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FOR IMMEDIATE RELEASE

**EZCHIP ANNOUNCES RECORD SECOND QUARTER REVENUES OF
\$8 MILLION AND SIGNIFICANT GROWTH IN NON-GAAP PROFITABILITY**

Corporate name changed to EZchip Semiconductor Ltd.

Yokneam, Israel, August 4, 2008 -- EZchip Semiconductor Ltd. (NASDAQ: EZCH) (formerly LanOptics Ltd.), a provider of network processors, today announced its results for the quarter ended June 30, 2008.

Second Quarter 2008 Highlights:

- Second quarter revenues increased 74% year-over-year and 15% sequentially
- Gross margin for the quarter improved to 58.6% on a GAAP basis and 66.3% on non-GAAP basis
- Net loss for the quarter totaled \$0.1 million on a GAAP basis
- Non-GAAP net income for the quarter of \$1.3 million
- Delivered samples of the NP-3 Network Processor to customers
- Changed company name from LanOptics Ltd. to EZchip Semiconductor Ltd.

Total revenues in the second quarter of 2008 were \$8.0 million, an increase of 74% compared to \$4.6 million in the second quarter of 2007, and an increase of 15% compared to \$7.0 million in the first quarter of 2008.

Net results. On a **GAAP basis**, net loss for the second quarter of 2008 narrowed to \$0.1 million, or \$0.01 per share, compared to a net loss of \$1.6 million, or \$0.10 per share, in the second quarter of 2007, and a net loss of \$6.3 million, or \$0.28 per share, in the first quarter of 2008. Net income on a **non-GAAP basis** for the second quarter of 2008 grew to \$1.3 million, or \$0.05 per share (diluted), compared with a non-GAAP net loss of \$0.1 million, or \$0.01 per share, in the second quarter of 2007, and non-GAAP net income of \$0.5 million, or \$0.02 per share (diluted), in the first quarter of 2008.

Cash, cash equivalents and marketable securities as of June 30, 2008 totaled \$44.1 million compared to \$44.7 million as of March 31, 2008. Cash was used in the quarter for general working capital requirements; mainly non recurring engineering (NRE) payments associated with the sampling of the NP-3 network processor and the continued progress of the NPA network processor.

“I am very pleased with our performance in the second quarter of 2008, which was another record quarter for the company,” **commented Eli Fruchter, CEO of EZchip.** “We experienced a strong year-over-year and sequential ramp in revenues, primarily driven by demand for our NP-2 network processor. We also experienced a strong improvement in our gross margins, due to a favorable product and customer mix in the quarter, as well as initial royalty-related revenues. During the quarter, we also began shipping samples of our mainstream NP-3 network processor to customers. Based on our current test results, we expect to commence production of the chip in the near future. In

addition, the recent change of our corporate name from LanOptics to EZchip Semiconductor is a milestone in our corporate history and concludes a long process of simplifying our corporate structure under the unified EZchip brand name.”

Conference Call

The Company will be hosting a conference call today, August 4, 2008, at 10:00am ET, 07:00am PT, 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 our website: <http://www.ezchip.com>, at least 5 minutes before the conference call commences.

To participate through the dial-in, please call one of the following teleconferencing numbers. Please begin placing your call 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: +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 we 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 charges recorded in accordance with SFAS 123R, amortization of purchased tangible and intangible assets, in-process research and development charge, amortization of discount on long-term loan and minority interest in loss of EZchip Technologies. Management believes the non-GAAP financial measures provided are useful to investors' understanding and assessment of our 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>.

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 filed on March 27, 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)

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2008</u>	<u>March 31,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2007</u>
Revenues	\$ 8,008	\$ 6,950	\$ 4,608	\$ 14,958	\$ 8,513
Cost of revenues	2,835	3,141	1,918	5,976	3,586
Amortization of purchased technology	479	611	258	1,090	756
Gross profit	4,694	3,198	2,432	7,892	4,171
Operating expenses:					
Research and development, net	3,341	2,958	2,630	6,299	4,327
In-process research and development charge	--	5,125	--	5,125	--
Selling, general and administrative	1,812	1,715	1,865	3,527	3,062
Total operating expenses	5,153	9,798	4,495	14,951	7,389
Operating loss	(459)	(6,600)	(2,063)	(7,059)	(3,218)
Financial and other income, net	318	291	35	609	63
Loss before minority interest	(141)	(6,309)	(2,028)	(6,450)	(3,155)
Minority interest in loss of EZchip Technologies	8	13	391	21	411
Net loss	<u>\$ (133)</u>	<u>\$ (6,296)</u>	<u>\$ (1,637)</u>	<u>\$ (6,429)</u>	<u>\$ (2,744)</u>
Net loss per share	\$ (0.01)	\$ (0.28)	\$ (0.10)	\$ (0.28)	\$ (0.17)
Weighted average number of shares used in per share calculation	23,336,718	22,112,432	15,780,583	22,730,575	15,744,931

