

LETTER TO STOCKHOLDERS



Fiscal year 2004 marked the tenth anniversary of QLogic Corporation, as well as another year of record revenues and profit. Net revenues increased 19% year-over-year to \$524 million, while net income increased 29% year-over-year to \$134 million, or \$1.39 per diluted share. The Company finished

the fiscal year with a strong balance sheet including cash and short-term investments totaling a record \$743 million.

The year was also highlighted by important achievements in market and product leadership. According to IDC, for the first time ever, QLogic achieved the number one position in Fibre Channel HBA market share, with 43% of HBA ports shipped during 2003. In doing so, the Company led the market in the following categories of year-over-year growth: 70% growth in port shipments and 59% growth in HBA shipments. In addition to its leadership position in the HBA market, QLogic demonstrated product leadership in the switch market with the introduction of the SANbox® 5200, the industry's first Fibre Channel stackable switch, and the industry's first product with 10Gb Fibre Channel technology.


## Growth through SAN Leadership

In recognition of our extraordinary growth and financial performance, *Forbes Magazine* listed QLogic as one of the "Best 200 Small Companies," and *Fortune Magazine* listed QLogic as one of the "100 Fastest Growing Companies." In recognition of product leadership, the Company's Fibre Down™ technology won the AeA award for innovative technology, and the QLogic SANbox2™ switch won *Network Computing Magazine's* "Well-Connected Award" for Fibre Channel switches.



Fiscal year 2005 is expected to mark the beginning of a major SAN market expansion, from the installed base of Global 2000 corporations into the small and medium business (SMB) market. QLogic is well positioned to penetrate the SMB market with easy-to-use Fibre Channel and iSCSI products, while continuing to meet the needs of large businesses with a broad portfolio of high availability, high performance products.

We are committed to enhancing stockholder value, and are optimistic about the year ahead. With a focus on achieving growth based on product leadership, we will execute our goals with the same spirit of teamwork, passion and excellence that inspired the growth of the company over the past decade.

  
**H.K. Desai**  
 Chairman, Chief Executive Officer  
 and President

### GLOBAL ENTERPRISE

THE VAST MAJORITY OF GLOBAL 2000 CORPORATIONS HAVE DEPLOYED STORAGE AREA NETWORKS (SANs) FOR HIGHER STORAGE AVAILABILITY, FASTER APPLICATION PERFORMANCE AND LOWER COSTS. WITH A VISION OF A SAN IN EVERY BUSINESS, QLOGIC HAS SET OUT TO BRING THE SAN TO MILLIONS OF SMALL AND MEDIUM BUSINESSES AROUND THE WORLD. WHAT MAKES IT POSSIBLE TO DELIVER SAN SOLUTIONS TAILORED FOR BOTH GLOBAL 2000 CORPORATIONS AND SMBs IS QLOGIC ASIC TECHNOLOGY. HIGHLY INTEGRATED SINGLE-CHIP STORAGE CONTROLLERS, MANAGEMENT CONTROLLERS AND SWITCHES ALLOW SAN SYSTEMS TO SCALE FROM DESKTOP TO DATACENTER.

HIGH AVAILABILITY,  
HIGH PERFORMANCE  
SANs

### SANs for Large Business

According to Gartner, by 2006 every Global 2000 corporation will have at least one SAN deployed. What these large businesses have in common is SAN expertise, massive amounts of data that are rapidly growing, and the goal of providing continuous access to the data. As a result, QLogic delivers storage area networking equipment to large businesses that are optimized for storage availability and maximum performance.

# A SAN in Every Business

QLOGIC HAS THE ONLY FAMILY OF SAN PRODUCTS ENABLING INFORMATION TECHNOLOGY PROFESSIONALS TO BUILD AN END-TO-END SAN, FEATURING SANBOX® FIBRE CHANNEL SWITCHES AT THE CORE OF THE NETWORK, WITH FIBRE CHANNEL OR iSCSI SANBLADE® HOST BUS ADAPTERS (HBAs) INSIDE SERVERS ON THE EDGE OF THE NETWORK, ALL MANAGED FROM A SINGLE, EASY-TO-USE SANSURFER® MANAGEMENT CONSOLE.

