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 March 31, 2007

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 0-25699

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 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check One):

Large accelerated filer [ ]   Accelerated filer [X]   Non-accelerated filer [ ]

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 May 1, 2007 there were 28,669,394 shares of common stock, par value $0.001 per share, outstanding.

PLX TECHNOLOGY, INC.
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REPORT ON FORM 10-Q
FOR QUARTER ENDED MARCH 31, 2007

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2007	**December 31, 2006 (1)**
	(unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 32,554	$ 32,804
Short-term marketable securities	6,096	5,853
Accounts receivable, net	8,909	8,491
Inventories	7,272	8,295
Other current assets	2,002	600
Total current assets	56,833	56,043
Property and equipment, net	28,397	28,744
Goodwill	34,976	34,976
Other purchased intangible assets	2,416	2,856
Long-term marketable securities	6,423	3,666
Other assets	485	1,663
Total assets	$ 129,530	$ 127,948
LIABILITIES		
Current Liabilities:		

Accounts payable	$ 4,727	$ 2,995
Accrued compensation and benefits	1,891	2,417
Accrued commissions	437	1,100
Other accrued expenses	533	500
Total current liabilities	7,588	7,012
Commitments		
STOCKHOLDERS' EQUITY		
Common stock, par value	29	29
Additional paid-in capital	130,025	128,735
Accumulated other comprehensive loss	(108)	(96)
Accumulated deficit	(8,004)	(7,732)
Total stockholders' equity	121,942	120,936
Total liabilities and stockholders' equity	$ 129,530	$ 127,948

(1) Derived from audited financial statements

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 March 31,	
	2007	**2006**
Net revenues	$ 18,640	$ 20,005
Cost of revenues	7,263	7,497
Gross margin	11,377	12,508
Operating expenses:		
Research and development	5,742	5,079
Selling, general and administrative	6,170	5,675
Amortization of purchased intangible assets	440	512
Total operating expenses	12,352	11,266
Income (loss) from operations	(975)	1,242
Interest income and other, net	574	342
Income (loss) before provision for income taxes	(401)	1,584
Provision (benefit) for income taxes	(129)	43
Net income (loss)	$ (272)	$ 1,541
Basic net income (loss) per share	$ (0.01)	$ 0.06
Shares used to compute basic per share amounts	28,645	27,884
Diluted net income (loss) per share	$ (0.01)	$ 0.05
Shares used to compute diluted per share amounts	28,645	28,794

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2007	**2006**
Cash flows from operating activities		
Net income (loss)	$ (272)	$ 1,541
Adjustments to reconcile net income (loss) to cash flows provided by (used in) operating activities:		
Depreciation and amortization	484	484
Share-based compensation expense	1,152	1,064
Amortization of purchased intangible assets	440	512
Deferred margins	-	(1,963)
Other non-cash items	(56)	(84)
Changes in operating assets and liabilities:		
Accounts receivable	(418)	(1,275)
Inventories	1,023	(3,660)
Other current assets	(1,402)	454
Other assets	1,178	64
Accounts payable	1,732	2,075
Accrued compensation and benefits	(1,189)	306
Other accrued expenses	35	(432)
Net cash provided by (used in) operating activities	2,707	(914)
Cash flows provided by investing activities:		
Purchases of marketable securities	(6,138)	(2,634)
Sales and maturities of marketable securities	3,200	9,900
Purchase of property and equipment	(143)	(335)
Net cash provided by (used in) investing activities	(3,081)	6,931
Cash flows provided by financing activities:		
Proceeds from exercise of common stock options	138	1,511
Net cash provided by financing activities	138	1,511
Effect of exchange rate fluctuations on cash and cash equivalents	(14)	(2)
Increase (decrease) in cash and cash equivalents	(250)	7,526
Cash and cash equivalents at beginning of period	32,804	21,028

	2007	2006
Cash and cash equivalents at end of period	$ 32,554	$ 28,554

See accompanying notes to condensed consolidated financial statements.

PLX TECHNOLOGY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 March 31, 2007 and for the three month period ended March 31, 2007 and 2006 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.

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, 2006.

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 various accounts, including but not limited to goodwill, income taxes, inventories, revenue recognition and related sales reserves, allowance for doubtful accounts, share-based compensation and warranty reserves as reported in the financial statements and accompanying notes. Actual results could differ from those estimates and such differences may be material to the financial statements.

