsidiary of the Company that owns Product Assets is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required. Each Subsidiary of the Company that owns Product Assets has full corporate power and authority to own and use the Product Assets, as applicable.

Section 3.4 Enforceability. This Agreement has been duly executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, moratorium and similar generally applicable Laws regarding creditors' rights or by general equity principles. Upon execution and delivery, the other Seller Documents will have been duly executed and delivered by the Company and will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, moratorium and similar generally applicable Laws regarding creditors' rights or by general equity principles.

Section 3.5 No Conflicts. Neither the execution and delivery of the Seller Documents nor the consummation of the Contemplated Transactions by the Company or any Subsidiary will (a) conflict with or result in a breach of or default under any term, condition or provision of or require the Company or any Subsidiary to make or obtain a consent, notification, filing, registration or approval (i) under the Company's Governing Documents or any Subsidiary's Governing Documents, (ii) under any Law or Order to which the Company or any of its Subsidiaries is party or by which the Company or any of its Subsidiaries is bound, (iii) under any Acquired Contract or (iv) from any Person, (b) result in the creation of any Encumbrance upon any Product Asset (other than Permitted Encumbrances), (c) terminate, amend or modify, or give any Person the right to terminate, accelerate, amend or modify, abandon or refuse to perform any Acquired Contract, (d) violate any ***"no shop"*** or any exclusivity agreement entered into with any Person or any option, right of first refusal, right of first offer, right of first negotiation, pre-emptive right or other similar right of any Person with respect to the sale of any of the Product Assets, or (e) result in a triggering event or distribution of rights under any rights agreement or ***"poison pill"*** of the Company; *provided*, *however*, except in the cases of clauses (ii) and (iv) of subsection (a) above, any case that would not reasonably be expected to impair the ability of the Company and its Subsidiaries to consummate the Contemplated Transactions or create or impose any material Liability on the Purchaser or its Affiliates.

Section 3.6 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of the Company or any Subsidiary with respect to any Product Asset.

Section 3.7 Title to Assets. The Company and its Subsidiaries have good and marketable title to, or a valid leasehold interest in, the Product Assets free and clear of all Encumbrances (other than Permitted Encumbrances), other than properties and assets disposed of in the Ordinary Course of Business. No unreleased mortgage, trust deed, chattel mortgage, security agreement, financing statement or other instrument encumbering any of the Product Assets has been recorded, filed, executed or delivered.

Section 3.8 Condition of Assets/Tangible Assets. Except as set forth in Section 3.8 of the Disclosure Schedule, the Product Assets, together with the Licensed Assets, are all of the material assets and properties reasonably necessary for the design, development, manufacture, marketing, sale, service or support of the Product as currently conducted. The Product Assets (a) are in reasonably good operating condition and repair (subject to normal wear and tear) and free from latent defects (other than such defects as do not interfere with the intended use thereof in the conduct of normal operations), and (b) have been maintained in accordance with the normal practice of the Company. The Tangible Personal Property is located at the locations set forth on Section 3.8 of the Disclosure Schedule.

Section 3.9 Permits. The Acquired Permits constitute all of the Permits. The Company and each of its Subsidiaries, as applicable, are in compliance in all material respects with each Acquired Permit. Purchaser has been provided with access to complete copies of all Acquired Permits.

Section 3.10 Inventory. All Inventory is free from defects in materials and workmanship (subject to normal wear and tear) except for immaterial defects and deficiencies.

Section 3.11 Receivables. All Receivables (i) represent valid obligations of customers of the Company or a Subsidiary arising from bona fide transactions entered into in the Ordinary Course of Business and (ii) are current.

Section 3.12 Product Liability/Warranty. Except as set forth in Section 3.12 of the Disclosure Schedule, each Product that has been sold, licensed or distributed by any of the Company or a Subsidiary to any Person conformed and complied in all material respects with the terms and requirements of any applicable warranty, applicable Product data sheet or specification, applicable customer specification or other Contract and with all applicable Laws; and was free of any material design defects or other defects or deficiencies at the time of sale. No Product manufactured or sold by any of the Company or any Subsidiary has been the subject of any recall or other similar action; and no event has occurred, and no condition or circumstance exists, that might (with or without notice or lapse of time) directly or indirectly give rise to or serve as a Basis for any such recall or other similar action relating to any such Product.

Section 3.13 Contracts.

(a) Section 3.13 of the Disclosure Schedule contains a complete and accurate list of the following Seller Contracts in effect as of the date of this Agreement:

(i) any Seller Contract (or group of related Seller Contracts) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, involving, in each case payments in excess of $50,000 per annum;

(ii) any Seller Contract (or group of related Seller Contracts) under which the Company or any Subsidiary has created, incurred, assumed, or guaranteed any

Indebtedness, or any capitalized lease obligation, or under which such Seller Contract (or group of related Seller Contracts) has imposed an Encumbrance on any of the Product Assets;

(iii) any Seller Contract concerning confidentiality or non-competition or that expressly prohibits the Company or any of its Subsidiaries from freely engaging in business anywhere in the world;

(iv) any Seller Contract in which the Company or any Subsidiary has granted "exclusivity" or that requires the Company or the Subsidiary to deal exclusively with, or grant exclusive rights or rights of first refusal to, any customer, vendor, supplier, distributor, contractor or other Person;

(v) any Seller Contract involving a sales agent, representative, distributor, reseller, middleman, marketer, broker, franchisor or similar Person who is entitled to receive commissions, fees or markups related to the provision or resale of the Product;

(vi) any settlement, conciliation, or similar agreement with any Governmental Authority that is primarily or exclusively related to the Product Assets;

(vii) any Contract that contains a license of Product Owned Intellectual Property Assets from the Company or any of its Subsidiaries;

(viii) any Government Contracts;

(ix) all confidentiality and non-disclosure agreements that impose on the Company or its Subsidiaries obligations of confidentiality or in-disclosure regarding the Product; and

(x) any Seller Contract entered into outside of the Ordinary Course of Business.

(b) The Company has made available to Purchaser a complete and accurate copy of each written agreement listed in Section 3.13 of the Disclosure Schedule and a written summary setting forth the material terms and conditions of each oral agreement referred to in Section 3.13 of the Disclosure Schedule.

(c) Except as set forth in Section 3.13 of the Disclosure Schedule:

(i) each Acquired Contract is a valid and binding agreement of the Company or the applicable Subsidiary, enforceable against the Company or such Subsidiary in accordance with its terms (except to the extent that the enforceability of obligations and the availability of certain remedies thereunder are subject to and may be limited by general principles of equity or by bankruptcy, insolvency, reorganization, arrangement, fraudulent transfer, moratorium and other laws relating to or affecting creditors' rights generally);

(ii) the Company or the applicable Subsidiary has fulfilled all obligations required pursuant to the Acquired Contracts to have been performed as of the date hereof by the Company or such Subsidiary on its part;

(iii) the Company or the applicable Subsidiary is not in material breach of or material default under any Acquired Contract, and no event has occurred that with the passage of time or giving of notice or both would constitute such a breach or default, result in a loss of material rights, result in the payment of any damages or penalties or result in the creation of any Encumbrance thereunder or pursuant thereto other than Permitted Encumbrances;

(iv) to the Knowledge of the Company, no other Person party to any Acquired Contract has breached in any material respect any provision, or is in material default under, any Acquired Contract;

(v) the Company or the applicable Subsidiary has not, at any time since January 1, 2010, (A) given any written notice or other communication or (B) received any written notice or, to the Knowledge of the Company, other communication, in each case regarding any actual, alleged or potential violation or breach of, or default under, any of the Acquired Contracts; and

(vi) there are no pending renegotiations of any of the Acquired Contracts and the Company or the applicable Subsidiary has not received written notice from any Person party to any Acquired Contract regarding the termination, cancellation or material change to the terms of, any such Acquired Contract and, to the Knowledge of the Company, no Person party to any Acquired Contract intends to, terminate, cancel or materially change the terms of, any such Acquired Contract; and

(vii) with respect to the design, development, manufacture, marketing, sale, service or support of the Product, neither the Company nor any of its Subsidiaries relies upon or uses rights under any Seller Contract that has expired or been terminated.

Section 3.14 Employees.

(a) Section 3.14(a) of the Disclosure Schedule contains a complete and accurate list of (i) the employees performing development services related to any of the Product Assets for either the Company or any Subsidiary (each such employee an ***"Product Employee"***), identifying the Product Employee's name, the employing entity (whether the Company or a Subsidiary), and the primary work location of the Product Employee as of the date of this Agreement and (ii) each consultant providing development services related to any of the Product Assets for or on behalf of the Company or any Subsidiary (each such consultant an ***"Product Consultant"***), identifying the Product Consultant's name, the entity to which such Product Consultant provides services (whether the Company or a Subsidiary), and the primary work location of the Product Consultant as of the date of this Agreement.

(b) Other than the Product Employees and the Product Consultants, no Person is primarily or exclusively employed or engaged in the design, development, manufacture, marketing, sale, service or support of the Product (whether temporary or permanent and whether under a Contract of service or Contract for services and whether on leave of absence or disability).

(c) No Product Employee or Product Consultant has given notice terminating, or, to the Knowledge of the Company, threatened or expressed an intent to give notice terminating, his or her employment with, or service to, the Company or a Subsidiary subsequent to Closing, and there is no pending or, the Knowledge of the Company, threatened notice of such termination.

(d) Neither the Company nor a Subsidiary has engaged or been involved in any dispute, claim or legal proceedings (whether arising under Contract, common law, statute or in equity) with any of the Product Employees, Product Consultants or any other Person currently or previously employed by or engaged to perform services related to any of the Product Assets or their dependants.

Section 3.15 Product Intellectual Property.

(a) The Company or a Subsidiary of the Company owns, or licenses or otherwise possesses rights to use, each item of the Product Intellectual Property Assets, other than as set forth in Section 3.15(a) of the Disclosure Schedule. There is no item of Intellectual Property that is owned or licensed by the Company or any of its Subsidiaries, or that the Company or any of its Subsidiaries otherwise possesses the rights to use, that is necessary for the design, development, manufacture, marketing, sale, service or support of the Product that is not included in the Product Intellectual Property Assets. Other than as expressly set forth and described in Section 3.15(a) of the Disclosure Schedule, no license, sublicense, covenant, agreement or permission has been granted or entered into by the Company or any of its Subsidiaries with a Third Party in respect of any item of Product Owned Intellectual Property Assets. The Company's and each applicable Subsidiary's rights as a licensee with respect to each item of the Product Licensed Intellectual Property Assets are binding and enforceable. The Company or a Subsidiary of the Company owns all right, title and interest in and to, or has the right to use pursuant to an enforceable written license, sublicense, agreement or permission, the Product Software, free and clear of any Encumbrances by or through Company or its Subsidiaries, other than Permitted Encumbrances. Neither the Company nor any Subsidiary has any duty or obligation (whether present, contingent, or otherwise) to deliver, license, or make available the source code for any Product Software to any escrow agent or other Person.

(b) With respect to each item of the Product Owned Intellectual Property Assets: (i) the Company or a Subsidiary of the Company possesses the exclusive right, title and interest in and to such item, free and clear of any Encumbrances, other than Permitted Encumbrances; (ii) such item is not currently subject to any outstanding Order, past due payment, past due or delinquent filing, decision or agreement in any restricting manner, including restricting the transfer, commercialization, enforcement or licensing thereof; (iii) to the

Knowledge of the Company, no legal or administrative proceeding is pending or threatened, that challenges the legality, validity, enforceability of, or the Company's or any of its Subsidiaries' ownership of or license or other right to use or otherwise exploit, such item; (iv) to the Knowledge of the Company, each such item is presently pending or subsisting; and (v) to the Knowledge of the Company, the Company or a Subsidiary of the Company possesses the rights to sue for past, present, and future infringement, damages and other remedies, to the extent such rights exist under applicable law. Other than as set forth in Section 3.15(b) of the Disclosure Schedule, the Company has all right, power, and authority to grant the licenses set forth in the License Agreement.

(c) With respect to each item of the Product Licensed Intellectual Property Assets: (i) neither the Company nor any Subsidiary of the Company is in material breach or material default of any agreement granting the Company or any Subsidiary of the Company rights as a licensee thereof; (ii) to the Knowledge of the Company, no party to any agreement granting the Company or a Subsidiary of the Company rights as a licensee thereof is currently in material breach or default thereunder; (iii) neither the Company nor any Subsidiary of the Company has received written notice that any Third Party intends to cancel, not renew, or terminate the license, sublicense, agreement or permission granted to Company or a Subsidiary of the Company for such Assets; and (iv) no agreement granting the Company or a Subsidiary of the Company rights as a licensee of Product Licensed Intellectual Property Assets will be terminated or cancelled, and except for any consent requirements identified in Section 3.15(c) of the Disclosure Schedule, none of the Company's or its Subsidiaries' rights under any such agreement shall be diminished or impaired, and none of the Company's or its Subsidiary's obligations under any such agreement shall be increased, as a result of the consummation of the Contemplated Transactions, other than as a result of a Contract to which Purchaser or any of its Affiliates already was a party or to which they were already bound prior to the Closing Date.

(d) Other than as set forth in Section 3.15(d) of the Disclosure Schedule, neither the Product, nor any of the Product Owned Intellectual Property Assets, nor any Intellectual Property licensed by the Company or its Subsidiaries to the Purchaser under the License Agreement infringes or misappropriates any Third Party's Intellectual Property Rights; and (ii) no threatened written claim has been delivered to the Company or any Subsidiary relating to the Product Assets alleging infringement, misappropriation, or unauthorized use or disclosure of any Third Party's Intellectual Property Rights. Except as set forth on Section 3.15(d) of the Disclosure Schedule, neither the Company nor any of its Subsidiaries has been subject to any legal proceeding alleging a claim of infringement, misappropriation, unauthorized use or disclosure of any Third Party's Intellectual Property Rights by the Product Owned Intellectual Property Assets.

(e) To the Knowledge of the Company, there is no infringement, misappropriation, unauthorized use or disclosure by any Third Party of the Product Owned Intellectual Property Assets. Neither the Company nor any Subsidiary has brought, or in writing threatened to bring, against any Third Party any claim for infringement, misappropriation, dilution or unauthorized use or disclosure of any Product Owned Intellectual Property Assets or breach

of any license, sublicense or agreement involving any Product Owned Intellectual Property Assets.

(f) Except as set forth on Section 3.14(f) of the Disclosure Schedule, neither the Company nor any Subsidiary has granted any Third Party a written license or other right to use any Product Intellectual Property Assets other than under an Acquired Contract, excluding any implied licenses granted as the result of commercial sales of products or services incorporating such Product Intellectual Property Assets, or nonexclusive rights to test the Product on a time-limited basis granted under nondisclosure agreements, product trial agreements, or similar arrangements.

(g) Section 3.15(g) of the Disclosure Schedule contains a complete and accurate list of (i) the employees who created or developed Intellectual Property related to the Product for either the Company or any of its Subsidiaries (each such employee an ***"IP Product Employee"***), identifying the IP Product Employee's name and the employing entity (whether the Company or a Subsidiary) and (ii) each consultant who created or developed Intellectual Property related to the Product for or on behalf of the Company or any of its Subsidiaries (each such consultant an ***"IP Product Consultant"***), identifying the IP Product Consultant's name and the entity to which such IP Product Consultant provides services (whether the Company or a Subsidiary). Each current and former IP Product Employee, IP Product Consultant, director and independent contractor of the Company or a Subsidiary whose services are or were related to any of the Product Assets is a party to a written agreement with the Company or a Subsidiary that has assigned to the Company or a Subsidiary all ownership rights owned by such Person of all Intellectual Property related to the Product, except to the extent such rights are owned by the Company or a Subsidiary as a matter of law or such rights cannot legally be conveyed by such Person, in which case such person waived such rights to the extent waivable under law.

(h) Except as set forth in Section 3.15(h) of the Disclosure Schedule, the execution or delivery of this Agreement and the other Transaction Documents by the Company, will not result in any Third Party being granted rights of access to, use of, or the placement in or release from escrow of, any Product Owned Intellectual Property Assets.

