



Contact:

Ehud Helft / Fiona Darmon
CCGK Investor Relations
info@gkir.com
Tel: (US) 1 646 797 2868 / 1 646 201 9246

FOR IMMEDIATE RELEASE

**EZCHIP INCREASES PROFITABILITY, WITH REVENUES EXCEEDING
\$9 MILLION IN THIRD QUARTER 2008**

Yokneam, Israel, November 6, 2008 -- EZchip Semiconductor Ltd. (NASDAQ: EZCH) (formerly LanOptics Ltd.), a provider of network processors, today announced its results for the third quarter ended September 30, 2008.

Third Quarter 2008 Highlights:

- Third quarter revenues increased 72% year-over-year and 13% sequentially, exceeding \$9.0 million
- Gross margin for the quarter reached 61.7% on GAAP basis and 68.9% on non-GAAP basis
- Net income of \$0.8 million on GAAP basis and \$2.4 million on non-GAAP basis
- Cash position totals \$44.4 million at the end of September 2008

Third Quarter Results:

Total revenues in the third quarter of 2008 were \$9.0 million, an increase of 72% compared to \$5.2 million in the third quarter of 2007, and an increase of 13% compared to \$8.0 million in the second quarter of 2008.

Net income on a GAAP basis for the third quarter of 2008 was \$0.8 million, or \$0.03 per share (diluted), compared to a **net loss** of \$0.8 million, or \$0.05 loss per share, in the third quarter of 2007, and a **net loss** of \$0.1 million, or \$0.01 loss per share, in the second quarter of 2008.

Net income on a non-GAAP basis for the third quarter of 2008 was \$2.4 million, or \$0.09 per share (diluted), compared with non-GAAP net income of \$0.4 million, or \$0.02 per share (diluted), in the third quarter of 2007, and non-GAAP net income of \$1.3 million, or \$0.05 per share (diluted), in the second quarter of 2008.

Cash, cash equivalents and marketable securities as of September 30, 2008, totaled \$44.4 million compared to \$44.1 million as of June 30, 2008.

“This quarter marked another quarter of achieving new business and financial milestones. We continue to generate strong top line growth, while reaching record gross margin levels as we steadily enhance our product mix. This quarter also marks our fifth consecutive profitable quarter on a non-GAAP basis, and our first profitable quarter on a GAAP basis, another true achievement in our maturity process,” **commented Eli Fruchter, CEO of EZchip Technologies.** “On the business front, we also saw substantial progress as we completed the testing of our mainstream NP-3 network processor. Both versions of the NP-3 network processor are now in pre-production phase and we expect to see our NP-3 customers moving to volume production in the near future.”

“Looking ahead, we intend to continue to leverage our strong technological expertise, sound product base, and healthy financial position to continue to build and develop the Company, enabling us to drive revenue growth and margin expansion throughout 2009 and beyond,” **concluded Mr. Fruchter.**

Conference Call

The Company will be hosting a conference call today, November 6, 2008, at 10:00am ET, 07:00am PDT, 03:00pm UK time and 05:00pm Israel time. On the call, management will review and discuss the results, and will be available to answer investor questions.

To participate through live webcast, please access the corporate website, <http://www.ezchip.com>, at least 10 minutes before the conference call commences.

To participate through dial-in, please call one of the following teleconferencing numbers. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number:	1 888 935 4577;
International Dial-in Number (US):	+1 718 354 1389;
Israel Dial-in Number:	1 809 246 002

For those unable to listen to the live call, a replay of the call will be available the day after the call under the 'Investor Relations' section of the website.

Use of Non-GAAP Financial Information

In addition to disclosing financial results calculated in accordance with United States generally accepted accounting principles (GAAP), this release of operating results also contains non-GAAP financial measures, which EZchip Semiconductor believes are the principal indicators of the operating and financial performance of its business. The non-GAAP financial measures exclude the effects of stock-based compensation expenses recorded in accordance with SFAS 123R, amortization of intangible assets, in-process research and development charge and minority interest in loss of EZchip Technologies. Management believes the non-GAAP financial measures provided are useful to investors' understanding and assessment of EZchip on-going core operations and prospects for the future, as the charges eliminated are not part of the day-to-day business or reflective of the core operational activities of the Company. Management uses these non-GAAP financial measures as a basis for strategic decisions, forecasting future results and evaluating the Company's current performance. However, such measures should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Reconciliation of the non-GAAP measures to the most comparable GAAP measures are provided in the schedules attached to this release.