Comprehensive Net Income (Loss)

The Company's comprehensive net income (loss) for the three month periods ended March 31, 2007 and March 31, 2006 was as follows (in thousands):

	Three Months Ended March 31,	
	2007	2006
Net income (loss)	$ (272)	$ 1,541
Unrealized gain on marketable securities, net	2	28
Cumulative translation adjustments	(14)	(2)
Comprehensive net income (loss)	$ (284)	$ 1,567

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.

In the first quarter ended March 31, 2006, the Company completed an evaluation of its revenue recognition methodology and concluded that it was more appropriate to recognize revenues on sales to distributors at the time of shipment to a distributor (also referred to as the sell-in basis of recognizing revenue). Prior to the first quarter, the Company recognized revenues on sales to distributors when the distributor resold the product to its end customer (also referred to as the sell-through basis of recognizing revenue). Statement of Financial Accounting Standards ("SFAS") No. 48, *Revenue Recognition When Right of Return Exists*, sets forth conditions that must be met to recognize revenue at the time of shipment. Among those conditions is that a company that provides a right of return or pricing concession to a buyer be able to reasonably estimate the amount of future returns or pricing concessions. In the past, the Company had concluded that it did not meet this condition and therefore used the sell-through basis of revenue recognition. In the first quarter of 2006, the Company concluded that it is able to reasonably estimate returns and pricing concessions, and therefore had implemented the sell-in method of accounting for sales to distributors. The Company recognized an additional $2.8 million in revenues during the first quarter of 2006 due to this change resulting in an increase to diluted earning per share of $0.06.

The Company offers pricing protection to a single distributor whereby the Company supports the distributor's resale product margin on certain products held in the distributor's inventory. In general, the Company analyzes current requests for credit in process, also known as ship and debits, inventory at the distributor and credit expectations to determine the ending sales reserve required for this program. Reserves are reduced directly from revenue and recorded as a reduction to accounts receivable. In addition, the Company offers stock rotation rights to several 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. In general, the Company analyzes current stock rotation requests and past experience to determine the ending sales reserve required for this program.

As of March 31, 2007, the Company has controls in place to monitor sales returns from and pricing concessions to its distributors. The Company uses data from a variety of controls, such as monthly monitoring of distributor inventory levels, Returns Material Authorization controls and regular monitoring of distributor pricing concession and product rotation requests. The Company uses this data to arrive at a reasonable estimate on sales returns from and pricing concessions to its distributors.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation ("FIN") No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company has determined that the effects of FIN 48 did not have a material impact on its financial statements.

In September 2006, FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP") and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently evaluating the effect that the adoption of SFAS 157 will have on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FASB Statement No. 115*. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value, with unrealized gains and losses related to these financial instruments reported in earnings at each subsequent reporting date. This Statement is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the effect that the adoption of SFAS 159 will have on its financial position and results of operations.

2. Share-Based Compensation

Stock Option Plans

In January 1998, the Company's stockholders approved the 1998 Stock Incentive Plan ("1998 Plan"). Under the 1998 Plan, options generally vest over four years and have a maximum term of 10 years. The Board of Directors generally establishes the exercise price as the closing price quoted on NASDAQ on the date of grant. In addition to stock options, the 1998 Plan allows for the grant of restricted stock, stock appreciation rights, performance shares, performance units, dividends and dividend equivalents.

In January 1999, the Company's stockholders approved the 1999 Stock Incentive Plan ("1999 Plan"). The 1999 Plan has substantially the same terms as the 1998 Plan.

Share-Based Compensation Expense

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)") using the modified prospective transition method, which requires the measurement and recognition of compensation expense for all share-based payment awards made to the Company's employees and directors including stock options. Share-based compensation expense for stock options granted subsequent to January 1, 2006 was based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). For awards granted prior to, but not vested, as of January 1, 2006, share-based compensation expense was based on the grant-date fair value, previously estimated, using the Black-Scholes valuation model, in accordance with the original provisions of SFAS 123. The Company recognizes the share-based compensation expense on a straight-line basis over the requisite service period of the award, which generally equals the vesting period of each grant.

The fair value of share-based awards to employees is calculated using the Black-Scholes option pricing model, even though this model was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which differ significantly from the Company's stock options. The Black-Scholes model requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate is based on the U.S Treasury rates in effect during the corresponding period of grant. The Company calculated its expected volatility assumption required in the Black-Scholes model by blending the historical volatility of its stock with the implied volatility for traded options on its stock. These factors could change in the future, which would affect the share-based compensation expense in future periods.