(i) Section 3.15(i) of the Disclosure Schedule contains a complete list of all Software owned by or licensed to the Company or any Subsidiary that is related to the Product (collectively, the ***"Product Software"***). Section 3.15(i) of the Disclosure Schedule shall (i) indicate for each item of Product Software the identity of the owner of the Software, if owned by the Company or one of its Subsidiaries; and (ii) the identity of the licensor of any such Software, if owned by a third party. Except as specified in Section 3.15(i) of the Disclosure Schedule, the Company or a Seller Subsidiary is in actual and sole possession of the source code of the Product Software that constitutes a Product Owned Intellectual Property Assets. The Company or a Subsidiary of the Company is the sole owner of all copyrights in and to the Product Software identified as being owned by the Company or one of its Subsidiaries in Section 3.15(i) of the Disclosure Schedule, free and clear of any Encumbrances, other than Permitted Encumbrances.

(j) The source code for all Product Software that constitutes a Product Owned Intellectual Property Asset includes annotations and programmer's comments. Except as set forth in Section 3.15(j) of the Disclosure Schedule, no source code for any such Product Software has been delivered, licensed, or made available to any escrow agent or other Person who is not, or was not at the time of delivery to such Person, a Product Employee. To the Knowledge of the Company, no event has occurred, and no circumstance or condition currently exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, result in the delivery, license or disclosure of (or an obligation of the Company or any Subsidiary of the Company to deliver, license, or disclose) the source code for any such Product Software to any Third Party.

(k) Section 3.15(k) of the Disclosure Schedule accurately identifies (i) each item of Open Source Code that is contained in or bundled or distributed with the Product, or from which any portion of the Product is derived or based, and (ii) the type of open source license for each such item of Open Source Code.

(l) Except as disclosed in Section 3.15(l) of the Disclosure Schedule, the Product does not contain, is not derived from, is not distributed with, and was not developed using Open Source Code in a manner that imposes a requirement or condition that the Product or part thereof (A) be disclosed or distributed in source code form, (B) be licensed for the purpose of making modifications or Derivative Works, or (C) be redistributable at no charge.

(m) The Company and each Subsidiary has taken reasonable steps to safeguard the security and integrity of the Product Software and the Product, including the implementation of reasonable procedures to avoid disabling codes or instructions, time, copy protection device, clock, counter or other limiting design or routing and any "back door," "time bomb," "Trojan horse," "worm," "drop dead device," "virus" or other software or hardware that permit unauthorized access or the unauthorized disablement or erasure of data or other software by a Third Party. To the Knowledge of the Company, there are no security vulnerabilities in the Product Software or the Product.

(n) Section 3.15(n) of the Disclosure Schedule contains a complete and accurate list of all royalties, fees, commissions, and other amounts currently payable by the Company or any Subsidiary of the Company to any other Person (excluding sales commissions payable to employees) upon the manufacture, sale, or distribution of any Product, including any with respect to Product Software.

(o) Except as set forth in Section 3.15(o) of the Disclosure Schedule, neither the Company nor any Subsidiary is or has ever been a member or promoter of, or a contributor to, any industry standards body or similar organization that requires or obligates the Company or any Subsidiary to grant or offer to any other Person any license or right to any Product Owned Intellectual Property Asset.

(p) The Company and its Subsidiaries have taken commercially reasonable steps to protect the confidentiality of all information within the Product Owned Intellectual

Property Assets other than information that the Company, in the exercise of its reasonable business judgment, elected not to treat as a trade secret under Law.

Section 3.16 Litigation. Neither the Company nor any Subsidiary is a party to or bound by any Order (or any agreement entered into in any administrative, judicial or arbitration proceeding with any Third Party or governmental or other authority) with respect to the Product Assets. Section 3.16 of the Disclosure Schedule contains a complete and accurate list of each pending or, to the Company's Knowledge, overtly threatened action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator against the Company, any Subsidiary or any of their respective directors, officers and stockholders relating to or affecting the Product Assets or the Assumed Liabilities.

Section 3.17 Compliance with Laws.

(a) Neither the Company nor any Subsidiary is, or during the past three years, has been in violation of, or to its Knowledge been investigated for violation of any Law, Order or Permit (a) relating to the Product Assets or Assumed Liabilities or (b) to which any of the Product Assets, personnel primarily or exclusively providing services related to the Product Assets or business activities relating to the design, development, manufacture, marketing, sale, service or support of the Product are subject. Section 3.17(a) of the Disclosure Schedule contains a complete and accurate list of all notices of violation or investigation of any of the foregoing that the Company or any Subsidiary received within the past three years.

(b) (i) The Company or its Subsidiaries have obtained all export licenses, license exceptions and other consents, notices, waivers, approvals, orders, authorizations, registrations, declarations, classifications and filings with any Governmental Authority required for the export and re-export of the Product, commodities, services, Software, technical data and technologies and releases of technologies, technical data and Software to non-U.S. nationals located in the United States and abroad (***"Export Approvals"***), (ii) the Company and its Subsidiaries are in compliance with the terms of all applicable Export Approvals, and (iii) there are no pending, or, to the Company's Knowledge, threatened claims against the Company or any of its Subsidiaries with respect to such Export Approvals or any activities requiring Export Approvals.

Section 3.18 Suppliers. Section 3.18 of the Disclosure Schedule lists, as of the Closing Date and the Product Acceptance Date, each supplier from whom the Company or any Subsidiary has collectively purchased $25,000 or more of goods or services related to the Product Assets since January 1, 2010 (a ***"Significant Supplier"***). To the Company's Knowledge, no Significant Supplier has indicated in writing or otherwise overtly threatened that it intends to terminate, limit or negatively alter its business relationship with the Company or any Subsidiary with respect to the Product Assets. To the Knowledge of the Company and other than with respect to relationships that are terminable at the will of the supplier, there is no legitimate Basis for a Significant Supplier to terminate, limit or negatively alter its business relationship with the Company or any Subsidiary with respect to the Product Assets.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to the Company as follows:

Section 4.1 Organization. Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware.

Section 4.2 Power and Authority. Purchaser has full power and authority to enter into and perform this Agreement and all other Transaction Documents to be executed by Purchaser pursuant to this Agreement (collectively, the ***"Purchaser Documents"***).

Section 4.3 Intellectual Property. Purchaser owns, or licenses or otherwise possesses rights to use, each item of Intellectual Property required to be assigned and licensed to the Company pursuant to Sections 5.1(f) and 5.1(g) and has the full power and authority to assign and transfer Intellectual Property required to be transferred to the Company pursuant to Section 5.1(d); provided, however, that in each case Purchaser is not making any representations or warranties regarding Intellectual Property transferred or licensed to Purchaser pursuant to the terms of this Agreement or the License Agreement. The Product Transferred Personnel have all rights necessary to use and provide to Company in connection with the Development Services any Intellectual Property used or provided to the Company by the Product Transferred Personnel; provided, however, that Purchaser is not making any representations or warranties regarding Intellectual Property transferred or licensed to Purchaser pursuant to the terms of this Agreement or the License Agreement.

Section 4.4 Enforceability. This Agreement has been duly executed and delivered by Purchaser and constitute a valid and legally binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, moratorium and similar generally applicable Laws regarding creditors' rights or by general equity principles. Upon execution and delivery by Purchaser, the other Purchaser Documents will have been duly executed and delivered by Purchaser and will constitute valid and legally binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, moratorium and similar generally applicable Laws regarding creditors' rights or by general equity principles.

Section 4.5 Consents. No consent, authorization, Order or approval of, or filing, declaration or registration with, or notification with any Governmental Authority or other Person is required for Purchaser's execution and delivery of the Purchaser Documents or Purchaser's consummation of the Contemplated Transactions.

Section 4.6 No Conflicts. Neither Purchaser's execution and delivery of the Purchaser Documents nor Purchaser's consummation of the Contemplated Transactions will conflict with or result in a breach of any provision of Purchaser's Governing Documents or any Law or Order to which Purchaser is party or by which Purchaser is bound. Purchaser is not a

party to or bound by any Contract under which (a) Purchaser's execution and delivery of or performance under the Purchaser Documents or consummation of the Contemplated Transactions will constitute a default, breach or event of acceleration, or (b) performance by Purchaser according to the terms of the Purchaser Documents may be prohibited, prevented or delayed.

Section 4.7 Adequacy of Funds. The Purchaser has, or will have prior to or at the Closing, adequate financial resources to satisfy its monetary and other obligations under this Agreement including, without limitation, the obligation to pay the Purchase Price in accordance herewith.

ARTICLE V
COVENANTS AND AGREEMENTS OF THE PARTIES

Section 5.1 Development Phase.

(a) During the period of time beginning immediately following the Closing and ending on the Product Acceptance Date (such period of time, the ***"Development Phase"***) the Company shall perform the development services (the ***"Development Services"***) necessary to achieve full performance compliance, as independently assessed by [*], of the [*] portion of the [*] Letter of Intent.

(b) Furthermore, the Parties hereby agree that during the Development Phase:

(i) the Company will perform the Development Services in a workmanlike and professional manner;

(ii) the Company shall permit the Product Transferred Personnel to work at the Company's facilities in such manner as the Company shall reasonably coordinate with Purchaser and shall use commercially reasonable efforts to provide the Product Transferred Personnel with the tools, workstations, laboratory equipment and any other resources, consistent with the Company's Ordinary Course of Business, to allow the Product Transferred Personnel to continue to develop the Product and to work towards the achievement of the Product Acceptance Milestone Event;

(iii) the Company will pay for any and all development costs and expenses incurred by it, including, subject to the proviso below, expenses incurred by the Product Transferred Personnel, to complete the development of the Product and the achievement of the Product Acceptance Milestone Event, including, but not limited to, costs and expenses related to all layout, package engineering, new product integration and testing, tapeout, masks, test script development, test vector development and Product samples and production runs; *provided, however*, that Purchaser shall be liable for and indemnify Company from any and all expenses relating to payroll, vacation, sick leave, workers' compensation, unemployment benefits, health care plans or benefits or any other benefits of any kind for the Product Transferred Personnel;

(iv) Purchaser shall be permitted reasonable access upon reasonable prior notice to the Company's facilities and employees (and the Product Transferred Personnel) who are working on the development of the Product to provide the Parties an opportunity to discuss and work on the development of the Product, and the Company and Purchaser shall reasonably cooperate with each other in arranging or coordinating any access by Purchaser to the Company's facilities and such employees (and the Product Transferred Personnel) for the purpose of contacting or communicating with them as required pursuant to this Section 5.1;

(v) prior to the physical delivery of the Tangible Personal Property to Purchaser pursuant to Section 2.2(f), the Company shall use commercially reasonable efforts to maintain the Tangible Personal Property at the Company's facilities, or at such other location as may be designated by Purchaser from time-to-time, consistent with the Ordinary Course of Business; and

(vi) the Company agrees that the Tangible Personal Property:

(1) shall be used primarily for purposes in furtherance of the covenants set forth in this Section 5.1 and shall not be used for any other purpose;

(2) shall not be delivered, transferred or otherwise released to any third party, without the prior written consent of Purchaser; and

(3) shall be maintained in a state of repair and condition that is consistent with the Ordinary Course of Business and shall be protected using protections at least as extensive as those used with the Company's own property (but no less protection than would be reasonable for property of this nature).

(c) For the avoidance of doubt, the Parties agree and acknowledge that all Intellectual Property that is developed, created, conceived, or reduced to practice by the Company, other than Intellectual Property owned by [*] pursuant to the terms of the [*] Letter of Intent, in the course of performing the Development Services (the ***"Developed IP"***) shall be allocated between the Parties as follows: (i) if such Developed IP is used exclusively in connection with the Product, it shall automatically be deemed to be a Product Asset and shall be exclusively owned by Purchaser in accordance with Section 1.1 (the "***Developed Owned IP***"); (ii) if such Developed IP is used in connection with the Product but does not fall into the category described in the foregoing subsection (i), it shall be deemed to be a Licensed Asset, and shall automatically be licensed to Purchaser pursuant to the terms of the License Agreement (the ***"Developed Licensed IP"***); and (iii) if such Developed IP is not used in connection with the Product, it shall be deemed to be Background Technology, and shall be owned by Seller (the ***"Developed Background IP"***). To the extent necessary to effect the transfer of ownership of the Developed Owned IP to Purchaser, Company and each of its Subsidiaries hereby irrevocably assigns to Purchaser all right, title, and interest worldwide in and to the Developed Owned IP, including all Intellectual Property Rights related thereto.

(d) To the extent necessary to effect the transfer of ownership of the Developed Licensed IP or the Developed Background IP to the Company, Purchaser and each of its Subsidiaries hereby irrevocably assigns to Company all of its right, title, and interest (if any) worldwide in and to the Developed Licensed IP and the Developed Background IP, including all Intellectual Property Rights related thereto.

(e) The Company shall use commercially reasonable efforts to (i) comply with all laws, regulations, and ordinances applicable to the Company's performance of the Development Services and its other obligations under this Agreement, including export control laws and (ii) obtain all governmental permits and licenses required for the Company to perform the Development Services and its other obligations under this Agreement.

(f) If a party or any of its Subsidiaries (an "***Assigning Party***") have any rights to the Intellectual Property that is identified as being owned by the other party or its Subsidiaries under (d) or (e) above (the "***Assigned IP***") that cannot be assigned to the other party (the "***Assignee***"), such as moral rights, author's rights, rights of integrity, or any similar rights, the Assigning Party unconditionally and irrevocably waive the enforcement of such rights, and all claims and causes of action of any kind against Assignee with respect to such rights. If the Assigning Party has any right to the Assigned IP that cannot be assigned to Assignee or waived by the Assigning Party, the Assigning Party unconditionally and irrevocably grant to the Assignee during the term of such rights, an exclusive, irrevocable, perpetual, worldwide, fully-paid and royalty-free license, with rights to sublicense through multiple levels of sublicensees, to reproduce, create derivative works of, distribute, publicly perform and publicly display, by all means now known or later developed, the Assigned IP, and to use, make, have made, import, sell, and offer for sale, products and services using or embodying the Assigned IP. The Assigning Party will promptly disclose to the Assignee any Assigned IP that the Assigning Party creates. The Assigning Party agrees to reasonably cooperate with Assignee or its designee, both during and after the term of this Agreement, in the procurement and maintenance of Assignee's rights in the Assigned IP.

(g) Subject to the terms and conditions of this Agreement, Purchaser hereby grants to the Company a nonexclusive, nontransferable, limited license (without the right to sublicense), during the Development Phase, to make, use, reproduce, modify, create derivative works of, improve, perform, and display the Product Owned Intellectual Property Assets, the Developed Owned IP and any other Intellectual Property used in any manner by the Product Transferred Personnel or provided to the Company by the Product Transferred Personnel on the Company premises in connection with the Development Phase, solely to the extent necessary to perform the Development Services. There are no implied licenses granted to the Company hereunder, and all rights not expressly granted are reserved to Purchaser.

(h) The Parties hereby agree that, notwithstanding the provisions of this Section 5.1, each Party is an independent contractor and shall retain complete control and responsibility for its own operations and employees, and the precise manner and means by which the Company chooses to complete the Development Services are in the Company's sole discretion and control. In performing the Development Services, the Company will be

responsible for providing its own equipment, tools, and other materials at its own expense. Nothing in this Agreement shall be construed to constitute either Party as a partner, agent or representative of the other Party. Neither Party shall have the right or authority to assume or create any obligation on behalf of or in the name of the other, or to bind the other in any manner whatsoever.