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

	Three Months Ended			Six Months Ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
GAAP gross profit	\$ 4,694	\$ 3,198	\$ 2,432	\$ 7,892	\$ 4,171
Stock-based compensation	32	20	10	52	17
Amortization of purchased tangible & intangible assets	586	963	275	1,549	830
Non-GAAP gross profit	\$ 5,312	\$ 4,181	\$ 2,717	\$ 9,493	\$ 5,018
GAAP gross profit as percentage of revenues	58.6%	46.0%	52.8%	52.8%	49.0%
Non-GAAP gross profit as percentage of revenues	66.3%	60.2%	59.0%	63.5%	58.9%
GAAP operating expenses	\$ 5,153	\$ 9,798	\$ 4,495	\$ 14,951	\$ 7,389
Stock-based compensation:					
Research and development	(430)	(306)	(862)	(736)	(971)
Selling, general and administration	(299)	(234)	(683)	(533)	(761)
Amortization of purchased intangible assets:					
In-process research and development charge	--	(5,125)	--	(5,125)	--
Selling, general and administration	(120)	(118)	(8)	(238)	(17)
Non-GAAP operating expenses	\$ 4,304	\$ 4,015	\$ 2,942	\$ 8,319	\$ 5,640
GAAP operating loss	\$ (459)	\$ (6,600)	\$ (2,063)	\$ (7,059)	\$ (3,218)
Non-GAAP operating income/ (loss)	\$ 1,008	\$ 166	\$ (225)	\$ 1,174	\$ (622)
GAAP net loss	\$ (133)	\$ (6,296)	\$ (1,637)	\$ (6,429)	\$ (2,744)
Stock-based compensation	761	560	1,556	1,321	1,749
Amortization of purchased assets and discount on long-term loan	706	1,081	345	1,787	971
In-process research and development charge		5,125		5,125	
Minority interest in loss of EZchip Technologies	(8)	(13)	(391)	(21)	(411)
Non-GAAP net income/(loss)	\$ 1,326	\$ 457	\$ (127)	\$ 1,783	\$ (435)
Non-GAAP net income/(loss) per share - Diluted	\$ 0.05	\$ 0.02	\$ (0.01)	\$ 0.07	\$ (0.03)
Non-GAAP weighted average shares – Diluted *	23,459,692	22,169,404	15,780,583	22,791,099	15,744,931

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

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

	<u>June 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS:		
Cash, cash equivalents and marketable securities	\$ 44,113	\$ 42,628
Trade receivables, net	5,101	2,877
Other receivables	802	1,180
Inventories	<u>2,787</u>	<u>3,109</u>
Total current assets	52,803	49,794
LONG-TERM INVESTMENTS:		
Prepaid development and production costs, net	101	148
Severance pay fund	<u>3,374</u>	<u>2,640</u>
Total long-term investments	3,475	2,788
PROPERTY AND EQUIPMENT, NET	311	394
Goodwill	96,276	49,533
Intangible assets, net	7,924	2,736
TOTAL ASSETS	<u>\$ 160,789</u>	<u>\$ 105,245</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 744	\$ 254
Other payables and accrued expenses	<u>4,200</u>	<u>3,524</u>
Total current liabilities	4,944	3,778
LONG TERM LIABILITIES:		
Accrued severance pay	4,234	3,272
EMPLOYEE STOCK OPTIONS IN EZCHIP TECHNOLOGIES	2,472	2,141
PREFERRED SHARES IN EZCHIP TECHNOLOGIES	--	23,770
SHAREHOLDERS' EQUITY:		
Share capital	134	106
Additional paid-in capital	245,843	162,233
Accumulated other comprehensive loss	(365)	(11)
Accumulated deficit	<u>(96,473)</u>	<u>(90,044)</u>
Total shareholders' equity	149,139	72,284
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 160,789</u>	<u>\$ 105,245</u>

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