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 options. The weighted-average fair value calculations are based on the following average assumptions:

	Three Months Ended March 31,	
	2007	2006
Risk-free interest rate	4.46%	4.81%
Expected volatility	0.62	0.69
Expected life (years)	4.35	4.39

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 Term: The Company's expected term represents the weighted-average period that the Company's stock options are expected to be outstanding. The expected term 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 uses a blend of historical volatility and market-based implied volatility. The selection of the proportion of market-based volatility depends, among other things, on the availability of traded options on the Company's stock and term of such options. Due to sufficient volume of the traded options, during the three months ended March 31, 2007 and 2006, the Company used, in accordance with SAB 107, 100% market-based implied volatility. The selection of the implied volatility approach was based upon the availability of traded options on the Company's stock and the Company's assessment that implied volatility is more representative of future stock price trends than historical volatility.

As share-based compensation expense recognized in the unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2007 and 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Our estimated forfeiture rate of 27% was based on historical experience.

The following table shows total share-based compensation expense described for the three months ended March 31, 2007 and 2006, included in the Condensed Consolidated Statements of Operations (in thousands):

	Three Months Ended March 31,	
	2007	2006
Cost of revenues	$ 18	$ 10
Research and development	532	477
Selling, general and administrative	602	577
Pre-tax stock-based compensation expense	1,152	1,064
Income tax	-	-
Net stock-based compensation expense	$ 1,152	$ 1,064

A summary of option activity under the Company's stock equity plans during the three months ended March 31, 2007 is as follows:

Options	Options Available for Grant	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contratual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2006	1,640,010	3,713,477	$ 11.47	5.39	$ 11,718,444
Granted	(572,900)	572,900	10.15		
Exercised	-	(26,499)	5.20		
Cancelled	51,174	(51,174)	13.36		
Outstanding at March 31, 2007	1,118,284	4,208,704	$ 11.31	5.38	$ 4,085,919
Exercisable at March 31, 2007		2,430,353	$ 11.92	4.76	$ 3,497,536

The Black-Scholes weighted average fair values of options granted during the three months ended March 31, 2007 and 2006 were $5.34 and $7.36, respectively.

The following table summarizes ranges of outstanding and exercisable options as of March 31, 2007:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Weighted Average Remaining Contratual Term (in years)	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$0.88 - $7.98	860,051	5.00	$ 5.87	728,738	$ 5.62
$8.00 - $9.34	851,070	4.77	8.92	568,702	8.93
$9.41 - $10.21	1,038,400	6.76	9.98	179,902	9.62
$10.29 - $16.65	1,047,000	5.75	13.98	540,828	15.01
$19.37 - $27.00	412,183	3.06	24.15	412,183	24.15
Total	4,208,704	5.38	$ 11.31	2,430,353	$ 11.92

The total intrinsic value of options exercised during the three months ended March 31, 2007 and 2006 was approximately $0.2 million and $1.7 million, respectively. As of March 31, 2007, total unrecognized compensation costs related to nonvested stock options including estimated forfeitures was $4.7 million which is expected to be recognized as expense over a weighted average period of approximately 1.49 years.

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):

	March 31, 2007	December 31, 2006
	(in thousands)	
Work-in-process	$ 1,283	$ 1,226
Finished goods	5,989	7,069
Total	$ 7,272	$ 8,295

The Company evaluates the need for potential write-downs of inventory by considering a combination of factors. Based on the life of the product, sales history, obsolescence and sales forecast, the Company may record write-downs to inventory ranging from 0% to 100%.

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 in accordance with SFAS No. 128, *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 March 31,	
	2007	2006
Net income (loss)	$ (272)	$ 1,541
Weighted average shares of common stock outstanding	28,645	27,884
Net income (loss) per share - basic	$ (0.01)	$ 0.06
Shares used in computing basic net income (loss) per share	28,645	27,884
Dilutive effect of stock options	-	910

	2007	2006
Shares used in computing diluted net income (loss) per share	28,645	28,794
Net income (loss) per share - diluted	$ (0.01)	$ 0.05

The Company incurred a net loss for the three month period ended March 31, 2007. Therefore, the effect of dilutive securities of approximately 4.2 million equivalent shares was excluded from the computation of diluted loss per share as its impact would be anti-dilutive. Dilutive securities include only stock options.