Section 5.2 Negative Covenants. During the Development Phase, the Company shall not directly or indirectly take any of the following actions without the prior written consent of Purchaser, (with respect solely to subsections (b), (h) and (k) below, such consent shall not be unreasonably withheld or delayed):

(a) issue, sell, pledge, dispose of or otherwise subject to any Encumbrance (other than a Permitted Encumbrance) any Product Assets that have not yet been Transferred to Purchaser, other than sales, transfers or dispositions of Inventory in the Ordinary Course of Business;

(b) enter into any Contract that would be a Seller Contract if entered into prior to the date hereof other than in connection with the Development Phase;

(c) permit the lapse of any right relating to registration with a Governmental Authority of Product Owned Intellectual Property Assets that have not yet been Transferred to Purchaser or any other material intangible asset included within the Product Assets that has not yet been Transferred to Purchaser;

(d) sell, lease, transfer, assign or otherwise dispose of any of the Product Assets, other than in the Ordinary Course of Business;

(e) transfer, assign or grant any license or sublicense of any right under or with respect to any Product Intellectual Property Asset, other than in the Ordinary Course of Business;

(f) enter into any Seller Contract either (i) involving more than $25,000 per annum individually or $100,000 per annum in the aggregate, or (ii) other than in the Ordinary Course of Business;

(g) impose or suffer any Encumbrance (other than Permitted Encumbrances) upon any of the Product Assets that have not yet been Transferred to Purchaser, other than in the Ordinary Course of Business;

(h) defer maintenance on any material equipment included in the Product Assets that have not yet been Transferred to Purchaser;

(i) commit any material breach or permit the lapse of any right under any agreement granting the Company or a Subsidiary of the Company rights as a licensee to any Product Licensed Intellectual Property Assets or take any action which with notice or lapse of

time would permit the lapse of any right or constitute a material breach or material default or permit termination, modification or acceleration thereunder;

(j) knowingly engage in any practice, take any action, or enter into any transaction that would result in the infringement, misappropriation or unauthorized use or disclosure of any Third Party's Intellectual Property with respect to the Product Assets that have not yet been Transferred to Purchaser;

(k) enter into any settlement of any litigation, proceeding or governmental investigation with any Governmental Authority or other Person primarily relating to any Product Assets that have not yet been Transferred to Purchaser; or

(l) enter into an agreement to do any of the foregoing.

Section 5.3 Notifications; Disclosure Updates.

(a) Each Party agrees that during the Development Phase, each Party will promptly deliver written notice to the other Parties of any event, fact, circumstance or condition that constitutes (i) a material breach of any representation or warranty made by such Party, or (ii) a material breach of any of such Party's covenants under this Agreement.

(b) The Company agrees that during the Development Phase, the Company will, as soon as possible after discovery (but at least five Business Days prior to the Product Acceptance Date), deliver to Purchaser written notice (each a ***"Disclosure Schedule Update"***) of any amendment of or supplement to the Disclosure Schedule to (i) reflect any event occurring or fact, circumstance or condition arising after the date of this Agreement that, if such event occurred or such fact, circumstance or condition arose before or on the date of this Agreement would have been required to be disclosed in the Disclosure Schedule or (ii) correct any existing inaccuracy or deficiency in the Disclosure Schedule based on any event that occurred or fact, circumstance or condition existed before or on the date of this Agreement; *provided*, *however*, that any amendment or supplement pursuant to this Section 5.3(b) shall not be deemed to have modified the Disclosure Schedule or qualified the representations and warranties in Article III for purposes of Purchaser's indemnification rights under Article VI.

Section 5.4 Additional Covenants and Agreements.

(a) Non-Solicitation. The Parties agree that, during the Development Phase and for [*] thereafter, neither Party shall, and shall not permit any of its Affiliates to, directly or indirectly, solicit or attempt to solicit any employee of the other Party (or any subsidiary of such Party) to terminate his, her or its relationship with such Party in order to become an employee of any other person or entity (including, without limitation, Purchaser on the one hand and the Company on the other hand); *provided*, *however*, that general advertising and participation at job fairs and recruiting workshops shall not be deemed to violate this Section 5.4(a) to the extent not directed specifically at the employees, consultants or independent contractors of Purchaser or the Company, as applicable.

(b) Further Assurances. After the Closing and the Product Acceptance Date, each Party will take such further actions and execute and deliver all further documents as are reasonably necessary to (a) transfer and convey the Closing Assets and the Product Acceptance Assets, as applicable, to Purchaser on the terms herein contained, including, without limitation, with respect to implementing the separation of the Product Assets from the Excluded Assets, which cost and expense shall be borne equally by the Company and Purchaser except as set forth in this Agreement or other Seller Document, and performing all activities associated therewith to the extent necessary to carry out the purposes of this Agreement and (b) consummate the Contemplated Transactions. Without limiting the generality of the foregoing, within five (5) days after the Closing Date and the Product Acceptance Date, the Company will cooperate with Purchaser to cause the Software included in the Closing Assets and Product Acceptance Assets, respectively, to be transferred and conveyed to Purchaser. Purchaser will be responsible for the registration and/or recordation of the transfers and assignments of the Product Owned Intellectual Property Assets, and the out-of-pocket fees paid to the U.S. Patent and Trademark Office or any other government intellectual property office in connection therewith shall be borne by Purchaser.

(c) Books and Records. The Company and its Subsidiaries and Purchaser and its Subsidiaries will each retain and make their respective books and records (including work papers in the possession of their respective accountants) with respect to the Product Assets available for inspection and copy by the other Party or its duly appointed representatives (reasonably acceptable to the other Party) for reasonable business purposes at reasonable times during normal business hours for a period consistent with such Party's record-retention policies and practices to enable the other Party to prepare financial statements or Tax returns or deal with Tax audits.

(d) Litigation Support. If any Party is actively contesting or defending against any action, suit, proceeding, hearing, investigation, charge, compliant, claim or demand in connection with the Contemplated Transactions, then, for so long as such contest or defense continues, each Party will, at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party has a right to indemnification therefor under Article VI in which case Article VI, and not this Section 5.4(d), shall govern), (a) reasonably cooperate with the contesting or defending Party and its counsel in the contest or defense and (b) make reasonably available such personnel and provide such testimony and access to its books as is reasonably necessary or reasonably requested by the contesting or defending Party in connection with such contest or defense (in all cases after reasonable notice and during normal business hours).

(e) Transition. During the Development Phase, the Company shall reasonably cooperate with Purchaser in its efforts to continue and maintain for Purchaser's benefit those business relationships of the Company and each of its Subsidiaries and related to the Product Assets with any licensor, customer, supplier or other Person having a business relationship with the Company or any Subsidiary and related to the Product Assets. During the Development Phase and continuing through the one year anniversary of the completion of the

Development Phase, the Company shall refer to Purchaser all inquiries relating to the Product Assets.

(f) Payment of Transfer Charges.

(i) Except as specifically set forth to the contrary in this Agreement, the Company and Purchaser will share equally all Taxes, conveyance fees, title application fees, registration fees, recording charges and other similar out-of-pocket fees and charges (including any interest and penalties) incurred in connection with consummation of the Contemplated Transactions (***"Transfer Charges"***). The Company will, at its own expense, file all necessary Tax Returns and similar documentation with respect to such Transfer Charges, and the Company will remit or cause to be remitted any Transfer Charges shown as due on such Tax Returns. Purchaser will indemnify and reimburse the Company for one-half of the amount of Transfer Charges paid by the Company with such Tax Returns within ten (10) Business Days of the due date of such Transfer Charges. If required by applicable Law, the Parties will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

(ii) Purchaser shall provide the Company with an exemption certificate for any tangible personal property included in the Product Assets which is eligible for any sales Tax exemption. For sales Tax purposes, Purchaser and the Company shall use the same allocation of the Purchase Price for any such Product Assets that are subject to sales Tax as is set out in **Exhibit C**. The Company shall arrange for electronic delivery to Purchaser or its designated Affiliates of all Product Owned Intellectual Property Assets at Closing and at the Product Acceptance Date, as and when required pursuant to the terms of this Agreement, and Purchaser shall acquire no ownership interest in any tangible embodiment of such assets.

(g) Filing of Tax Returns. Except as provided in Section 5.4(f), Purchaser will timely prepare and file or will cause to be timely prepared and filed all Tax Returns (other than Tax Returns relating to income Taxes) with respect to the Closing Assets that are due after the Closing. In each case, Purchaser shall pay the Taxes due in respect of such Tax Returns.

(h) Payments of Receivables. If the Company or any of its Subsidiaries receives any payment relating to any Receivable after the Closing, such Person will promptly endorse (where necessary) and deliver to Purchaser all cash, checks and other documents received on account of such Receivable and will advise Purchaser (promptly upon the discovery or awareness of the Company or its Affiliate) of any counterclaims or off-sets that may arise after the Closing with respect to such Receivable.

(i) Confidentiality.

(i) Confidential Information. Each party and its Affiliates (collectively, the "***Receiving Party***," as applicable) expressly acknowledges that in connection with this Agreement the other party and its Affiliates (collectively, the "***Disclosing Party***," as applicable) have licensed, disclosed or may disclose or make available information and material relating to the Disclosing Party's business or technology which is confidential or proprietary in

nature (including, without limitation, information that embodies or relates to technology, any other technical, business, financial, customer information, product development plans, supplier information, forecasts, strategies and other confidential information) which to the extent disclosed to the Receiving Party is hereinafter referred to as "***Confidential Information***" of the Disclosing Party. The Company acknowledges that the Product Owned Intellectual Property and the Product Assets will be the Confidential Information of Purchaser upon their transfer to Purchaser hereunder.

(ii) Treatment of Confidential Information. The Receiving Party will: (a) take commercially reasonable precautions to protect such Confidential Information consistent with all precautions the Receiving Party usually employs with respect to its own comparable confidential materials; (b) except as expressly provided in this Agreement, not disclose any such Confidential Information to any third Person, except under terms and conditions (including confidentiality, use, and disclosure restrictions) used by the Receiving Party to protect its own confidential or proprietary information of a similar nature in the Ordinary Course of Business; and (c) not use or disclose such Confidential Information except as necessary to exercise its rights and perform its obligations under this Agreement. The Receiving Party shall not disclose any Confidential Information to any Representative who does not have a need for such information and the Receiving Party shall advise its Representatives who might have access to Confidential Information of the confidential nature thereof.

(iii) Exclusions. Without granting any right or license, the Disclosing Party agrees that Section 5.4(i)(ii) will not apply with respect to any information that the Receiving Party can document: (a) is or becomes generally available to the public through no improper action by the Receiving Party or any of its Affiliates, agents, consultants or employees; (b) is known by the Receiving Party at the time of receiving such information; (c) was rightfully disclosed to the Receiving Party by a third Person provided the Receiving Party complies with restrictions imposed by the third Person; or (d) was independently developed by the Receiving Party without use of the Confidential Information of the Disclosing Party. The Receiving Party, with prior written notice to the Disclosing Party, may disclose such Confidential Information to the minimum extent possible that is required to be disclosed in response to a valid order of a court or to a governmental entity or agency, or pursuant to the lawful requirement or request of a governmental entity or agency, provided that reasonable measures are taken to guard against further disclosure (including without limitation, seeking appropriate confidential treatment or a protective order, or assisting the Disclosing Party to do so) and has allowed the Disclosing Party to participate in any proceeding that requires the disclosure.

(j) Deletion/Destruction of Confidential Information. Following the Product Acceptance Date and upon its receipt of written instructions from Purchaser, the Company and each of its Subsidiaries will use commercially reasonable efforts to promptly delete or destroy all of the assets listed in an Asset Schedule or in any Asset Schedule Update (to the extent such assets are (i) deemed to be Confidential Information and (ii) capable of being deleted or destroyed) (the ***"Confidential Assets"***); *provided*, *however*, that the Company and each of its Subsidiaries shall first ensure that it has delivered all such Confidential Assets to Purchaser. Upon its completion of the deletion or destruction of the Confidential Assets in

accordance with this Section 5.4(j), the Company will promptly deliver a certificate of destruction to the Purchaser.

(k) Residuals. Notwithstanding any other provisions of this Agreement, each party and its Subsidiaries shall be free, and the Disclosing Party hereby grants to the Receiving Party the right, to use for any purpose, the Residuals resulting from (i) access to Confidential Information of the Disclosing Party received under this Agreement or resulting from work with the Confidential Information of the Disclosing Party; or (ii) access to confidential or proprietary information of the Company or its Subsidiaries prior to the Closing Date by the Transferred Employees or Transferred Consultants or any other former employees or consultants of the Company or its Subsidiaries that are later hired by Purchaser. "***Residuals***" means information retained in the unaided memory of an individual who has had access to confidential or proprietary information (including Confidential Information) without conscious attempt by such individual to memorize such information. The foregoing does not constitute a license of Intellectual Property Rights by either Party.

(l) Audit. As soon as reasonably practicable following a written request delivered to Purchaser, Purchaser agrees to provide, solely to a nationally recognized certified public accountant firm appointed by the Company and reasonably acceptable to Purchaser, records showing the sales or other disposition of the Products, or derivatives of the Product, to [*] or an original equipment manufacturer or an original design manufacturer solely for the purpose of verifying the achievement of the Product Acceptance Milestone Event or the [*] License Event; provided, that such nationally recognized certified public accountant firm (i) shall enter into a non-disclosure agreement in a form reasonably acceptable to Purchaser, containing obligations of confidentially and non-use with respect to Purchaser's confidential information and (ii) shall only disclose its conclusions to the Company (and not the underlying records or data reviewed) regarding the achievement of the Product Acceptance Milestone Event or the [*] License Event, as applicable. Such examination shall be made at the expense of the Company.

(m) NRE Payments. Subject to the set-off rights set forth in Section 6.7, within five Business Days of Purchaser's receipt of the non-recurring engineering payments by [*] which arise upon the achievement of full performance compliance of the [*] portion of the [*] Letter of Intent (the **"**[*] ***NRE Payments"***), Purchaser shall pay to the Company, by wire transfer to a bank account designated in writing by the Company to Purchaser, in immediately available funds in United States Dollars, such [*] NRE Payments.

(n) Acceptance of NRE Payments. Purchaser agrees that it will not take any affirmative action to forgo, or materially delay, receipt of the [*] NRE Payments.

ARTICLE VI
INDEMNIFICATION

Section 6.1 Indemnification Obligations of the Company. The Company covenants and agrees to indemnify, defend and hold Purchaser and its Affiliates, directors, managers, officers, employees, equityholders, successors and assigns (collectively, the ***"Purchaser***

Indemnitees") harmless from and against all losses, Liabilities, demands, claims, actions or causes of action, regulatory, legislative or judicial proceedings or investigations, assessments, levies, fines, penalties, damages, costs and expenses (including reasonable attorneys', accountants', investigators', and experts' fees and expenses) incurred in the defense or investigation of any claim (***"Damages"***) sustained or incurred by any Purchaser Indemnitee arising from:

(a) (i) any inaccuracy in or breach of any of the Company's representations and warranties in this Agreement as of the Closing Date or (ii) any inaccuracy in or breach of any of the Company's representations and warranties in this Agreement as the same relate to the Product Assets then being Transferred as of the Product Acceptance Date (except for representations or warranties that relate to a specific date or time, which representations and warranties shall be true and correct as of such date or time);

(b) any breach by the Company of, or failure by the Company to comply with, any of the covenants or obligations of the Company under this Agreement; or

(c) any Retained Liability or Excluded Asset.

Section 6.2 Limitations on Indemnification Obligations of the Company. The obligations of the Company pursuant to the provisions of Section 6.1 are subject to the following limitations:

(a) The Company's representations and warranties in Article III, and the Purchaser Indemnitees' corresponding rights to indemnification pursuant to Section 6.1(a), will survive the Closing (and none will merge into any instrument of conveyance) until the date that is the earlier of (i) 20 months after the Closing Date or (ii) 12 months after the Product Acceptance Date; *provided, however*, that if, at any time prior to the expiration of the representations and warranties in Article III, any Purchaser Indemnitee (acting in good faith) delivers to the Company a Claim Notice alleging the existence of an inaccuracy in or a breach of any of the representations and warranties and asserting a claim for recovery under Section 6.1(a) for which the Purchaser Indemnitee reasonably expects to incur Damages, then the claim asserted in such notice shall survive until such time as such claim is fully and finally resolved. If the claim with respect to which such Claim Notice is given has been definitively withdrawn or resolved in favor of the Company, the Purchaser Indemnitee will promptly so notify the Company.