- SMALL
- MEDIUM
- LARGE

### SANs for Small and Medium Business (SMB)

QLogic estimates that by 2006 the SAN market will expand to include over four million new switch and HBA ports in small and medium businesses, which have never deployed a SAN. What these businesses have in common is the lack of SAN expertise to manage their rapidly growing data requirements. To meet the SAN requirements of SMBs, QLogic delivers storage area networking equipment optimized for quick installation and ease of use.

SIMPLE,  
LOW COST  
SANs

**Powered by QLogic** Over 50 million QLogic products have shipped inside servers, workstations, RAID subsystems, tape libraries, disk and tape drives, delivered to small, medium and large businesses around the world.



QLOGIC  
ANNUAL  
REPORT 2004

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### Board of Directors

H. K. Desai  
Chairman of the Board,  
Chief Executive Officer  
and President  
QLogic Corporation

Larry R. Carter  
Senior Vice President,  
Office of the President  
Cisco Systems, Inc.

James R. Fiebiger, Ph. D.  
Chairman and  
Chief Executive Officer  
Lovoltech, Inc.

Balakrishnan (Bala) S. Iyer  
Director  
QLogic Corporation

Carol L. Miltner  
Chief Executive Officer  
POSITIVE IMPACT

George D. Wells  
Director  
QLogic Corporation

### Executive Officers

H. K. Desai  
Chairman of the Board,  
Chief Executive Officer  
and President

Michael J. Knudsen  
Senior Vice President/  
General Manager

Anthony J. Massetti  
Vice President and  
Chief Financial Officer

Denis R. Maynard  
Senior Vice President,  
Worldwide Sales and  
Marketing

### Stock Information

	Sales Prices*	
	High	Low
Fiscal 2004		
First Quarter	\$53.35	\$36.90
Second Quarter	53.57	41.26
Third Quarter	58.72	46.76
Fourth Quarter	53.14	40.13
Fiscal 2003		
First Quarter	\$52.95	\$34.68
Second Quarter	44.80	26.07
Third Quarter	45.39	19.66
Fourth Quarter	43.68	32.13

\* As reported by the Nasdaq National Market

QLogic's common stock is traded on the Nasdaq National Market under the symbol QLGC. QLogic has not declared cash dividends and does not anticipate paying cash dividends in the foreseeable future.

### Corporate Offices

QLogic Corporation  
26650 Aliso Viejo Parkway  
Aliso Viejo, CA 92656  
Telephone: 949.389.6000

### Company Literature

A copy of the QLogic Annual Report on Form 10-K filed with Securities and Exchange Commission and other Company literature will be furnished without charge upon request to:

Investor Relations  
QLogic Corporation  
26650 Aliso Viejo Parkway  
Aliso Viejo, CA 92656  
Telephone: 949.389.6000  
www.qlogic.com

### Transfer Agent and Registrar

Computershare Investor Services, LLC  
PO Box A 3504  
Chicago, IL 60690-3504  
Telephone: 312.588.4173