Weighted average employee stock options to purchase approximately 3.7 million shares for the three month period ended March 31, 2006 were outstanding, but was not included in the computation of diluted earnings per share because the exercise price of the stock options was greater than the average share price of the common shares and, therefore, the effect would have been anti-dilutive.

5. 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 by geographic region based on customer location were as follows (in thousands):

	Three Months Ended March 31,	
	2007	2006
Revenues:	(in thousands)	
United States	$ 5,769	$ 4,756
China	3,002	1,794
Singapore	2,720	3,141
Other Asia Pacific	2,412	3,146
Europe, Middle East and Africa	2,336	2,935
Taiwan	2,043	3,334
The Americas - excluding United States	358	899
Total	$ 18,640	$ 20,005

For the three months ended March 31, 2007, two distributors accounted for 31% and 11%, respectively, of net revenues. As of March 31, 2007, the same two distributors accounted for 31% and 15%, respectively, of the total accounts receivable balance. For the same period in 2006, two distributors accounted for 27% and 10%, respectively, of net revenues. As of March 31, 2006, the same two distributors accounted for 30% and 13%, respectively, of the total accounts receivable balance. For both of these periods, no other individual direct customer or distributor represented greater than 10% of net revenues.

6. Income Taxes

Net income tax benefit of $129,000 has been recorded for the three month period ended March 31, 2007, compared to income tax expense of $43,000 for the same period in 2006. Income tax benefit for the three months ended March 31, 2007 is a result of applying the estimated annual effective tax rate to cumulative loss before taxes. For the same period in 2006, the provision for income taxes related to federal alternative minimum tax, miscellaneous state income taxes and foreign income taxes currently payable.

Deferred tax assets are recognized when there is sufficient evidence that it is more likely than not that such deferred tax assets will be realized. The Company has determined that such evidence does not currently exist. Therefore, a full valuation allowance has been established to reserve the Company's net deferred tax assets. In light of current operating results, the Company is evaluating the realizability of the asset balance in conjunction with reviewing its forecasts for the current and future periods and upon completing this analysis, the Company will determine whether it is appropriate to adjust the valuation allowance.

The Company adopted FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), at the beginning of calendar year 2007. As a result of the implementation of FIN 48, the Company recognized no material adjustment in the liability for unrecognized income tax benefits. The Company has unrecognized tax benefits of approximately $1.9 million as of January 1, 2007, of which $0.1 million, if recognized would result in a reduction of the Company's effective tax rate. Future changes in the remaining 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 have any material accrued interest or penalties associated with any unrecognized tax benefits. Other than as discussed below, the Company does not believe it is reasonably possible that its unrecognized tax benefits will significantly change within the next twelve months.

There were no material changes in the amount of unrecognized tax benefits as of March 31, 2007. In April 2007, the Company anticipates a reduction to unrecognized tax benefits in the amount of $0.1 million, as a result of a lapse of the applicable statue of limitations.

The Company is subject to taxation in the US and various states and foreign jurisdictions. The tax years 1997-2006 remain open to examination by the federal and most state tax authorities due certain acquired net operating loss and overall credit carryforward positions.

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. Such forward-looking statements also include statements regarding our future gross margin, our future research and development expenses, our future selling, general and administrative expenses, 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, or 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, 2006.

OVERVIEW

PLX was founded in 1986, and between 1994 and 2002 we focused on the development of I/O interface semiconductors and related software and development tools that are used in systems incorporating the PCI standard. In 1994 and 1995, a significant portion of our revenues were derived from the sale of semiconductor devices that perform similar functions as our current products, except they were based on a variety of industry standards. Our revenues since 1996 have been derived predominantly from the sale of semiconductor devices based on the PCI standard to a large number of customers in a variety of applications including networking and telecommunications, enterprise storage, imaging, industrial and other embedded applications as well as in related adapter cards. In 2002, we shifted the majority of our development efforts to PCI Express. In September 2004, we began shipping products based on the PCI Express standard for next-generation systems.

We utilize a "fabless" semiconductor business model whereby we purchase wafers or 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.

Our gross margins have fluctuated in the past and are expected to fluctuate in the future due to changes in product and customer mix, write-downs and recoveries of excess or obsolete inventory, the position of our products in their respective life cycles, and specific product manufacturing costs.