(b) The Purchaser Indemnitees will not be entitled to recover under Section 6.1(a) for inaccuracies, breaches or alleged inaccuracies or breaches of the representations and warranties in Article III until the total amount that Purchaser Indemnitees would recover under Section 6.1(a) but for this Section 6.2(b) exceeds $50,000 (the ***"Company Basket"***). If such amount exceeds the Company Basket, then the Purchaser Indemnitees will be entitled to recover all Damages in excess of the Company Basket.

(c) Except with respect to claims arising from (i) fraud, (ii) any Retained Liability or Excluded Asset, (iii) any breach by the Company of, or failure by the Company to comply with the covenants or obligations of the Company under Section 5.4(i), (iv) any breach by the Company of, or failure by the Company to comply with the covenants or obligations of the Company under Sections 5.1, 5.2, 5.4(b) or 5.4(j) or (v) any inaccuracy of or breach of any of the Company's representations and warranties set forth in Sections 3.2, 3.4, 3.7 or 3.15 (subsections (i) through (iii), collectively, the ***"Critical Claims"***, and subsections (iv) and (v), collectively, the ***"Fundamental Claims"***), (a) prior to the funding of the Escrow Account in accordance with Section 1.10 (or in the event that the Escrow Account is never funded pursuant to the terms of this Agreement), the aggregate Liability of the Company under this Article VI shall not exceed $2,000,000, and (b) in the event the Escrow Account is funded in accordance with Section 1.10, the Purchaser Indemnitees will only be entitled to assert claims under this Article VI against the Escrow Account up to the aggregate Escrow Amount, which, except as otherwise set forth in this Section 6.2(c), will represent the sole and exclusive remedy of the Purchaser Indemnitees for any claims under this Agreement. The aggregate Liability of the Company under this Article VI for Fundamental Claims shall not exceed the aggregate amount of the Purchase Price paid to the Company by Purchaser; *provided, however*, that for purposes of this Section 6.2(c) only, the full Escrow Amount will be deemed actually paid by Purchaser upon its deposit with the Escrow Agent, irrespective of any subsequent deduction or release therefrom. There shall be no limit on the aggregate Liability of the Company under this Article VI for Critical Claims.

(d) The representations and warranties made by the Company, and the covenants and obligations of the Company, and the rights and remedies that may be exercised by the Purchaser Indemnitees, shall not be limited or otherwise affected by or as a result of any information furnished to, or any investigation made by or Knowledge of, any of the Purchaser Indemnitees or any of their representatives.

Section 6.3 Indemnification Obligations of Purchaser. Purchaser covenants and agrees to indemnify, defend and hold the Company and its Affiliates, directors, managers, officers, employees, equityholders, successors and assigns (collectively, the ***"Seller Indemnitees"***) harmless from and against all Damages sustained or incurred by any Seller Indemnitee arising from:

(a) (i) any inaccuracy in or breach of any of Purchaser's representations and warranties in this Agreement as of the Closing Date or (ii) any inaccuracy in or breach of any of Purchaser's representations and warranties in this Agreement as of the Product Acceptance Date (except for representations or warranties that relate to a specific date or time, which representations and warranties shall be true and correct as of such date or time);

(b) any breach by Purchaser of, or failure by Purchaser to comply with, any of its covenants or obligations under this Agreement; or

(c) any Assumed Liability.

Section 6.4 Limitations on Indemnification Obligations of Purchaser. The obligations of Purchaser pursuant to the provisions of Section 6.3 are subject to the following limitations:

(a) The Purchaser's representations and warranties made in Article IV (the ***"Purchaser Warranties"***), and the Seller Indemnitees' corresponding rights to indemnification pursuant to Section 6.3(a), will survive the Closing (and none will merge into any instrument of conveyance) until the date that is the earlier of (i) 20 months after the Closing Date or (ii) 12 months after the Product Acceptance Date; *provided*, *however*, that if, at any time prior to the expiration of the representations and warranties in Article IV, any Seller Indemnitee (acting in good faith) delivers to Purchaser a Claim Notice alleging the existence of an inaccuracy in or a breach of any of the representations and warranties and asserting a claim for recovery under Section 6.3(a) for which the Seller Indemnitee reasonably expects to incur Damages, then the claim asserted in such notice shall survive until such time as such claim is fully and finally resolved. If the claim with respect to which such Claim Notice is given has been definitively withdrawn or resolved in favor of Purchaser, the Seller Indemnitee will promptly so notify Purchaser.

(b) The Seller Indemnitees will not be entitled to recover under Section 6.3(a) for inaccuracies, breaches or alleged inaccuracies or breaches of the Purchaser Warranties until the total amount that Seller Indemnitees would recover under Section 6.3(a) but for this Section 6.4(b) exceeds $50,000 (the ***"Purchaser Basket"***). If such amount exceeds the Purchaser Basket, then the Seller Indemnitees will be entitled to recover all Damages in excess of the Purchaser Basket.

(c) The Purchaser Warranties, and the covenants and obligations of the Purchaser, and the rights and remedies that may be exercised by the Seller Indemnitees, shall not be limited or otherwise affected by or as a result of the information furnished to, or any investigation made by or Knowledge of, any of the Seller Indemnitees or any of their representatives.

Section 6.5 Claim Procedure.

(a) A party that seeks indemnity under this Article VI (an ***"Indemnified Party"***) shall deliver a written notice (a ***"Claim Notice"***) to the party from whom indemnification is sought (an ***"Indemnifying Party"***) (and the Escrow Agent, as applicable). Each Claim Notice shall: (a) state that the Indemnified Party believes in good faith that such Indemnified Party is entitled to indemnification under Section 6.1 or Section 6.3 of the Purchase Agreement, as applicable; (b) contain a reasonable explanation of the basis for the Indemnified Party's claim; (c) contain a description, and, if known, a non-binding, preliminary, good faith estimate of the amount of any Damages incurred or reasonably expected to be incurred by the Indemnified Party (the aggregate amount of such estimate referred to as the "***Claimed Amount***"); and (d) contain a demand for payment of the Claimed Amount.

(b) During the 30 Business Day period commencing upon the receipt by the Indemnifying Party of the Claim Notice (the "***Dispute Period***"), the Indemnifying Party may deliver to the Indemnified Party (and to the Escrow Agent, as applicable) a written response (the "***Response Notice***") in which the Indemnifying Party: (a) agrees that the full Claimed Amount is owed to the Indemnified Party; (b) agrees that part, but not all, of the Claimed Amount is owed to the Indemnified Party; or (c) indicates that no part of the Claimed Amount is owed to the Indemnified Party. If the Response Notice is delivered in accordance with clause "(b)" or "(c)" of the preceding sentence, the Response Notice shall also contain a reasonable explanation of the facts and circumstances supporting the Indemnifying Party's claim that some or all of the Claimed Amount is not owed to the Indemnified Party (any part of the Claimed Amount that is not agreed by the Indemnifying Party to be owed to the Indemnified Party pursuant to the Response Notice is referred to as the "***Contested Amount***"). If a Response Notice is not received by the Indemnified Party prior to the expiration of the Dispute Period, then the Indemnifying Party shall be conclusively deemed to have agreed that the full Claimed Amount is owed to the Indemnified Party.

(c) If the Indemnifying Party in its Response Notice agrees that the full Claimed Amount is owed to the Indemnified Party, or if no Response Notice is received by the Indemnified Party prior to the expiration of the Dispute Period, the Indemnifying Party (or the Escrow Agent, in the event that (i) the Indemnified Party is a Purchaser Indemnitee and (ii) the Escrow Account has been funded) shall, within five Business Days following the receipt of such Response Notice or the expiration of the Dispute Period, deliver to the Indemnified Party in cash an amount equal to the full Claimed Amount to an account designated by the Indemnified Party and in accordance with the terms of the Escrow Agreement, if applicable.

(d) If the Indemnifying Party in its Response Notice agrees that part, but not all, of the Claimed Amount is owed to the Indemnified Party (the "***Agreed Amount***"), the Indemnifying Party (or the Escrow Agent, in the event that (i) the Indemnified Party is a Purchaser Indemnitee and (ii) the Escrow Account has been funded) shall, within five Business Days following the receipt of such Response Notice, deliver to the Indemnified Party in cash an amount equal to the full Agreed Amount within five Business Days to an account designated by the Indemnified Party and in accordance with the terms of the Escrow Agreement, if applicable.

(e) If any Response Notice expressly indicates that there is a Contested Amount, the Indemnified Party and the Indemnifying Party shall attempt in good faith to agree upon the rights of the respective parties with respect to each of the indemnification claims that comprise the Contested Amount. If the Indemnified Party and the Indemnifying Party resolve such dispute, such resolution shall be binding on the Indemnified Party and the Indemnifying Party, and a written instruction stipulating the amount owed to the Indemnified Party (the "***Stipulated Amount***") shall be signed by the Indemnified Party and the Indemnifying Party. Within five Business Days following the receipt of such written instruction (or such shorter period as may be set forth in such written instruction), if applicable, the Indemnifying Party (or the Escrow Agent, in the event that (i) the Indemnified Party is a Purchaser Indemnitee and (ii) the Escrow Account has been funded) shall deliver to the Indemnified Party an amount equal to

the Stipulated Amount to an account designated by the Indemnified Party and in accordance with the terms of the Escrow Agreement, if applicable.

(f) If no agreement can be reached by the Indemnified Party and the Indemnifying Party after good faith negotiation for a period of 30 days (or such longer period as may be mutually agreed upon by the Indemnified Party and the Indemnifying Party), either the Indemnified Party or the Indemnifying Party may pursue any action to finally resolve such matter by any legally available means consistent with the provisions of Article VII.

Section 6.6 Third Party Claims. If a Third Party notifies any Indemnified Party with respect to any matter (a ***"Third Party Claim"***) that may give rise to a claim against an Indemnifying Party under this Article VI, then the Indemnified Party will promptly deliver a Claim Notice to each Indemnifying Party; *provided*, *however,* that no delay or deficiency on the part of the Indemnified Party in delivering such Claim Notice will relieve the Indemnifying Parties from any indemnification obligation under this Agreement unless, and then only to the extent that, the delay or deficiency actually and materially prejudices the defense of such claim or otherwise materially and adversely affects the rights of the Indemnifying Party with respect thereto.

(a) The Indemnifying Parties will have the right to contest and defend against the Third Party Claim at the Indemnifying Parties' sole cost and expense and with legal counsel of their choice (to be reasonably satisfactory to the Indemnified Parties); *provided, that* (i) the Indemnifying Parties notify the Indemnified Parties, in writing within 15 days after receiving the Claim Notice that the Indemnifying Parties will indemnify the Indemnified Parties from and against all Damages that the Indemnified Parties may suffer resulting from or related to the Third Party Claim, (ii) the Indemnifying Parties provide the Indemnified Parties with evidence reasonably acceptable to the Indemnified Parties that the Indemnifying Parties will have the financial resources to defend against such Third Party Claim and fulfill their indemnification obligations under this Agreement, (iii) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (iv) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the Indemnified Parties' good faith judgment, likely to establish a precedential custom or practice adverse to any Indemnified Party or the Product Assets, and (v) the Indemnifying Parties conduct the defense of the Third Party Claim actively and diligently.

(b) The party not controlling the defense (the ***"Non-controlling Party"***) may at its sole cost and expense, retain separate co-counsel of its choice and otherwise participate in such contest or defense of the Third Party Claim. The Non-controlling Party will furnish the party controlling the defense (the ***"Controlling Party"***) with such information as it may have with respect to such suit or proceeding and will otherwise cooperate and assist the Controlling Party in the defense of such suit or hearing.

(c) The Indemnifying Party agrees that it will not consent to the entry of any judgment on or enter into any settlement with respect to the Third Party Claim without the Indemnified Party's prior written consent (not to be unreasonably withheld, conditioned or

delayed); *provided, however,* that the consent of the Indemnified Party will not be required if the Third Party Claim involves only money damages and the Indemnifying Party agrees in writing to pay any amounts payable pursuant to such settlement or judgment and such settlement or judgment includes a full, complete and unconditional release of the Indemnified Party from further liability with respect to such claim. The Indemnified Party agrees that it will not consent to the entry of any judgment on or enter into any settlement with respect to a Third Party Claim without the Indemnifying Party's prior written consent (not to be unreasonably withheld, conditioned or delayed).

(d) If an Indemnifying Party materially breaches any condition in Section 6.6(a), then (i) the Indemnified Parties may, in good faith and with the advice of legal counsel, contest, defend against, consent to the entry of any judgment on or enter into any settlement with respect to the Third Party Claim in any manner that the Indemnified Parties reasonably deem appropriate (without prior consultation with or consent from any Indemnifying Party) and (ii) the Indemnifying Party will not be relieved of its obligations under this Article VI.

Section 6.7 Right of Setoff. Purchaser may set-off any Agreed Amount or Stipulated Amount, as determined in accordance with Section 6.5, resulting from the delivery of any Claim Notice delivered by Purchaser to the Company, as applicable, to the extent that such Agreed Amount or Stipulated Amount has not already been delivered to Purchaser in cash, against any amounts payable by Purchaser to the Company under this Agreement and any other Transaction Document and any other agreement or instrument otherwise then in effect between Purchaser and the Company.

Section 6.8 Reduction of Purchase Price. Any indemnification payments made pursuant to this Article VI will be treated by the Parties for income Tax purposes as an adjustment to the Purchase Price.

Section 6.9 Other Indemnification Provisions.

(a) Purchaser acknowledges and agrees (on behalf of itself and all of the Purchaser Indemnitees) that the indemnification provisions in this Article VI shall be the sole and exclusive remedy of the Purchaser Indemnitees for any and all claims against the Company for Damages under this Agreement. The Company acknowledges and agrees (on behalf of itself and all of the Seller Indemnitees) that, the indemnification provisions in this Article VI shall be the sole and exclusive remedy of the Seller Indemnitees for any and all claims against Purchaser for Damages under this Agreement. Notwithstanding the foregoing, nothing contained herein shall limit, or be interpreted to limit, the Liability of a Party for fraud with respect to the other Parties in connection with this Agreement or the Contemplated Transactions.

(b) The amount of any and all Damages for which indemnification is provided pursuant to this Article VI will be net of any Tax benefit to which an Indemnified Party is entitled by reason of payment of such obligation or Liability (taking into account any tax cost or reduction in such tax benefits by reason of receipt of the indemnification payment). The amount of any indemnity provided in Section 6.1 or Section 6.3, as applicable, shall be computed net of

any insurance proceeds to the extent actually received by an Indemnified Party in connection with or as a result of any claim giving rise to an indemnification claim under Section 6.1 or Section 6.3 (in the case of insurance proceeds, reduced by any retroactive premium increase and further reduced by the net present value of any other premium increase resulting therefrom) and net of any credits, discounts, indemnification payments, contribution payments or reimbursements to the extent actually received by an Indemnified Party in connection with such Damages or the circumstances giving rise thereto. If the indemnity amount is paid prior to the Indemnified Party's actual receipt of insurance proceeds related thereto, and an Indemnified Party subsequently receives such insurance proceeds, then the Indemnified Party shall promptly pay to the Company the amount of insurance proceeds subsequently received (net of all related costs, expenses and other Damages), but not more, in the aggregate, than the indemnity amount paid by to such Indemnified Party in respect of such claim.

(c) IN NO EVENT WILL THE AMOUNT OF ANY DAMAGES FOR WHICH INDEMNIFICATION IS PROVIDED PURSUANT TO THIS ARTICLE VI INCLUDE ANY LOST PROFITS, CONSEQUENTIAL, SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL OR PUNITIVE DAMAGES OF ANY KIND, UNLESS, SOLELY WITH RESPECT TO CONSEQUENTIAL OR SPECIAL DAMAGES (TO THE EXTENT THAT SUCH DAMAGES ARE DEEMED TO BE CONSEQUENTIAL), ANY SUCH DAMAGES ARE PART OF A JUDGMENT IN CONNECTION WITH A CLAIM OF A THIRD PARTY AGAINST AN INDEMNIFIED PARTY.