ABOUT EZCHIP

EZchip is a fabless semiconductor company that provides Ethernet network processors for networking equipment. EZchip provides its customers with solutions that scale from 1-Gigabit to 100-Gigabits per second with a common architecture and software across all products. EZchip's network processors provide the flexibility and integration that enable triple-play data, voice and video services in systems that make up the new Carrier Ethernet networks. Flexibility and integration make EZchip's solutions ideal for building systems for a wide range of applications in telecom networks, enterprise backbones and data centers. For more information on our company, visit the web site at <http://www.ezchip.com>.



EZchip Semiconductor Ltd.
1 Hatamar Street, P.O. Box 527, Yokneam 20692, Israel
Phone: (972) 4-959-6666; Fax: (972) 4-959-4166
Email: info@ezchip.com; Web: www.ezchip.com

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that are not historical facts and may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. These statements are only predictions based on EZchip's current expectations and projections about future events. There are important factors that could cause EZchip's actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Those factors include, but are not limited to, the impact of competitive products, product demand and market acceptance risks, customer order cancellations, reliance on key strategic alliances, fluctuations in operating results, delays in development of highly-complex products and other factors indicated in EZchip's filings with the Securities and Exchange Commission (SEC). For more details, refer to EZchip's SEC filings and the amendments thereto, including its Annual Report on Form 20-F/A filed on September 18, 2008 and its Current Reports on Form 6-K. EZchip undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in our expectations, except as may be required by law.

-- FINANCIAL TABLES FOLLOW --



EZchip Semiconductor Ltd.
Condensed Consolidated Statements of Operations
 (U.S. Dollars in thousands, except per share amounts)
 (Unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2008	June 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Revenues	\$ 9,023	\$ 8,008	\$ 5,240	\$ 23,981	\$ 13,753
Cost of revenues	2,958	2,835	2,048	8,934	5,634
Amortization of purchased technology	496	479	234	1,586	990
Gross profit	<u>5,569</u>	<u>4,694</u>	<u>2,958</u>	<u>13,461</u>	<u>7,129</u>
Operating expenses:					
Research and development, net	3,216	3,341	1,945	9,515	6,272
In-process research and development charge	--	--	396	5,125	396
Selling, general and administrative	1,973	1,812	1,470	5,500	4,532
Total operating expenses	<u>5,189</u>	<u>5,153</u>	<u>3,811</u>	<u>20,140</u>	<u>11,200</u>
Operating income/(loss)	<u>380</u>	<u>(459)</u>	<u>(853)</u>	<u>(6,679)</u>	<u>(4,071)</u>
Financial and other income, net	396	318	68	1,005	131
Income/(loss) before minority interest	<u>776</u>	<u>(141)</u>	<u>(785)</u>	<u>(5,674)</u>	<u>(3,940)</u>
Minority interest in loss of EZchip Technologies	16	8	17	37	428
Net income/(loss)	<u>\$ 792</u>	<u>\$ (133)</u>	<u>\$ (768)</u>	<u>\$ (5,637)</u>	<u>\$ (3,512)</u>
Net income/(loss) per share:					
Basic	\$ 0.03	\$ (0.01)	\$ (0.05)	\$ (0.25)	\$ (0.22)
Diluted	\$ 0.03	\$ (0.01)	\$ (0.05)	\$ (0.25)	\$ (0.22)
Weighted average shares used in per share calculation:					
Basic	23,337,336	23,336,718	16,301,375	22,934,305	15,932,795
Diluted	<u>23,400,877</u>	<u>23,336,718</u>	<u>16,301,375</u>	<u>22,934,305</u>	<u>15,932,795</u>