The time period between initial customer evaluation and design completion can range from six to twelve months or more. 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 introduce new products. While new products typically generate little or no revenues 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.

RESULTS OF OPERATIONS

The following table summarizes historical results of operations as a percentage of net revenues for the periods shown.

	Three Months Ended March 31,	
	2007	2006
Net revenues	100.0%	100.0%

Cost of revenues	39.0	37.5
Gross margin	61.0	62.5
Operating expenses:		
Research and development	30.8	25.4
Selling, general and administrative	33.1	28.4
Amortization of purchased intangible assets	2.4	2.6
Total operating expenses	66.3	56.4
Income (loss) from operations	(5.3)	6.1
Interest income and other, net	3.1	1.7
Income (loss) before provision for income taxes	(2.2)	7.8
Provision (benefit) for income taxes	(0.7)	0.2
Net income (loss)	(1.5)%	7.6%

Net Revenues

Net revenues consist of product revenues generated principally by sales of our semiconductor devices. Net revenues for the three months ended March 31, 2007 were $18.6 million, a decrease of 6.8% from $20.0 million for the three months ended March 31, 2006. The decrease was due primarily to an additional $2.8 million in revenues recognized in the first quarter of 2006 as a result the change from the sell-through to the sell-in basis of revenue recognition and the decreased sales of our USB products, partially offset by increased sales of our PCI Express products and our PCI I/O devices. For the three months ended March 31, 2007 and 2006, sales of our PCI Express products accounted for 26.9% and 19.3%, respectively, of our total net revenues.

For the three months ended March 31, 2007, two distributors accounted for 31% and 11% of net revenues. For the same period in 2006, two distributors accounted for 27% and 10%, respectively, of net revenues. For both of these periods, no other individual direct customer or distributor represented greater than 10% of net revenues.

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 sustainability of improved customer demand is uncertain and highly dependent on economic conditions. The high turns fill orders requirement 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) package, 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.

Gross margin for the three months ended March 31, 2007 was 61.0%, as compared to 62.5% for the same period in 2006. In absolute dollars, gross margin decreased by $1.1 million or 9.0% to $11.4 million for the three months ended March 31, 2007 from $12.5 million for the same period in 2006. Excluding the $1.9 million increase in gross margin from our change in revenue recognition to distributors in the first quarter of 2006, gross margin would have increased in absolute dollars by $0.8 million due to higher product shipments but decreased by 0.6 percentage points due to shifts in our product mix.

Future gross profit and gross margin are highly dependent on the product and customer mix, write-downs and recoveries of excess or obsolete 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 salaries, share-based compensation and related costs of employees engaged in research, design, and development activities. In addition, expenses for outside engineering consultants and non-recurring engineering at our independent foundries are included in R&D expenses.

R&D as a percentage of net revenues increased to 30.8% for the three months ended March 31, 2007, as compared to 25.4% for the same period in 2006. In absolute dollars, R&D expenses increased by $0.6 million or 13.1% to $5.7 million for the three months ended March 31, 2007 from $5.1 million for the same period in 2006. The increase in R&D as a percentage of revenue is due to lower revenues and higher R&D spending. The increase in absolute dollars is primarily due to additional tape-out related expenses as we successfully completed product designs and increased spending on external engineering tools.

We believe continued spending on research and development to develop new products is critical to our success and, consequently, expect research and development expenses to increase in absolute dollars in future periods.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses consist primarily of salaries, share-based compensation and related costs of employees engaged in selling and administrative activities, professional fees, trade show and other promotional expenses, as well as sales commissions to manufactures’ representatives.

SG&A as a percentage of net revenues increased to 33.1% for the three months ended March 31, 2007, as compared to 28.4% for the same period in 2006. In absolute dollars, SG&A expenses increased by $0.5 million or 8.7% to $6.2 million for the three months ended March 31, 2007 from $5.7 million for the same period in 2006. The increase in SG&A as a percentage of revenue is due to lower revenues and higher SG&A spending. The increase in absolute dollars is due to increases in (1) compensation and benefit expenses of approximately $0.5 million resulting from higher headcount, (2) travel expenses of approximately $0.1 million and (3) professional fees of approximately $0.1 million. This was partially offset by a decrease of approximately $0.1 million in sales commissions to manufacturer’s representatives as a result of reduced commission rates.

We expect SG&A expenses in absolute dollars to likely increase in future periods.