Section 6.10 Construction. For purposes of calculating Damages in connection with a claim for indemnification under this Article VI (but not with respect to determining whether a breach has occurred), each of the representations and warranties that contains any qualifications as to "materiality" shall be deemed to have been given as though there were no such qualifications. In addition, for purposes of determining whether a breach has occurred and calculating Damages in connection with a claim for indemnification under this Article VI, all information contained in any Disclosure Schedule Update shall be disregarded for purposes of this Article VI.

ARTICLE VII
GENERAL PROVISIONS

Section 7.1 Publicity. The Parties will announce the execution of this Agreement through a joint press release approved by both Parties. Except as otherwise required by Law or applicable stock exchange rules, press releases and other publicity concerning the Contemplated Transactions may be made only with the prior agreement of the Company and Purchaser (and in any event, the Parties will use reasonable efforts to consult and agree with each other with respect to the content prior to making any such required disclosure).

Section 7.2 Notices. All notices and other communications required or permitted under this Agreement (a) must be in writing, (b) will be duly given (i) when delivered personally to the recipient, (ii) one (1) Business Day after being sent to the recipient by nationally recognized overnight private carrier (charges prepaid), by facsimile transmission or electronic

mail (with confirmation of delivery retained), or (iii) four (4) Business Days after being mailed to the recipient by certified or registered mail (postage prepaid and return receipt requested), and (c) addressed as follows (as applicable):

If to Purchaser:

Entropic Communications, Inc.
6290 Sequence Drive
San Diego, California 92121
Attn: Lance W. Bridges
Tel: (858) 768-3640
Fax: (858) 768-3601
Email: lance.bridges@entropic.com

With a copy (not constituting notice) to:

Cooley LLP
4401 Eastgate Mall
San Diego, California 92121
Attn: Jason L. Kent
Tel.: (858) 550-6044
Fax: (858) 550-6420
Email: jkent@cooley.com

If to the Company:

PLX Technology, Inc.
870 W. Maude Ave.
Sunnyvale, CA 94085
Attn: Arthur O. Whipple
Tel: (408) 328-3555
Fax: (408) 774-2169
Email: awhipple@plxtech.com

With a copy (not constituting notice) to:

Baker & McKenzie
2 Embarcadero Center, 11th Floor
San Francisco, California 94111
Attn: Emery D. Mitchell
Tel: (415) 576-3045
Fax: (415) 576-3099
emery.mitchell@bakermckenzie.com

or to such other respective addresses and/or fax number as each Party may designate by notice given in accordance with the provisions of this Section 7.2.

Section 7.3 Fees and Expenses. Subject to Section 6.5 and Article VI, each Party will bear all fees and expenses (including financial advisors', attorneys', accountants' and other professional fees and expenses) incurred by such Party in connection with, arising from or relating to the negotiation, execution, delivery and performance of the Transaction Documents and consummation of the Contemplated Transactions.

Section 7.4 Entire Agreement. This Agreement, together with the other Transaction Documents, constitute the complete agreement and understanding among the Parties regarding the subject matter of this Agreement and supersede any prior agreement understanding or representation by or among the Parties regarding the subject matter of this Agreement.

Section 7.5 Amendments. This Agreement may not be amended or modified except by an instrument in writing signed by or on behalf of each of the Parties hereto.

Section 7.6 Non-Waiver. The Parties' respective rights and remedies under this Agreement are cumulative and not alternative. Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. No waiver will be effective unless it is in writing and signed by an authorized representative of the waiving Party. No waiver given will be applicable except in the specific instance for which it was given. No notice to or demand on a Party will constitute a waiver of any obligation of such Party or the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

Section 7.7 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by a Party without the prior written consent of all of the Parties to this Agreement; provided, however, that (i) the foregoing prohibition shall not apply to a Change of Control of either Party and (ii) Purchaser may, without the prior approval of any other Party, assign any or all of its rights and interests hereunder to any Affiliate of Purchaser, so long as, notwithstanding such assignment, Purchaser remains primarily liable for all obligations of Purchaser hereunder. For purposes of this subsection, a ***"Change of Control"*** means (a) a merger or consolidation of Party or any of its controlling Affiliates in which the holders of the voting securities of such Party or such Affiliate outstanding immediately prior to the closing of such merger or consolidation cease to hold at least fifty percent (50%) of the combined voting power of the surviving entity (or its parent entity) immediately after the closing of such merger or consolidation, (b) a Third Party, together with its controlling Affiliates, becoming, directly or indirectly, the beneficial owner of fifty percent (50%) or more of the combined voting power of a Party or any of its controlling Affiliate, or (c) the sale to a Third Party of all or substantially all of a Party's assets.

Section 7.8 Binding Effect; Benefit. This Agreement will inure to the benefit of and bind the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, may be construed to give any Person other than the Parties and their respective successors and permitted assigns any right, remedy, claim, obligation or liability arising from or related to this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their respective successors and permitted assigns.

Section 7.9 Severability. If any court of competent jurisdiction holds any provision of this Agreement invalid or unenforceable, then the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

Section 7.10 References. The headings of Articles and Sections are provided for convenience only and will not affect the construction or interpretation of this Agreement. Unless otherwise provided, references to "Article(s)", "Section(s)" and "Exhibit(s)" refer to the corresponding article(s), section(s) and exhibit(s) of or to this Agreement. Unless otherwise provided, references to "Schedule(s)" refer to the corresponding Section(s) of the Disclosure Schedule. Each Exhibit and the Disclosure Schedule is hereby incorporated into this Agreement by reference. Reference to a statute refers to the statute, any amendments or successor legislation and all rules and regulations promulgated under or implementing the statute, as in effect at the relevant time. Reference to a contract, instrument or other document as of a given date means the contract, instrument or other document as amended, supplemented and modified from time to time through such date. Disclosures included in any Section of the Disclosure Schedule shall be considered to be made for purposes of all other Sections of the Disclosure Schedule to the extent that the relevance of any such disclosure to any other Section of the Disclosure Schedule is reasonably apparent from the text of such disclosure. The inclusion of any matter on the Disclosure Schedule shall not constitute an admission as to its materiality as it relates to any provision of this Agreement.

Section 7.11 Construction. Each Party participated in the negotiation and drafting of this Agreement, assisted by such legal and tax counsel as it desired, and contributed to its revisions. Any ambiguities with respect to any provision of this Agreement will be construed fairly as to all Parties and not in favor of or against any Party. All pronouns and any variation thereof will be construed to refer to such gender and number as the identity of the subject may require. The terms "include" and "including" indicate examples of a predicate word or clause and not a limitation on that word or clause.

Section 7.12 Governing Law. This Agreement, and all matters arising out of or relating to this Agreement, will be governed and construed in accordance with the internal laws of the State of California (without giving effect to principles of conflicts of laws), including its validity, interpretation, construction, performance and enforcement and any disputes or controversies arising therefrom.

Section 7.13 Consent to Jurisdiction. Each Party hereby (a) agrees to the exclusive jurisdiction of any federal or state court located in San Diego, California with respect to any claim or cause of action arising under or relating to this Agreement or any of the Contemplated Transactions, (b) waives any objection based on *forum non conveniens* and waives any objection to venue of any such suit, action or proceeding, (c) waives personal service of any and process upon it, and (d) consents that all services of process be made by registered or certified mail (postage prepaid, return receipt requested) directed to it at its address stated in Section 7.2 and service so made will be complete when received. Nothing in this Section 7.13 will affect the rights of the Parties to serve legal process in any other manner permitted by law.

Section 7.14 Waiver of Trial by Jury. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER TRANSACTIONS CONTEMPLATED HEREBY.

Section 7.15 Counterparts. This Agreement may be executed by facsimile or electronic (.pdf) delivery of original signatures, and in counterparts, both of which shall be considered one and the same agreement, and shall become effective when such counterparts have been signed by each Party and delivered, including by facsimile or other electronic means, to the other Party. No Party may raise (a) the use of a facsimile or email transmission to deliver a signature or (b) the fact that any signature, agreement or instrument was signed and subsequently transmitted or communicated through the use of a facsimile or email transmission as a defense to the formation or enforceability of a contract, and each Party forever waives any such defense.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day, month and year first above written.

COMPANY:

PLX Technology, Inc.

By: /s/ Ralph Schmitt
Name: Ralph Schmitt
Title: President and Chief Executive Officer

PURCHASER:

Entropic Communications, Inc.

By: /s/ Lance W. Bridges
Name: Lance W. Bridges
Title: Senior Vice President and General Counsel

EXHIBIT A

DEFINITIONS

For purposes of this Agreement, the following terms have the following meanings:

"Acquired Contracts" is defined in Section 1.1(h).

"Acquired IP Assets" is defined in Section 1.1(f).

"Acquired Permits" is defined in Section 1.1(K).

"Affiliate" means, with respect to a particular Person, (i) any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person, and (ii) any of such Person's spouse, siblings (by law or marriage) or children (biological or adoptive) and (iii) any trust for the primary benefit of such Person or any of the foregoing. The term "control" means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of another Person, whether through the ownership of voting securities or equity interests, by contract or otherwise.

"Agreed Amount" is defined in Section 6.5(d).

"Agreement" is defined in the preamble to this Agreement.

"Allocation" is defined in Section 1.11.

"Arbitrating Accountant" means (a) a nationally recognized certified public accounting firm jointly selected by Purchaser and the Company that is not then engaged to perform accounting, tax or auditing services for the Company or Purchaser or (b) if the Company and Purchaser are unable to agree on an accountant, then a nationally recognized certified public accounting firm jointly selected by the Company's accounting firm and Purchaser's accounting firm.

"Asset Schedules" is defined in Section 1.1.

"Asset Schedule Update" is defined in Section 1.1.

"Assignee" is defined in Section 5.1(f).

"Assigning Party" is defined in Section 5.1(f).

"Assigned IP" is defined in Section 5.1(f).

"Assumed Liabilities" is defined in Section 1.5.

"Background Property" means, collectively, and solely to the extent not used in connection with the Product: (i) all Intellectual Property and Confidential Information owned,

belonging to or controlled by the Company or any of its Affiliates, and (ii) all Intellectual Property Rights in or to or covering any of the foregoing.

"Basis" means any past or present activity, event, fact, circumstance, condition or transaction that causes, results in or would reasonably be anticipated to cause or, result in any specified consequence.

"Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banks are authorized or required to be closed in New York, New York.

"Change of Control" is defined in Section 7.7.

"Claim Notice" is defined in Section 6.5(a).

"Claimed Amount" is defined in Section 6.5(a).

"Closing" is defined in Section 2.1.

"Closing Assets" is defined in Section 1.2.

"Closing Consideration" is defined in Section 1.7(a).

"Closing Date" is defined in Section 2.1.

"Code" means the Internal Revenue Code of 1986, 26 U.S.C. § 1, *et. seq.*, as amended from time to time.

"Company" is defined in the preamble to this Agreement.

"Company Basket" is defined in Section 6.2(b).

"Company Bring Down Certificate" is defined in Section 2.4(f).

"Confidential Assets" is defined in Section 5.4(j).

"Confidential Information" is defined in Section 5.4(i)(i).

"Contemplated Transactions" means the transactions contemplated by this Agreement and the other Transaction Documents.

"Contested Amount" is defined in Section 6.5(b).

"Contract" means any agreement, contract, obligation, promise, commitment, grant, cooperative agreement or undertaking (whether written or oral).

"Controlling Party" is defined in Section 6.6(b).

"Critical Claims" is defined in Section 6.2(c).

"Damages" is defined in Section 6.1.

"Developed IP" is defined in Section 5.1(c).

"Developed Background IP" is defined in Section 5.1(c).

"Developed Licensed IP" is defined in Section 5.1(c).

"Developed Owned IP" is defined in Section 5.1(c).

"Development Phase" is defined in Section 5.1(a).

"Development Services" is defined in Section 5.1(a).

"[*]" means [*], a [*] corporation, or its successor [*], a [*] limited liability company.

"[*] Consent" has the meaning set forth in Section 2.2(a).

"[*] Letter of Intent" is defined in the recitals to this Agreement.

"[*] License Date" means the date of achievement of the [*] License Event.

"[*] License Event" means the earlier of (i) the date both of the following occur: (a) Purchaser or an Affiliate of Purchaser sells an aggregate of [*] or more Products, or derivatives of the Product, to an original equipment manufacturer or an original design manufacturer for use by a [*] other than [*] or its Affiliates, and (b) such [*] deploys the Products, or derivatives of the Product, into a [*] application or (ii) the date of execution of a license agreement between Purchaser and [*] which provides, to the reasonable satisfaction of Purchaser, a license to Purchaser to sell Products, and derivatives of the Products, that incorporate the Work Product (as defined in the [*] Letter of Intent) for use in deployments by any and all [*] other than [*] and its Affiliates, which such license contains either (x) no obligation by Purchaser to pay [*] any Royalty for the grant or exercise of such license rights or (y) an obligation by Purchaser to pay [*] a Royalty for the grant or exercise of such license rights that is equal to or less than the economic equivalent of $[*] per unit of Product made or sold (but greater than $[*] per unit).

"[*] License Milestone Payment" is defined in Section 1.8(b).

"[*] NRE Payments" is defined in Section 5.4(m).

"Disclosing Party" is defined in Section 5.4(g).

"Disclosure Schedule" is defined in the preamble to Article III.

"Disclosure Schedule Update" is defined in Section 5.3(b).

"Dispute Period" is defined in Section 6.5(b).

"Encumbrance" means any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, license or other

restriction, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"Escrow Account" is defined in Section 1.10.

"Escrow Agent" is defined in Section 1.10.

"Escrow Agreement" is defined in Section 1.10.

"Escrow Amount" is defined in Section 1.10.

"Excluded Assets" is defined in Section 1.4.

"Export Approvals" is defined in Section 3.17(b).

"Fundamental Claims" is defined in Section 6.2(c).

"GAAP" means, as of any date, the United States generally accepted accounting principles consistently applied and as in effect on such date.

"Governing Documents" means, with respect to a particular entity Person, (i) if a corporation, the articles or certificate of incorporation and bylaws, (ii) if a general partnership, the partnership agreement and any statement of partnership, (iii) if a limited partnership, the limited partnership agreement and certificate of limited partnership, (iv) if a limited liability company, the articles or certificate of organization or formation and any limited liability company or operating agreement, (v) if another type of Person, all other charter and similar documents adopted or filed in connection with the creation, formation or organization of the Person, (vi) all equityholders' agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements and other agreements and documents relating either to the organization, management or operation of any Person or to the rights, duties and obligations of such Person's equityholders and (vii) all amendments or supplements to any of the foregoing.

"Governmental Authority" means any foreign or United States federal, state or local government agency, division, subdivision thereof or any regulatory body, agency, authority or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof).

"Government Contracts" means any Contract entered into by the Company or any Subsidiary and primarily used in or relating to the Product Assets, in either case, with any Governmental Authority or with any prime contractor or upper-tier subcontractor relating to a Contract where any Governmental Authority is a party thereto.

"Indebtedness" shall mean, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money or issued in substitution for or exchange of obligations for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made,

(c) indebtedness of the type described in (a) or (b) above guaranteed, directly or indirectly, by such Person, (d) any indebtedness for the deferred purchase price of property or services, (e) obligations under capital leases, (f) any indebtedness secured by an Encumbrance, (g) any letter of credit arrangements, (h) any and all accrued interest and other amounts payable with respect the foregoing, and (i) any prepayment or other similar fees, expenses or penalties on or relating to the repayment or assumption of any of the foregoing.

"Indemnified Party" is defined in Section 6.5.

"Indemnifying Party" is defined in Section 6.5.

"Intellectual Property" means all forms of technology (whether or not embodied in any tangible form and including all tangible embodiments thereof), including algorithms, application programming interfaces, apparatus, chemical compositions or structures, circuit designs and assemblies, databases and data collections, diagrams, formulae, gate arrays, IP cores, inventions (whether or not patentable), know-how, logos, methods, network configurations and architectures, net lists, photomasks, processes, proprietary information, protocols, schematics, specifications, software, software code (in any form including source code and executable or object code), subroutines, test results, test vectors, user interfaces, techniques, works of authorship. "Intellectual Property" excludes all Intellectual Property Rights.