### Independent Auditors

KPMG LLP  
Costa Mesa, California

CORPORATE  
INFORMATION



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THE SYMBOL FOR  
HIGH AVAILABILITY,  
HIGH PERFORMANCE  
SANs



THE SYMBOL FOR  
SIMPLE, LOW COST  
SANs

2004

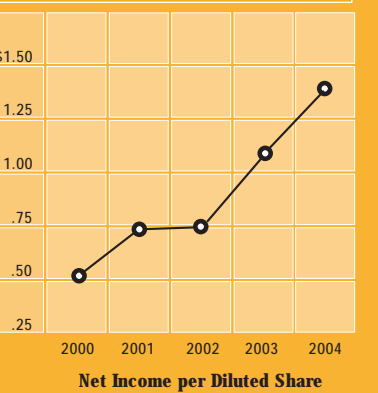
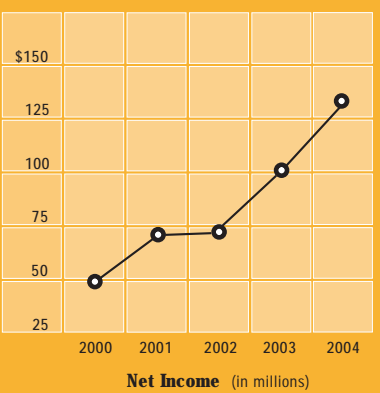
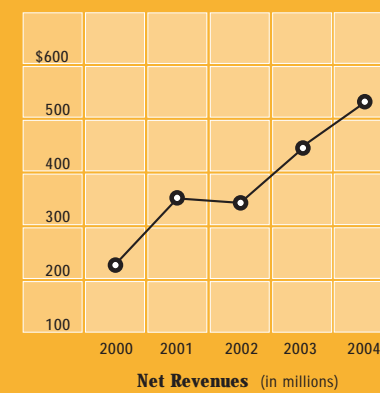
Corporate Headquarters  
QLogic Corporation  
26650 Aliso Viejo Parkway  
Aliso Viejo, CA 92656  
949.389.6000

WWW.QLOGIC.COM

	Fiscal Year				
	2000	2001	2002	2003	2004
	(in millions, except per share amounts)				
<b>Statement of Operations Data</b>					
Net revenues	\$216.1	\$357.5	\$344.2	\$440.8	\$523.9
Operating income	63.8	98.2	86.5	141.9	198.8
Net income	48.3	68.8	70.7	103.5	133.7
Net income per diluted share	0.52	0.72	0.74	1.09	1.39
<b>Balance Sheet Data</b>					
Cash and marketable securities	\$244.4	\$355.5	\$492.5	\$643.2	\$743.0
Working capital	257.1	442.7	535.6	681.5	792.8
Total assets	395.0	571.5	670.0	817.4	928.5
Total stockholders' equity	359.3	523.7	619.0	750.7	867.7

FINANCIAL HIGHLIGHTS

	Fiscal 2004 Quarter			
	First	Second	Third	Fourth
	(in millions, except per share amounts)			
Net revenues	\$126.2	\$132.3	\$137.1	\$128.3
Operating income	45.7	51.6	52.9	48.6
Net income	31.7	34.2	35.0	32.9
Net income per diluted share	0.33	0.35	0.36	0.34



- April 2003**
- HP ships QLogic HBAs with HP ProLiant servers running Windows.
  - QLogic introduces SANbox2-64, the industry's first "high-density chassis switch."
- May 2003**
- QLogic Fibre Down™ wins 2003 AeA Innovative Product/Technology Award.
  - SANbox2™ switches win Network Computing Magazine's "Well Connected" award.
- June 2003**
- QLogic is named "Hot Growth Company" by Business Week.
- July 2003**
- HP ships QLogic HBAs with HP-UX servers.
- August 2003**
- QLogic is named to Fortune Magazine list of 100 Fastest Growing Companies.
- September 2003**
- QLogic Fibre Down™ powers the Intel Enterprise Blade Server.

- September 2003**
- QLogic introduces HBAs for PCI-Express servers.
  - QLogic is named to Business 2.0 list of Fastest Growing Technology Companies.
- October 2003**
- QLogic Fibre Down™ powers the RLX ServerBlades.
  - QLogic makes Forbes Magazine's Best 200 Small Companies list.
- November 2003**
- QLogic iSCSI HBAs achieve Microsoft "Designed for Windows" qualification.
- December 2003**
- QLogic enters a partnership with Hitachi Data Systems.
- January 2004**
- QLogic ships SANbox® 5200, the industry's first Fibre Channel stackable switch.
  - QLogic ships the industry's first 10Gb Fibre Channel technology.

2004 ACHIEVEMENTS

- February 2004**
- QLogic celebrates its tenth anniversary.
- March 2004**
- QLogic achieves leadership in HBA port shipments for 2003.