Amortization of Purchased Intangible Assets

Amortization of purchased intangible assets consists of amortization expense related to developed/core technology and customer base acquired as a result of the HiNT Corporation acquisition in May 2003 and NetChip Technology, Inc. acquisition in May 2004. Amortization of purchased intangible assets decreased by $0.1 million or 14.1% to $0.4 million for the three months ended March 31, 2007 from $0.5 million for the same period in 2006. The decrease is due to customer base acquired as a result of the HiNT Corporation acquisition in May 2003 becoming fully amortized in May 2006.

Interest Income and Other, Net

Interest income reflects interest earned on cash, cash equivalents and short-term and long-term investment balances. Interest income and other increased by $0.3 million to $0.6 million for the three months ended March 31, 2007 from $0.3 million from the same period in 2006. The increase was primarily due to higher cash and investment balances and higher interest rates.

Provision for Income Taxes

Net income tax benefit of $129,000 has been recorded for the three month period ended March 31, 2007, compared to income tax expense of $43,000 for the same period in 2006. Income tax benefit for the three months ended March 31, 2007 is a result of applying the estimated annual effective tax rate to cumulative loss before taxes. For the same period in 2006, the provision for income taxes related to federal alternative minimum tax, miscellaneous state income taxes and foreign income taxes currently payable.

Deferred tax assets are recognized when there is sufficient evidence that it is more likely than not that such deferred tax assets will be realized. We have determined that such evidence does not currently exist. Therefore, a full valuation allowance has been established to reserve our net deferred tax assets. In light of current operating results, we are evaluating the realizability of the asset balance in conjunction with reviewing our forecasts for the current and future periods and upon completing this analysis, we will determine whether it is appropriate to adjust the valuation allowance.

We adopted FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes* (“FIN 48”), at the beginning of calendar year 2007. As a result of the implementation of FIN 48, we recognized no material adjustment in the liability for unrecognized income tax benefits. We have unrecognized tax benefits of approximately $1.9 million as of January 1, 2007, of which, $0.1 million, if recognized, would result in a reduction of our effective tax rate. Future changes in the remaining 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 have any material accrued interest or penalties associated with any unrecognized tax benefits. Other than as discussed below, we do not believe it is reasonably possible that our unrecognized tax benefits will significantly change within the next twelve months

There are no material changes in the amounts of unrecognized tax benefits as of March 31, 2007. In April 2007, we anticipate a reduction to unrecognized tax benefits in the amount of $0.1 million, as a result of a lapse of the applicable statue of limitations.

We are subject to taxation in the US and various states and foreign jurisdictions. The tax years 1997-2006 remain open to examination by the federal and most state tax authorities due certain net operating loss and credit carryforward positions.

Liquidity and Capital Resources

In summary, our cash flows were (in thousands):

	Three Months Ended

	March 31,	
	2007	2006
Net cash provided by (used in) operating activities	$ 2,707	$ (914)
Net cash provided by (used in) investing activities	(3,081)	6,931
Net cash provided by financing activities	138	1,511
Effect of exchange rate fluctuations on cash and cash equivalents	(14)	(2)

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 March 31, 2007 cash, cash equivalents, short-term and long-term marketable securities were $45.1 million, an increase of $2.8 million from $42.3 million at December 31, 2006.

Cash provided by operating activities primarily consists of net income (loss) adjusted for certain non-cash items including depreciation, amortization of purchased intangible assets, share-based compensation expense, other non-cash items, and the effect of changes in working capital and other activities. Cash provided by operating activities for the three months ended March 31, 2007 of $2.7 million consisted primarily of a net loss of $0.3 million adjusted for non-cash items of $2.0 million and $1.0 million provided by working capital and other activities. Cash used in operating activities for the three months ended March 31, 2006 of $0.9 million consisted primarily of net income of $1.5 million adjusted for non-cash items of $13,000, partially offset by $2.5 million used in working capital and other activities.

Cash used in investing activities for the three months ended March 31, 2007 of $3.1 million was primarily due to cash used in purchases of marketable securities (net of sales and maturities of investments) of $3.0 million and capital expenditures of $0.1 million. Capital expenditures have generally comprised of purchases of computer hardware, software, server equipment and furniture and fixtures, and are currently expected to modestly increase in 2007. Cash provided by investing activities for the three months ended March 31, 2006 of $6.9 million was primarily due to proceeds from sales and maturities (net of purchases) of investments in marketable securities of $7.2 million, partially offset by capital expenditures of $0.3 million.