"Intellectual Property Rights" means on a worldwide basis: (i) all patents, patent applications, patent disclosures and all related re-issuances, continuations, continuations-in-part, renewals, substitutions, refiles, divisions, revisions, extensions, reexaminations and counterparts thereof, all industrial designs, industrial models and utility models, certificates of invention, industrial designs, and plant patents and design patents, as well as the rights to file for, and to claim priority to, any such patent rights (collectively, "Patent Rights"), (ii) all registered and unregistered trademarks, service marks, domain names, trade dress, logos, trade names, together with all goodwill associated therewith and all applications, registrations, renewals and extensions in connection therewith, (iii) all registered and unregistered copyrights in both published and unpublished works and all moral rights, and all applications, registrations, renewals and extensions in connection therewith, (iv) all inventions, developments, discoveries and concepts (whether or not patentable and whether or not reduced to practice), rights in data, trade secrets (as such are determined under applicable law), (v) all other proprietary rights relating to any of the foregoing, (vi) and the right to sue and recover for past, present or future infringements, misappropriations, dilution, unauthorized use or disclosure, or other conflict with any of the foregoing intellectual property.

"Inventory" is defined in Section 1.1(b).

"IP Product Consultant" is defined in Section 3.15(g).

"IP Product Employee" is defined in Section 3.15(g).

"IRS" means the United States Internal Revenue Service.

"Knowledge" means, with respect to the Company, the actual knowledge of the Knowledge Individuals of a particular activity, event, fact, circumstance or condition, in each

case after due inquiry (including of direct reports); *provided, however*, that with respect to matters involving Intellectual Property, Knowledge does not require that the Knowledge Individuals have conducted, obtain or have obtained any freedom-to-operate opinions; *provided, further that*, any such opinions that have been conducted or obtained prior to the date of this Agreement will not be excluded from the term "Knowledge" based on this sentence. Knowledge Individuals are those individuals listed on Schedule A of the Disclosure Schedule.

"Law" means any federal, state, local, municipal, foreign, international, multinational or other constitution, statute, law, rule, regulation, ordinance, code, principle of common law or treaty.

"Liability" means any obligation or liability (direct or indirect, matured or unmatured, absolute, accrued, contingent or otherwise), whether or not required by GAAP to be provided or reserved against on a balance sheet.

"License Agreement" is defined in Section 2.2(c).

"Licensed Assets" means all of the Intellectual Property and Intellectual Property Rights that are licensed to Purchaser pursuant to the License Agreement.

"Milestone Payments" is defined in Section 1.8(b).

"Non-Competition Agreement" is defined in Section 2.2(g).

"Non-controlling Party" is defined in Section 6.6(b).

"Open Source Code" means any software code that is distributed as "free software" or "open source software" or is otherwise distributed publicly in source code form under terms that permit modification and redistribution of such software, including without limitation any software that is distributed under a license that meets the "Open Source Definition", as defined by the Open Source Initiative (www.opensource.org).

"Order" means any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Authority.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency) of the Company and its Subsidiaries in connection with the design, development, manufacture, marketing, sale, service or support of the Product.

"Parties" is defined in the preamble to this Agreement.

"Patent Rights" is defined in the definition of Intellectual Property Rights.

"Permits" means (i) all licenses, permits, rights, registrations, agreements, accreditations, certifications and governmental or other approvals of any Governmental Authority applied for, pending by, issued or given to the Company or any Subsidiary that are exclusively related to the design, development, manufacture, marketing, sale, service or support of the Product, and (ii) all

agreements with any Governmental Authority entered into by (a) any Subsidiary or (b) the Company or any Subsidiary that are exclusively related to the design, development, manufacture, marketing, sale, service or support of the Product, and, with respect to any of the items referenced in the foregoing clauses (i) and (ii), that are in effect, have been applied for or are pending.

"Permitted Encumbrances" means (i) statutory liens of carriers, warehousemen, mechanics and materialmen incurred in the Ordinary Course of Business and other similar liens, (ii) liens arising under worker's compensation, unemployment insurance, social security, retirement and similar legislation, (iii) liens on goods in transit incurred pursuant to documentary letters of credit, in each case arising in the Ordinary Course of Business, (iv) licenses under each Acquired Contract and (v) pursuant to the [*] Letter of Intent: (a) the licenses granted to [*], (b) the ownership rights of [*] to the Work Product, and (c) the ownership rights of [*] to the Pre-Existing IP of [*].

"Person" means any natural individual, corporation, partnership, limited liability company, joint venture, association, bank, trust company, trust or other entity, whether or not legal entities, or any Governmental Authority.

"Pre-Existing IP" has the meaning given such term in the [*] Letter of Intent.

"Product" is defined in the recitals to this Agreement.

"Product Acceptance Assets" is defined in Section 1.3.

"Product Acceptance Date" means the date of achievement of the Product Acceptance Milestone Event.

"Product Acceptance Milestone Event" means (i) either (a) the Company's and Purchaser's receipt of a written notice signed by an authorized representative of [*] expressly confirming the achievement of full performance compliance, as independently assessed by [*], of the [*] portion of the [*] Letter of Intent, or [*]'s payment to Purchaser of $[*] of [*] NRE Payments or (b) Purchaser's sale of an aggregate of [*] or more Products, or derivatives of the Product, to [*],[*]'s original equipment manufacturer or [*]'s original design manufacturer, and (ii) the Company's delivery to Purchaser of written consents from any Person which, to the reasonable satisfaction of Purchaser, are necessary for the Company or any of its Subsidiaries to Transfer to Purchaser all right, title and interest in and to the Restrictive Contracts (subsections (i) and (ii), collectively a "True Product Acceptance Milestone Event"). Notwithstanding the foregoing, at any time following the Closing, Purchaser may in its sole discretion accelerate the occurrence of the Product Acceptance Milestone Event effective two Business Days following the delivery of a written notice to the Company stating that the Product Acceptance Milestone Event has been deemed to have occurred (an "Accelerated Product Acceptance Milestone Event").

"Product Acceptance Milestone Payment" is defined in Section 1.8(a).

"Product Assets" is defined in Section 1.1.

"Product Consultants" is defined in Section 3.14(a).

"Product Employee" is defined in Section 3.14(a).

"Product Intellectual Property Assets" means any and all Product Licensed Intellectual Property Assets and Product Owned Intellectual Property Assets.

"Product Licensed Intellectual Property Assets" means any and all Intellectual Property that is licensed to the Company or any of its Subsidiaries to the extent used or embodied in, or used to design, develop, manufacture, market, sell, service, or support, the Product, together with all Intellectual Property Rights therein.

"Product Owned Intellectual Property Assets" means any and all Intellectual Property that is owned or co-owned by the Company or any of its Subsidiaries to the extent used or embodied in, or used to design, develop, manufacture, market, sell, service, or support, the Product, together with all Intellectual Property Rights therein.

"Product Software" is defined in Section 3.15(i).

"Product Transferred Contractors" means any Product Employee or Product Consultant who enters into an agreement to provide consulting or independent contractor services to Purchaser following the Closing Date.

"Product Transferred Employees" means each of [*] and any Product Employee or Product Consultant who becomes an employee of Purchaser following the Closing Date.

"Product Transferred Personnel" means the Product Transferred Employees and the Product Transferred Contractors.

"Purchase Price" is defined in Section 1.7.

"Purchaser" is defined in the preamble to this Agreement.

"Purchaser Basket" is defined in Section 6.4(b).

"Purchaser Bring Down Certificate" is defined in Section 2.5.

"Purchaser Documents" is defined in Section 4.2.

"Purchaser Indemnitees" is defined in Section 6.1.

"Purchaser Warranties" is defined in Section 6.4(a).

"Receivables" is defined in Section 1.1(c).

"Receiving Party" is defined in Section 5.4(i).

"Records" is defined in Section 1.1(l).

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching (whether active or passive), dumping or disposing into or through the environment, whether or not notification or reporting to any governmental agency was or is required, including any Release which is subject to Environmental Laws.

"Representatives" of a Person shall mean such Person's officers, directors, employees, attorneys, agents, financial advisors and other authorized representatives.

"Response Notice" is defined in Section 6.5(b).

"Residuals" is defined in Section 5.4(k).

"Restrictive Contracts" is defined in Section 1.1(g).

"Retained Liabilities" is defined in Section 1.6.

"Retention Bonus Amount" is defined in Section 1.5.

"Royalty" means any royalty, license fee, or other payment, regardless of the basis upon which it is assessed or calculated, that is due from a licensee to a licensor in consideration for the grant or exercise of a license right.

"Seller Contract" means any Contract (including any insurance policy) under which the Company or any Subsidiary acquired any rights, or by which the Company or any Subsidiary or any of its assets is or may become bound, in each case, that is primarily used in or related to any Product Asset, including, without limitation, the [*] Letter of Intent.

"Seller Documents" is defined in Section 3.2.

"Seller Indemnitees" is defined in Section 6.3.

"Significant Supplier" is defined in Section 3.18.

"Software" means all computer software, the tangible media on which it is recorded (in any form) and all supporting documentation, to the extent primarily or exclusively used in the Product, including, without limitation, input and output format, program listings, narrative descriptions, source code, object code, executable code, algorithms, logic and development tools, operating instructions, construction and design specifications, training materials and user manuals, and data and databases, including those pertaining to the design, operation, maintenance, support, development, performance, and configuration of such software, together with all translations, adaptations, modifications, derivations, combinations and derivative works thereof.

"Stipulated Amount" is defined in Section 6.5(e).

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of

any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term ***"Subsidiary"*** shall include all Subsidiaries of such Subsidiary.

"Tangible Personal Property" is defined in Section 1.1(d).

"Tax" means any federal, state, local, foreign and other net income, gross income, gross receipts, sales, estimated, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property (including personal property), windfall profits, customs, duties or other tax, fee, assessment or charge, together with any interest, penalties, additions to tax or additional amounts with respect thereto.

"Tax Return" means any federal, state, local or foreign return, declaration, report, statement and other documents or filings required to be filed in respect of any Tax.

"Third Party" means any Person other than any of the Parties and their respective Affiliates.

"Third Party Claim" is defined in Section 6.6.

"Transaction Documents" means this Agreement and the other agreements, instruments and documents being delivered by the Parties at the Closing and the Product Acceptance Date pursuant to either Section 2.2, Section 2.3, Section 2.4, or Section 2.5.

"Transfer" is defined in Section 1.1.

"Transfer Charges" is defined in Section 5.4(f).

"Work Product" has the meaning given such term in the [*] Letter of Intent.

EXHIBIT D

LICENSE AGREEMENT

INTELLECTUAL PROPERTY LICENSE AGREEMENT

THIS INTELLECTUAL PROPERTY LICENSE AGREEMENT (this "Agreement") is entered into as of July 6, 2012 (the "Effective Date"), by and between PLX Technology, Inc., a Delaware corporation ("PLX"); Teranetics, Inc., a Delaware corporation ("Teranetics"); and Entropic Communications, Inc. ("Licensee"). PLX and Teranetics are collectively referred to as "Licensor", and a "party" means either Licensor on the one hand, or Licensee on the other hand. Capitalized terms used in this Agreement used but not otherwise defined herein have the meanings ascribed thereto in the Acquisition Agreement (as defined herein).

RECITALS

WHEREAS, Licensor has agreed to sell and assign to Licensee, and Licensee has agreed purchase and assume from Licensor, certain assets and liabilities related to a digital channel stacking switch chip semiconductor product pursuant to the terms and conditions set forth in that certain Asset Purchase Agreement of even date herewith (the "Acquisition Agreement");

WHEREAS, in connection with the transactions contemplated by the Acquisition Agreement, Licensor intends to license Licensee to use certain intellectual property rights in certain fields, in each case pursuant to the terms set forth herein:

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual representations, warranties and covenants set forth in this Agreement and the Acquisition Agreement, and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

ARTICLE 1
DEFINITIONS

For the purposes of this Agreement, the following definitions set forth below apply to capitalized terms not otherwise defined herein or in the Acquisition Agreement:

1.1 "Acquired IP" means the "Acquired IP Assets", as such term is defined in the Acquisition Agreement (ownership of which was transferred to Licensee under the Acquisition Agreement, and thus are not licensed under this Agreement).

1.2 "Deliverables" means the Licensed Software and the Technology included in the Licensed Know-How.

1.3 "DSWM Chip" means the "Product", as such term is defined in the Acquisition Agreement. For the avoidance of doubt, "DSWM Chip" includes all prototypes, release candidates, and other versions of the Product as such versions existed on or before the Product Acceptance Date (as such term is defined in the Acquisition Agreement).

1.4 "Excluded Field" has the meaning set forth in Section 2.3.

1.5 "Improvement" means any modification, enhancement, improvement, or derivative work of a device, process, method, product or other Technology included in the Licensed IP.

1.6 "Intellectual Property Rights" means the rights associated with the following anywhere in the world: (a) patents and applications (including any continuations, continuations-in-part, divisionals, reissues, renewals or extensions for any of the foregoing) ("Patents"); (b) trade secrets and all other rights in or to confidential business or technical information ("Trade Secrets"); (c) copyrights, copyright registrations and applications therefor, moral rights and all other rights corresponding to the foregoing ("Copyrights"); (d) industrial design rights and registrations and applications for such rights; (e) databases and data collections (including knowledge databases, customer lists and customer databases) under the laws of any jurisdiction, whether registered or unregistered, and any applications for registration for the foregoing; (f) mask works, and mask work registrations and applications for the foregoing; (g) trademarks and service marks, whether registered or unregistered, and the goodwill appurtenant to each of the foregoing; and (h) any similar, corresponding or equivalent rights to any of the foregoing.

1.7 "Licensed IP" means, collectively, the Licensed Patents, Licensed Software and Licensed Know-How.

1.8 "Licensed Know-How" means all Trade Secrets, know-how, and all other forms of Technology (other than Licensed Software) that, as of the Product Acceptance Date, Licensor or any of its Affiliates owns, or has the right to license to Licensee without payment of royalties or other amounts to third parties, and (a) are Used in or are necessary for the design, development, manufacture, marketing, sale, service or support of the DSWM Chip; and (b) are not Acquired IP. Licensed Know-How includes those specific items listed on Schedule 3, and may also include additional Technology developed after the Effective Date as further described in Section 2.10.

1.9 "Licensed Patents" means claims under any Patent that, as of the Product Acceptance Date, Licensor or any of its Affiliates owns, or has the right to license to Licensee without payment of royalties or other amounts to third parties, that (a) would, in the absence of a license or other permission, be infringed by the design, development, manufacture, marketing, sale, service or support of the DSWM Chip; (b) is not Acquired IP; and (c) has a first effective priority date on or prior to the Product Acceptance Date. Without limiting the generality of the foregoing, Licensed Patents include the issued Patents listed on Schedule 1, and may also include additional Patents based on inventions conceived, reduced to practice and reflected in an invention disclosure during the Development Phase, as further described in Section 2.10.

1.10 "Licensed Products" means products and services, subject to the "Excluded Field" restrictions set forth in Section 2.4.

1.11 "Licensed Software" means all software (including IP cores, firmware, and microcode), in source code and object code form, that, as of the Product Acceptance Date, Licensor or any of its Affiliates owns, or has the right to license to Licensee without payment of royalties or other amounts to third parties, and (a) is Used in or is necessary for the design, development, manufacture, marketing, sale, service or support of the DSWM Chip; and (b) is not Acquired IP. Without limiting the generality of the foregoing, Licensed Software includes the software listed in Schedule 2 in source code and object code form. For the avoidance of any doubt, in no event will the Licensed Software include any Third Party Software. Licensed Software may include additional software developed after the Effective Date as further described in Section 2.10.

1.12 "Licensor's Intellectual Property Rights" or the "Licensor IPR" means any and all Intellectual Property Rights owned by Licensor or its Affiliates at any time.