EZchip Semiconductor Ltd.
Reconciliation of GAAP to Non-GAAP Measures
 (U.S. Dollars in thousands, except per share amounts)
 (Unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2008	June 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
GAAP gross profit	\$ 5,569	\$ 4,694	\$ 2,958	\$ 13,461	\$ 7,129
Stock-based compensation	32	32	7	84	24
Amortization of purchased tangible & intangible assets	612	586	264	2,161	1,094
Non-GAAP gross profit	\$ 6,213	\$ 5,312	\$ 3,229	\$ 15,706	\$ 8,247
GAAP gross profit as percentage of revenues	61.7%	58.6%	56.5%	56.1%	51.8%
Non-GAAP gross profit as percentage of revenues	68.9%	66.3%	61.6%	65.5%	60.0%
GAAP operating expenses	\$ 5,189	\$ 5,153	\$ 3,811	\$ 20,140	\$ 11,200
Stock-based compensation:					
Research and development	(430)	(430)	(99)	(1,166)	(1,070)
Selling, general and administrative	(431)	(299)	(324)	(964)	(1,085)
Amortization of purchased intangible assets:					
In-process research and development charge	--		(396)	(5,125)	(396)
Selling, general and administrative	(118)	(120)	(9)	(356)	(26)
Non-GAAP operating expense	\$ 4,210	\$ 4,304	\$ 2,983	\$ 12,529	\$ 8,623
GAAP operating income/(loss)	\$ 380	\$ (459)	\$ (853)	\$ (6,679)	\$ (4,071)
Non-GAAP operating income/(loss)	\$ 2,003	\$ 1,008	\$ 246	\$ 3,177	\$ (376)
GAAP net income/(loss)	\$ 792	\$ (133)	\$ (768)	\$ (5,637)	\$ (3,512)
Stock-based compensation	893	761	430	2,214	2,179
Amortization of purchased assets and discount on long-term loan	730	706	344	2,517	1,315
In-process research and development charge	--	--	396	5,125	396
Minority interest in loss of EZchip Technologies	(16)	(8)	(17)	(37)	(428)
Non-GAAP net income/(loss)	\$ 2,399	\$ 1,326	\$ 385	\$ 4,182	\$ (50)
Non-GAAP net income/(loss) per share - Diluted	\$ 0.09	\$ 0.05	\$ 0.02	\$ 0.16	\$ (0.00)
Non-GAAP weighted average shares - Diluted*	23,547,840	23,459,692	16,419,404	23,022,404	15,932,795

* In calculating diluted non-GAAP net income per share, the diluted weighted average number of shares outstanding excludes the effects of stock-based compensation expenses in accordance with SFAS 123R.



EZchip Semiconductor Ltd.
Condensed Consolidated Balance Sheet
(U.S. Dollars in thousands)

	September 30, 2008	December 31, 2007
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and marketable securities	\$ 44,414	\$ 42,628
Trade receivables, net	5,445	2,877
Other receivables	953	1,180
Inventories	3,197	3,109
Total current assets	<u>54,009</u>	<u>49,794</u>
LONG-TERM INVESTMENTS:		
Prepaid development and production costs, net	51	148
Severance pay fund	3,478	2,640
Total long-term investments	<u>3,529</u>	<u>2,788</u>
PROPERTY AND EQUIPMENT, NET	307	394
Goodwill	96,276	49,533
Intangible assets, net	7,308	2,736
TOTAL ASSETS	<u><u>\$ 161,429</u></u>	<u><u>\$ 105,245</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 792	\$ 254
Other payables and accrued expenses	4,230	3,524
Total current liabilities	<u>5,022</u>	<u>3,778</u>
LONG TERM LIABILITIES:		
Accrued severance pay	4,352	3,272
EMPLOYEE STOCK OPTIONS IN EZCHIP TECHNOLOGIES	2,623	2,141
PREFERRED SHARES IN EZCHIP TECHNOLOGIES	--	23,770
SHAREHOLDERS' EQUITY:		
Share capital	134	106
Additional paid-in capital	246,586	162,233
Accumulated other comprehensive loss	(1,607)	(11)
Accumulated deficit	(95,681)	(90,044)
Total shareholders' equity	<u>149,432</u>	<u>72,284</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>\$ 161,429</u></u>	<u><u>\$ 105,245</u></u>

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