Cash provided by financing activities for the three months ended March 31, 2007 of $0.1 million was due to proceeds from the exercise of stock options. Cash provided by financing activities for the three months ended March 31, 2006 of $1.5 million was due to proceeds from the exercise of stock options.

The negative effect of exchange rates on cash and cash equivalents for the three months ended March 31, 2007 and 2006 was due to the weakening of the U.S. dollar against other foreign currencies.

In September 2002, our Board of Directors authorized the repurchase of up to 2,000,000 shares of common stock. At the discretion of the management, we can repurchase the shares from time to time in the open market or in privately negotiated transactions. Approximately 774,000 shares had been repurchased for approximately $1.9 million in cash in 2003. We did not repurchase any shares in 2004, 2005 or 2006, or during the three month period ended March 31, 2007.

There were no significant changes in contractual obligations and commercial commitments outstanding as of March 31, 2007 when compared to December 31, 2006.

We believe that our existing resources, together with cash generated from our operations 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. From time to time, we may also evaluate potential acquisitions and equity investments complementary to our technologies and market strategies. 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 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 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.

In the first quarter ended March 31, 2006, we completed an evaluation of our revenue recognition methodology and concluded that it was more appropriate to recognize revenues on sales to distributors at the time of shipment to a distributor (also referred to as the sell-in basis of recognizing revenue). Prior to the first quarter, we recognized revenues on sales to distributors when the distributor resold the product to its end customer (also referred to as the sell-through basis of recognizing revenue). SFAS No. 48, *Revenue Recognition When Right of Return Exists*, sets forth conditions that must be met to recognize revenue at the time of shipment. Among those conditions is that a company that provides a right of return or pricing concession to a buyer be able to reasonably estimate the amount of future returns or pricing concessions. In the past, we had concluded that we did not meet this condition and therefore used the sell-through basis of revenue recognition. In the first quarter of 2006, we concluded that we are able to reasonably estimate returns and pricing concessions, and therefore have implemented the sell-in method of accounting for sales to distributors. We recognized an additional $2.8 million in revenues during the first quarter of 2006 due to this change resulting in an increase to diluted earnings per share of $0.06.

We offer pricing protection to a single distributor whereby we support the distributor's resale product margin on certain products held in the distributor's inventory. In general, we analyze current requests for credit in process, also known as ship and debits, inventory at the distributor and credit expectations to determine the ending sales reserve required for this program. Reserves are reduced directly from revenue and recorded as a reduction to accounts receivable. In addition, we offer stock rotation rights to several 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. In general, we analyze current stock rotation requests and past experience to determine the ending sales reserve required for this program.

As of March 31, 2007, we have controls in place to monitor sales returns from and pricing concessions to our distributors. We use data from a variety of controls, such as monthly monitoring of distributor inventory levels, Returns Material Authorization controls, and regular monitoring of distributor pricing concession and product rotation requests. We use this data to arrive at a reasonable estimate on sales returns from and pricing concessions to our distributors.

Inventory Valuation

We evaluate the need for potential write-downs for inventory by considering a combination of factors. Based on the life of the product, sales history, obsolescence, and sales forecast, we may record write-downs to our inventory of up to 100%. Any adverse changes to our future product demand may result in increased write-downs, 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 thirty days. 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 affect on our results of operations in the period in which such changes or events occur. Historically, our write-offs have been insignificant.

Share-Based Compensation

Upon adoptions of SFAS 123R on January 1, 2006, we began estimating the value of employee stock options on the date of grant using the Black-Scholes model. Prior to the adoption of SFAS 123R, the value of each employee stock option was estimated on the date of grant using the Black-Scholes model for the purpose of the pro forma financial disclosure in accordance with SFAS 123. 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 calculated our expected volatility assumption required in the Black-Scholes model by blending the historical volatility of our stock with the implied volatility for traded options on our stock. As of January 1, 2006 we have adopted the modified prospective transition method and its effect is included in our first quarter 2006 financial statements.