1.13 "Technology" means tangible or intangible forms of technology, whether in electronic, written or other media, including designs, design and manufacturing documentation (such as bill of materials, build instructions and test reports), schematics, algorithms, routines, software, databases, lab notebooks, development and lab equipment, processes, prototypes and devices. Technology does not include Intellectual Property Rights.

1.14 "Third Party Software" means software owned by a party other than Licensor or an Affiliate of Licensor and identified as such on Schedule 2.

1.15 "Used" means used by Licensor or its Subsidiaries on or before the Product Acceptance Date (as such term is defined in the Acquisition Agreement).

ARTICLE 2
LICENSE OF IP ASSETS

2.1 Licenses to Licensee.

(a) Patents. Subject to Licensee's compliance with the terms and conditions of this Agreement, Licensor hereby grants to Licensee a fully paid-up, royalty-free, worldwide, irrevocable, non-exclusive, non-transferable (except as permitted under Section 7.2) license, without the right to grant sublicenses (except to the extent expressly set forth in Section 2.8), under each Licensed Patent, to make, and to have made solely for Licensee, Licensed Products, and to use, lease, sell, offer for sale, import and otherwise exploit and dispose of Licensed Products. The patent license set forth in this Section 2.1(a) shall expire, with respect to each individual Licensed Patent, upon the expiration of the term of each such Licensed Patent.

(b) Know-How. Subject to Licensee's compliance with the terms and conditions of this Agreement, Licensor hereby grants to Licensee, under all of Licensor's Intellectual Property Rights in the Licensed Know-How, a perpetual, fully paid-up, royalty-free, worldwide, irrevocable, non-exclusive, non-transferable (except as permitted under Section 7.2) license, without the right to grant sublicenses (except to the extent expressly set forth in Section 2.8), (i) to use the Licensed Know-How; and (ii) to use the Licensed Know-How to design, develop, manufacture, have manufactured solely for Licensee, sell, distribute, support, and maintain Licensed Products.

(c) Software. Subject to License's compliance with the terms and conditions of this Agreement, Licensor hereby grants to Licensee, under Licensor's Intellectual Property Rights in the Licensed Software, a perpetual, fully paid-up, royalty-free, worldwide, irrevocable, non-exclusive, non-transferable (except as permitted under Section 7.2) license, without the right to grant sublicenses (except as expressly set forth in Section 2.8), to reproduce and prepare derivative works of the Licensed Software, and to otherwise use distribute, perform, display, and otherwise exploit the Licensed Software in connection with the manufacture, sale, design, support, maintenance, and commercialization of Licensed Products.

2.2 No Implied Rights. Licensee acknowledges and agrees that, except solely for the express licenses under Section 2.1, Licensor does not grant and shall not be deemed to grant, and Licensee is not obtaining, any rights, title, interest, license, or encumbrance of any kind in or to, or to use, any of Licensor's Intellectual Property Rights or the Licensed IP.

2.3 Excluded Field. Licensee agrees that it will not use any of the Licensed IP to implement, design, develop, or market either (a) an [*] (collectively, the "Excluded Field"). For the avoidance of doubt and notwithstanding the foregoing, Licensee shall be entitled to use the Licensed IP in connection with products that support [*] or incorporate [*], provided that (i) no Licensed IP is used to directly implement [*] functionality; and (ii) such products contain substantial features and functions other than merely implementing [*] communications capability.

2.4 Disclaimer. Nothing in this Agreement will be construed as requiring the securing or maintaining in force of any of Licensor's Intellectual Property Rights (including the prosecution of any invention disclosures) or the enforcement of such rights with respect to any actual or alleged infringement thereof.

2.5 Licensor Trademarks, Logos and Trade Names. Licensee acknowledges and agrees that Licensee will not use any trademark, service mark, trade dress, logo or trade name of Licensor, or any trademarks, service marks, trade dress, logos or trade names that are confusingly similar thereto or that are a translation or transliteration thereof into any language or alphabet.

2.6 Improvements. Each party retains all right, title and interest, including all Intellectual Property Rights, in and to any Improvements to the Licensed IP that are designed or developed by or on behalf of such party, subject in each case to the ownership interests of Licensor in the underlying Intellectual Property Rights in the Licensed IP. Neither party shall not have any obligation under this Agreement to notify the other party of any Improvements made by or on behalf of it after the Effective Date or to disclose or (except to the extent set forth in Section 2.10) license any such Improvements to the other party or its Affiliates.

2.7 Delivery. Licensor will make the Deliverables that exist as of the Effective Date available to Licensee within thirty (30) days after the Effective Date, and will make the other Deliverables available to Licensee no later than five days after the Product Acceptance Date.

2.8 Sublicenses.

(i) Within the limits of the express rights and licenses granted by Licensor under this Article 2, and subject to the restrictions in this Article 2, Licensee may grant a limited sublicense and disclose the Licensed IP to (1) any of its Affiliates, if such Affiliate agrees in writing to comply with the same obligations as Licensee hereunder as if such Affiliate were named in the place of Licensee; (2) any of its manufacturers, suppliers, service providers and other contractors solely to the extent reasonably necessary for the procurement by Licensee of Licensed Products and/or related services for Licensee from such Persons, if such Person agrees in writing to comply with the applicable obligations of Licensee hereunder; (3) Licensee's customers, distributors, resellers, OEMs, sales representatives, and other business partners solely to the extent reasonably necessary for the use, marketing, and resale of Licensed Products manufactured by or for Licensee (including the right to further grant sublicenses throughout the chain of distribution with respect to software that is a Licensed Product); (4) [*] and any of its Affiliates for use only in connection with (A) the DSWM Chip; and (B) any derivative products thereof that are developed by or for Licensee, provided that [*] agrees in writing to comply with the applicable obligations of Licensee hereunder (including the foregoing restriction); and (5) in connection with Licensee's divestiture of a business or product line to the extent relating to a Divested Licensed Product as set forth in Section 8.2(b). Except as expressly set forth in the foregoing subsection (3) or in Section 8.2(b), no sublicensee shall have further sublicense rights.

(ii) Licensee agrees that it will not make any portion of the Licensed IP available to any such third Person except under terms and conditions (including confidentiality, use and disclosure restrictions) used by Licensee to protect its own intellectual property and proprietary information of a similar nature in the ordinary course of business and identifying the Licensed IP as being owned by Licensor. Without limiting the generality of Section 2.8(i) above, the Patent rights granted hereunder to Licensee or otherwise under this Agreement do not include foundry or manufacturing activities for the products of third parties and may not be exercised by Licensee in a manner such that the exercise of Licensee's procurement rights is a sham or laundering scheme to effect the licensing of the Licensed Patents to a third Person and not for bona fide business purposes of Licensee. Notwithstanding the foregoing, for the avoidance of doubt, Licensee may exercise the rights granted to it hereunder under the Licensed Patents with respect to Licensed Products that are co-developed by Licensee and a third party (where Licensee's contribution to such development is material).

2.9 Licensor's Reserved Rights. Licensor does not grant any license (and does not make any covenant not to assert) other than as expressly set forth in Section 2.1. Subject only to such licenses and covenants, Licensor retains all right, title and interest (including all Intellectual Property Rights), in and to its Technology, confidential information and all Intellectual Property Rights and all Improvements made by Licensor thereof. Without limiting the foregoing, Licensor will have the sole right (but not the obligation) to file for, prosecute and maintain any applications, registrations or recordation thereof and to bring any action to enforce or otherwise seek to enforce or otherwise seek to abate any infringement of its Intellectual Property Rights, including, without limitation, the Licensed IP.

2.10 Clarification Regarding Development Phase. The parties acknowledge that under Section 5 of the Acquisition Agreement, Licensor is obligated to perform certain development services for the benefit of Licensee that may result in the development of additional Technology and Intellectual Property Rights ("Developed IP"). Pursuant to Section 5.1(c)(ii) of the Acquisition Agreement, certain Developed IP may be categorized as a "Licensed Asset", in which case Licensor and Licensee agree that each such item of Developed IP shall automatically be deemed to be Licensed IP within the meaning of this Agreement upon creation without the need for further affirmative action by either party, and shall further be deemed to be a Licensed Patent, Licensed Software, or Licensed Know-How, as appropriate, based upon the character of such Developed IP.

2.11 Clarification Regarding Pending Acquisition of Licensor. As of the Effective Date, PLX has entered into an agreement to be acquired by Integrated Device Technology, Inc. ("IDT"). Notwithstanding anything to the contrary set forth in this Agreement, if such acquisition is completed, the parties agree that the Licensed IP shall not include any Patents, Software, Technology or Trade Secrets that are: (a) owned by or licensed (other than by Licensor or any of its Affiliates) to IDT prior to the closing of such acquisition of PLX by IDT; or (b) owned by or licensed (other than by Licensor or any of its Affiliates) to IDT at any time after such acquisition, except (i) for Licensed IP owned by IDT solely as a result of IDT's acquisition of PLX, and/or (ii) to the extent that any such Patents, Software, Technology or Trade Secrets are Developed IP and categorized as a "Licensed Asset" pursuant to Section 5.1(c)(ii) of the Acquisition Agreement.

ARTICLE 3
DISCLAIMER OF WARRANTIES

3.1 Disclaimer. LICENSOR IS NOT MAKING IN THIS AGREEMENT ANY, AND HEREBY DISCLAIMS ALL, REPRESENTATIONS AND/OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE CONDITION, QUALITY, MERCHANTABILITY OR FITNESS OF ANY LICENSED IP OR TECHNOLOGY, OR ANY WARRANTY OF NONINFRINGEMENT OF THIRD

PARTY RIGHTS; (ii) ALL LICENSED IP IS LICENSED ON AN "AS IS," "WHERE IS" BASIS; AND (iii) LICENSOR DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS AGREEMENT SHALL ALTER, AMEND, OR LIMIT ANY REPRESENTATIONS OR WARRANTIES MADE BY LICENSOR IN THE ACQUISITION AGREEMENT.

3.2 No Other Warranty. Without limiting the foregoing, except as expressly set forth in this Agreement, nothing within this Agreement will be construed as follows: (a) a warranty or representation by Licensor as to the validity and/or scope of any Licensed IP or that any patent application or invention disclosure within the Licensed IP will result in an issued patent; (b) conferring upon Licensee any license or any other right, by implication, estoppel or otherwise, under any Licensor IPR, except as expressly granted in Section 2.1; (c) imposing on Licensor any obligation to institute any suit or action for infringement of any Licensor IPR, or to defend any suit or action brought by a third party that challenges or concerns the validity of any Licensor IPR; (d) a warranty or representation by Licensor that any manufacture, use, sale, lease or other disposition of Licensed Products will be free from infringement of any patent or other intellectual property right; or (e) imposing on Licensor any obligation to file any patent application or secure any patent or maintain in force any patent.

ARTICLE 4
TERM

4.1 Term. The term of this Agreement shall commence on the Effective Date and shall remain in force perpetually or as otherwise set forth in Section 2.1(a).

4.2 Infringement. Licensee acknowledges that breach of this Agreement, including the licenses hereunder, may also constitute infringement of Intellectual Property Rights of Licensor.

ARTICLE 5
CONFIDENTIALITY

5.1 Confidential Information. Each party and its Affiliates (collectively, the "Receiving Party," as applicable) expressly acknowledges that in connection with this Agreement the other party and its Affiliates (collectively, the "Disclosing Party," as applicable) have licensed, disclosed or may disclose or make available information and material relating to the Disclosing Party's business or technology which is confidential or proprietary in nature (including, without limitation, information that embodies or relates to technology, any other technical, business, financial, customer information, product development plans, supplier information, forecasts, strategies and other confidential information) which to the extent disclosed to the Receiving Party is hereinafter referred to as "Confidential Information" of the Disclosing Party provided such information: (a) is disclosed in writing and conspicuously marked "CONFIDENTIAL" or with words of similar effect; (b) is disclosed orally after the Effective Date and is identified as confidential information at the time of disclosure and, within thirty (30) days of such disclosure, is summarized in a writing by the Disclosing Party that is submitted to the Receiving Party and that confirms the confidential nature of such information, or (c) should reasonably be understood by the Receiving Party to be the confidential or proprietary information of the Receiving Party. Licensee acknowledges that the non-public portions of Licensed IP is the Confidential Information of Licensor.

5.2 Treatment of Confidential Information. The Receiving Party will: (a) take commercially reasonable precautions to protect such Confidential Information consistent with all precautions the Receiving Party usually employs with respect to its own comparable confidential materials; (b) except as

expressly provided in this Agreement, not disclose any such Confidential Information to any third Person, except under terms and conditions (including confidentiality, use, and disclosure restrictions) used by the Receiving Party to protect its own confidential or proprietary information of a similar nature in the ordinary course of business; and (c) not use or disclose such Confidential Information except as necessary to exercise its rights and perform its obligations under this Agreement.

5.3 Exclusions. Without granting any right or license, the Disclosing Party agrees that Section 5.2 will not apply with respect to any information that the Receiving Party can document: (a) is or becomes generally available to the public through no improper action by the Receiving Party or any of its Affiliates, agents, consultants or employees; (b) was rightfully disclosed to the Receiving Party by a third Person provided the Receiving Party complies with restrictions imposed by the third Person, (c) was known by the Receiving Party prior to disclosure by the Disclosing Party; or (d) was independently developed by the Receiving Party without reference to the Confidential Information of the Disclosing Party. The Receiving Party, with prior written notice to the Disclosing Party, may disclose such Confidential Information to the minimum extent possible that is required to be disclosed to a governmental entity or agency, or pursuant to the lawful requirement or request of a governmental entity or agency, provided that reasonable measures are taken to guard against further disclosure (including without limitation, seeking appropriate confidential treatment or a protective order, or assisting the Disclosing Party to do so) and has allowed the Disclosing Party to participate in any proceeding that requires the disclosure.

ARTICLE 6
PAYMENT

6.1 Upon the Effective Date, Licensee shall pay to Licensor a one-time license fee in the sum of four million U.S. dollars (U.S. $4,000,000). Such payment shall be made by wire transfer to a bank account designated in writing by Licensor to Licensee, in immediately available funds in United States Dollars.

6.2 Licensor will be solely responsible for payment of any taxes, fees, duties, and other governmental charges, and any related penalties and interests, arising from the payment of the license fee to Licensor under this Agreement.

ARTICLE 7
LIMITATION OF LIABILITY

7.1 IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING UNDER THIS AGREEMENT, REGARDLESS OF WHETHER SUCH CLAIM ARISES IN CONTRACT, TORT, OR OTHERWISE. EACH PARTY'S AGGREGATE LIABILITY FOR ANY AND ALL CAUSES OF ACTION OR DAMAGES, HOWEVER CATEGORIZED, ARISING THIS AGREEMENT SHALL BE LIMITED TO THE TOTAL FEES PAID BY LICENSEE TO LICENSOR UNDER THIS AGREEMENT.

ARTICLE 8
MISCELLANEOUS

8.1 Licensor and Licensee agree that they will perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the intent and purposes of this Agreement.

8.2 Assignments and Divestitures

(a) Licensee may not assign this Agreement nor transfer any of its rights or obligations under this Agreement to a third Person without the prior consent of Licensor; provided, however, that Licensee may assign this Agreement (and its rights and obligations hereunder) without such consent (subject to providing written notice to Licensor), in connection with the sale of all or substantially all of Licensee's business to which this Agreement relates, whether by merger, sale of assets, sale of stock, or otherwise. Any attempted assignment in violation of this paragraph shall be void and of no effect.

(b) From time to time, Licensee may elect to divest a business or product line which includes (1) the dSWM Product and/or (2) any derivative product thereof developed by or for Licensee (the "Divested Licensed Products") to a third-party purchaser (the "Purchaser"). In such event, Licensee shall be entitled to grant a limited sublicense to the Purchaser (subject to providing written notice to Licensor), under all of the license rights granted under this Agreement, for the sole purpose of permitting the Purchaser to make, have made, use, import, sell, offer for sale, lease, dispose of, and otherwise commercialize the Divested Licensed Products; *provided that* (i) Licensee shall enter into such sublicense with such Purchaser pursuant to a written sublicense agreement requiring the sublicensee to comply with the terms and conditions set forth in this Agreement; (ii) the Purchaser shall be entitled to exercise all of the sublicensed rights under this Agreement solely with respect to the Divested Licensed Products and derivatives thereof (provided that such derivatives perform substantially the same functions as the Divested Licensed Products, and that derivatives may include updates, upgrades, new versions, and other versions arising in the natural product evolution of the Divested Licensed Products); and (iii) the Purchaser may further exercise the sublicense rights set forth in this Section 8.2(b) (subject to providing written notice to Licensor) only in the event of its subsequent sale of a business or product line that includes the Divested Licensed Products.