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 March 31, 2007, we carried a valuation allowance for the entire deferred tax asset as a result of uncertainties regarding the realization of the asset balance. In light of current operating results, we are evaluating the realizability of the asset balance in conjunction with reviewing our forecasts for the current and future periods and upon completing this analysis, we will determine whether it is appropriate to adjust 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

We have an investment portfolio comprised of fixed income securities, including amounts classified as cash equivalents, short-term investments and long-term investments. Our investment portfolio totaled $41.3 million at March 31, 2007. 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. While our investment policy allows us to invest in high quality, short-term and long-term debt instruments, our investment portfolio as of March 31, 2007 is comprised of cash equivalents, short-term investments and long-term investments. A hypothetical 100 basis point increase in interest rates would result in less than a $0.2 million 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 March 31, 2007, our 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 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 significant 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 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, 2006, and are restated in full.

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 a significant customer(s),
- 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 economic 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. 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. For the three months ended March 31, 2007, two distributors accounted for 31% and 11% of net revenues. For the same period in 2006, two distributors accounted for 27% and 10%, respectively, of net revenues. For both of these periods, no other individual direct customer or distributor represented greater than 10% of net revenues.

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 -- Competition," and "-- Products" in Part I of Item I of our Form 10-K for the year ended December 31, 2006.

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 principally located in Japan, Taiwan, Singapore and Malaysia, 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.

None 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 this product 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.

Customers Are Requiring That We Offer Our Products In Lead-Free Packages

Governmental regulations in certain countries and customers' intention to produce products that are less harmful to the environment has resulted in a requirement from many of our customers to purchase integrated circuits that do not contain lead. We have responded by offering our products in lead-free versions. While the lead-free versions of our products are expected to be more friendly to the environment, the ultimate impact is uncertain. The transition to lead-free products may produce sudden changes in demand depending on the packaging method used, which may result in excess inventory of products packaged using traditional methods. This may have an adverse affect on our results of operations. In addition, the quality, cost and manufacturing yields of the lead-free products may be less favorable compared to the products packaged using more traditional materials which may result in higher costs to us.

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 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 three months ended March 31, 2007 and 2006, sales through distributors accounted for approximately 69% and 71%, respectively, of our 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, PCI-X, USB and PCI Express 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.

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. While there is currently no intellectual property litigation pending against us, litigation could result in significant expenses to us and adversely affect sales of the challenged product or technology. This litigation could also divert the efforts of our technical and management personnel, whether or not the litigation is determined in our favor. In addition, 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.

Our Potential Future Acquisitions May Not Be Successful Because Of Our Limited Experience With Acquisitions In The Past

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

- potentially dilutive issuances of equity securities,
- large acquisition-related write-offs,
- 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,
- diversion of management's attention from other business concerns,
- risks of entering geographic and business markets in which we have no or limited prior experience, and
- potential loss of key employees of acquired organizations.

We have had limited experience with acquisitions in the past and may not be able to successfully integrate any businesses, products, technologies or personnel that may be acquired in the future. Our failure to do so could have a material adverse effect on our business.

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 69% of our revenues for the three months ended March 31, 2007. In 2006, 2005, and 2004, sales outside of The United States accounted for approximately 75%, 72%, and 71% of our revenues, respectively. Sales outside of The United States may fluctuate in future periods and may continue 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.

A Downturn In The Global Economy May Adversely Affect Our Revenues, Results Of Operations And Financial Condition

Demand for semiconductor components is increasingly dependent upon the rate of growth in the global economy. If the rate of global economic growth slows, or contracts, customer demand for products could be adversely affected, which in turn could adversely affect revenues, results of operations and financial condition. Many factors could adversely affect regional or global economic growth. Some of the factors that could slow global economic growth include: rising interest rates in the United States, a slowdown in the rate of growth of the Chinese economy, a significant act of terrorism which disrupts global trade or consumer confidence, and geopolitical tensions including war and civil unrest. Reduced levels of economic activity, or disruptions of international transportation, could adversely affect sales on either a global basis or in specific geographic regions.

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
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 Finanical 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.

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: May 7,
2007

/s/ Arthur O. Whipple

Arthur O. Whipple
Chief Financial Officer
& #160; *(Principal Financial Officer)*

EXHIBIT INDEX

Exhibit Number	Description
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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 Finanical 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.

Exhibit 31.1

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

I, Michael J. Salameh, 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: May 7, 2007

By: /s/ Michael J. Salameh
Michael J. Salameh
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: May 7, 2007

By: /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 March 31, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, Michael J. Salameh, 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: May 7, 2007

By: /s/ Michael J. Salameh
Michael J. Salameh
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 March 31, 2007 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: May 7, 2007

By: /s/ Arthur O. Whipple
Arthur O. Whipple
Chief Financial Officer