8.3 The parties are independent contractors and under no circumstances are either to be deemed a legal representative, express or implied agent, employee, or officer of the other party.

8.4 Any provision of this Agreement which is held by a court of competent jurisdiction to be prohibited or unenforceable in such jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction.

8.5 In the event either party shall at any time waive any of its rights under this Agreement or the performance by the other party of any of its obligations hereunder, such waiver shall not be construed as a continuing waiver of the same rights or obligations or a waiver of any other rights or obligations.

8.6 The terms and provisions contained in this Agreement constitute the entire agreement between the parties and shall supersede all previous communications, representations, agreements or understandings, either oral or written, between the parties hereto with respect to the subject matter hereof, and no agreement or understanding varying or extending this Agreement shall be binding upon any party hereto, unless in writing which specifically refers to this Agreement, signed by duly authorized officers or representatives of the respective parties and the provisions of this Agreement not specifically amended thereby shall remain in full force and effect.

8.7 This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting the Agreement.

8.8 This Agreement shall be governed by and construed in accordance with the laws of the State of California (regardless of the laws that might be applicable under principles of conflicts of law).

8.9 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.10 All notices or demands of any kind that any party is required or desires to give or make upon others in connection with this Agreement shall be in writing and shall be deemed to be delivered if sent by prepaid, registered or certified mail, return receipt requested, or reputable international courier service, to the address of the party as set forth below, or to such other address as may, from time to time, be designated in writing by such other party by notice given hereunder. All notices shall be deemed given on the date of receipt at the address, as evidenced by the return receipt or delivery receipt. Neither party shall refuse to accept any such communications.

If to Licensor:
c/o PLX Technology, Inc.
870 W. Maude Avenue
Sunnyvale, CA 94085
Attn: Arthur O. Whipple,
Chief Financial Officer
Facsimile No.: (408)
774-2169
Email:
awhipple@plxtech.com

If to Licensee:
c/o Entropic Communications, Inc.
6290 Sequence Drive
San Diego, CA 92121
Attn: Lance W. Bridges
SVP & General Counsel
Facsimile No.: (858) 768-3601
Email: lance.bridges@entropic.com

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement with legal and binding effect as of the date and year first above written.

Licensor	**Licensee**
PLX Technology, Inc.	Entropic Communications, Inc.
By: /s/ Ralph Schmitt Name: Ralph Schmitt Title: President and Chief Executive Officer	By: /s/ Lance W. Bridges Name: Lance W. Bridges Title: Senior Vice President and General Counsel

Teranetics, Inc.

By: /s/ Ralph Schmitt
Name: Ralph Schmitt
Title: President

Signature Page to Intellectual Property License Agreement

EXHIBIT G

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT (this "***Agreement***") is being executed and delivered as of July 6, 2012 by PLX Technology, Inc., a Delaware corporation (the "***Company***") in favor of, and for the benefit of, Entropic Communications, Inc., a Delaware corporation ("***Purchaser***"). Certain capitalized terms used in this Agreement are defined in Section 18 of this Agreement. Certain capitalized terms used in this Agreement that are not defined herein have the definitions given to such terms in the Purchase Agreement (as hereinafter defined).

RECITALS

Purchaser and the Company have entered into that certain Asset Purchase Agreement dated as of July 6, 2012 (the "***Purchase Agreement***"), pursuant to which, among other things, the Company will sell, and will cause its Subsidiaries to sell, to Purchaser, and Purchaser will purchase from the Company, all of the Product Assets on the terms and conditions more particularly set forth therein; and

In the interest of protecting the Product Assets, and the goodwill associated therewith, which are being directly and indirectly sold and transferred by the Company to Purchaser by virtue of the transactions contemplated by the Purchase Agreement, Purchaser has required as a material inducement to Purchaser entering into the Purchase Agreement and as a condition precedent to its consummation of the transactions thereunder, that the Company enter into and deliver this Agreement.

AGREEMENT

In order to induce Purchaser to consummate the Contemplated Transactions, and for other good and valuable consideration, the Parties agree as follows:

Section 1. Restriction on Competition.

1.1 The Company agrees that, during the Non-competition Period, the Company shall not, and shall not, subject to the provisions of Section 18(c) hereof, permit any of its Affiliates to:

(a) engage in Competition in any Restricted Territory; or

(b) directly or indirectly be or become a stockholder, owner, co-owner or Affiliate of, or acquire or hold (of record, beneficially or otherwise) any direct or indirect interest in, any Person that engages directly or indirectly in Competition in any Restricted Territory, other than in connection with a Company Change in Control; *provided*, that, upon a Change in Control of the Company, such COC Buyer shall assume (by operation of law or otherwise) the Company's obligations under this Agreement, subject to the provisions of Section 18(c) hereof.

provided, *however*, that the Company may, without violating this Section 1, own, as a passive investment, shares of capital stock of a publicly-held corporation that engages in Competition if (i) such shares are actively traded on an established national securities market in the United States, (ii) the number of shares of such corporation's capital stock that are owned beneficially (directly or indirectly) by the Company and the number of shares of such corporation's capital stock that are owned beneficially (directly or indirectly) by the Company's Affiliates collectively represent less than one percent of the total number of shares of such corporation's capital stock outstanding, and (iii) neither the Company nor any Affiliate of the Company is otherwise associated directly or indirectly with such corporation or with any Affiliate of such corporation.

Section 2. Representations and Warranties. The Company represents and warrants, to and for the benefit of Purchaser, that: (a) it has full power and capacity to execute and deliver, and to perform all of its obligations under this Agreement; and (b) neither the execution and delivery of this Agreement nor the performance of this Agreement will result directly or indirectly in a violation or breach of (i) any agreement or obligation by which the Company or any of its Affiliates is or may be bound, or (ii) any law, rule or regulation.

Section 3. Specific Performance. The Company agrees that, in the event of any breach or threatened breach by the Company of any covenant or obligation contained in this Agreement, Purchaser shall be entitled (in addition to any other remedy that may be available to it, including monetary damages) to seek (a) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation, and (b) an injunction restraining such breach or threatened breach. The Company further agrees that Purchaser shall not be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 3, and the Company irrevocably waives any right it may have to require Purchaser to obtain, furnish or post any such bond or similar instrument.

Section 4. Indemnification. Subject to Section 5 hereof, the Company shall indemnify and hold harmless Purchaser against and from any Damages (whether or not relating to any third-party claim) that are suffered or incurred at any time (whether during or after the Non-competition Period) by Purchaser arising from (a) any inaccuracy in or breach of any representation or warranty contained in this Agreement, or (b) any failure on the part of the Company to observe, perform or abide by, or any other breach of, any restriction, covenant, obligation or other provision contained in this Agreement.

Section 5. Limitations on Liability. The Company's total aggregate liability and Purchaser's exclusive remedies for any claims arising in connection with this Agreement (regardless of theory) shall be specific performance pursuant to Section 3 and direct Damages. In no event will the Company or its Affiliates have any liability under this Agreement for special, speculative, incidental, exemplary, punitive, indirect or consequential damages whether such Damages are based in contract, tort or any other legal theory, even if such party has been advised of the possibility of such Damages. Notwithstanding the foregoing two sentences, Purchaser shall be entitled to seek, and if applicable recover, Damages for any lost profits attributable to a breach by the Company of any covenant or obligation contained in this Agreement, together with any costs and expenses (including reasonable attorneys', accountants',

investigators' and experts' fees and expenses) related to obtaining the foregoing relief or the specific performance remedy described above.. Moreover, any Damages actually paid by Purchaser to a third party (as a result of a final court order or a settlement entered into consistent with the provisions of the Purchase Agreement) arising from a breach by the Company of any covenant or obligation contained in this Agreement shall be considered direct Damages rather than special, speculative, incidental, exemplary, punitive, indirect or consequential Damages.

Section 6. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

Section 7. Governing Law; Venue.

7.1 This Agreement shall be construed in accordance with, and governed in all respects by, the laws of the State of California (without giving effect to principles of conflicts of laws).

7.2 Any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement may be brought or otherwise commenced in any state or federal court located in the County of San Diego, California. Each Party:

(a) expressly and irrevocably consents and submits to the jurisdiction of each state and federal court located in the County of San Diego, California (and each appellate court located in the State of California), in connection with any such legal proceeding;

(b) agrees that service of any process, summons, notice or document sent by U.S. mail addressed to such Party at the address set forth on the signature page of this Agreement shall constitute effective service of such process, summons, notice or document for purposes of any such legal proceeding;

(c) agrees that each state and federal court located in the County of San Diego, California shall be deemed to be a convenient forum; and

(d) agrees not to assert (by way of motion, as a defense or otherwise), in any such legal proceeding commenced in any state or federal court located in the County of San Diego, California, any claim that such Party is not subject to the jurisdiction of such court,

that such legal proceeding has been brought in an inconvenient forum, that the venue of such proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.

Nothing contained in this Section 7 shall be deemed to limit or otherwise affect the right of a Party to commence any legal proceeding or otherwise proceed against the other Party in any other forum or jurisdiction.

7.3 THE PARTIES IRREVOCABLY WAIVE THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY LEGAL PROCEEDING RELATING TO THIS AGREEMENT OR THE ENFORCEMENT OF ANY PROVISION OF THIS AGREEMENT.

Section 8. Waiver. No failure on the part of either Party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either Party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. A Party shall not be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy of a Party under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of the waiving Party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

Section 9. Successors and Assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by the Company or Purchaser without the prior written consent of the other party; *provided*, *however*, that (i) Purchaser may, without the prior approval of the Company, assign any or all of its rights and interests hereunder to any Affiliate of Purchaser (provided that any such assigned rights and interests will terminate in the event that such Affiliate ceases to be an Affiliate of Purchaser) and (ii) the forgoing prohibition shall not apply to a Change in Control of either Party. This Agreement shall be binding upon the successors and assigns of a Party and shall inure to the benefit of the other Party.

Section 10. Further Assurances. Each Party shall (at such Party's own expense) execute and/or cause to be delivered to the other Party such instruments and other documents, and shall (at such Party's sole expense) take such other actions, as the other Party may reasonably request at any time (whether during or after the Non-competition Period) for the purpose of carrying out or evidencing any of the provisions of this Agreement.

Section 11. Attorneys' Fees. If any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement is brought against the Company or Purchaser, as applicable, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).

Section 12. Captions. The captions contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

Section 13. Construction. Whenever required by the context, the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; and the neuter gender shall include the masculine and feminine genders. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement. Neither the drafting history nor the negotiating history of this Agreement shall be used or referred to in connection with the construction or interpretation of this Agreement. As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation." Except as otherwise indicated in this Agreement, all references in this Agreement to "Sections" are intended to refer to Sections of this Agreement.

Section 14. Survival of Obligations. Except as specifically provided herein, the obligations of the Parties under this Agreement (including the obligations under Sections 4 and 10) shall survive the expiration of the Non-competition Period. The expiration of the Non-competition Period shall not operate to relieve the Parties of any obligation or liability arising from any prior breach by the Parties of any provision of this Agreement.

Section 15. Obligations Absolute. The Parties' obligations under this Agreement are absolute and shall not be terminated or otherwise limited by virtue of any breach (on the part of the Parties, or any other Person) of any provision of the Purchase Agreement or any other agreement, or by virtue of any failure to perform or other breach of any obligation of the Parties, or any other Person.

Section 16. Entire Agreement. This Agreement and the Purchase Agreement set forth the entire understanding of the parties relating to the subject matter hereof and supersede all prior written and oral agreements and understandings between the parties hereto relating to the subject matter hereof.

Section 17. Amendment. This Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of the Company (or any successor to the Company) and Purchaser (or any successor to Purchaser).

Section 18. Defined Terms. For purposes of this Agreement:

18.1 "***Affiliate***" means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person, and shall include without limitation, with respect to the Company, its Subsidiaries.

18.2 "***Competing Product"*** means the Product as defined in the Purchase Agreement, any product that would reasonably be deemed an improvement, derivative or new

version of the Product (an "***Improvement Product***"), or any other product that has substantially the same features or performs substantially the same functions as the Product or an Improvement Product. For the avoidance of doubt, a product will not be deemed a Competing Product merely because it employs technology employed in the Competing Product but is not otherwise a Competing Product (as defined in the first sentence of this paragraph).

18.3 A Person shall be deemed to be engaged in "***Competition***" to the extent such Person or any of such Person's subsidiaries or other Affiliates is engaged in the design, development, manufacture, assembly, promotion, sale, supply, distribution, resale, installation, support, maintenance, repair, refurbishment, licensing, sublicensing, financing, leasing or subleasing, production or marketing of any Competing Product (collectively, the "***Prohibited Activities***"). Notwithstanding anything else contained in this Agreement to the contrary, in the event of a Change in Control of the Company (a "***Company Change in Control***"), the provisions of Section 1 of this Agreement shall not apply to any activities of the COC Buyer or its Affiliates (exclusive of (x) the Company and the Company's Affiliates immediately prior to such Company Change in Control or (y) in an asset transaction, the Person who acquires the assets of the Company or the Company's Affiliates) following the consummation of such Company Change in Control; provided, however, Section 1 of this Agreement shall continue to apply to the Prohibited Activities by the COC Buyer or any of the COC Buyer's Affiliates using assets or technology (including intellectual property rights) acquired as a result of such Company Change in Control.

18.4 "***Change in Control***" means the acquisition of a Party by any third party (the "***COC Buyer***") by means of (a) a merger or consolidation of Party or any of its controlling Affiliates in which the holders of the voting securities of such Party or such Affiliate outstanding immediately prior to the closing of such merger or consolidation cease to hold at least fifty percent (50%) of the combined voting power of the surviving entity (or its parent entity) immediately after the closing of such merger or consolidation, (b) such COC Buyer, together with its controlling Affiliates, becoming, directly or indirectly, the beneficial owner of fifty percent (50%) or more of the combined voting power of a Party or any of its controlling Affiliate, or (c) the sale to such COC Buyer of all or substantially all of a Party's assets.

18.5 "***Non-competition Period***" shall mean the period commencing on the date of this Agreement and ending on the [*] anniversary of the date of this Agreement.

18.6 "***Person***" means any: (i) individual; (ii) corporation, general partnership, limited partnership, limited liability partnership, trust, company (including any limited liability company or joint stock company) or other organization or entity; or (iii) governmental body or authority.

18.7 "***Restricted Territory***" means worldwide, including each county or similar political subdivision of each State of the United States of America (including each of the counties in the State of California), and each State, territory or possession of the United States of America.

In Witness Whereof, the Parties have duly executed and delivered this Agreement as of the date first above written.

PLX Technology, Inc.

By: /s/ Arthur O. Whipple

Name: Arthur O. Whipple

Title: Chief Financial Officer

Entropic Communications, Inc.

By: /s/ Lance W. Bridges

Name: Lance W. Bridges

Title: Senior Vice President and General Counsel

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David K. Raun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PLX Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 9, 2012

/s/ David K. Raun
David K. Raun
Interim Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Arthur O. Whipple, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PLX Technology, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 9, 2012

/s/ Arthur O. Whipple
Arthur O. Whipple
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PLX Technology, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission (the "Report"), I, David K. Raun, Interim Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: November 9, 2012

By: /s/ David K. Raun
David K. Raun
Interim Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of PLX Technology, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission (the "Report"), I, Arthur O. Whipple, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: November 9, 2012

By: /s/ Arthur O. Whipple
Arthur O. Whipple
Chief Financial Officer