

FOR RELEASE ON March 26th, 2001 at 1:00 A.M. Pacific Time

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PMC-SIERRA, INC. UPDATES FIRST QUARTER 2001 OUTLOOK

SANTA CLARA, CA, March 26, 2001 -- PMC-Sierra, Inc. (NASDAQ: PMCS) today announced that revenue and earnings for the first quarter of 2001 will be lower than previously projected due to weak demand and cancellation of backlog during the quarter. The Company is revising its revenue guidance for the first quarter ending March 31, 2001 to between \$118 million and \$120 million and is projecting pro forma earnings per share of between \$0.02 and \$0.03 per share, excluding amortization of intangibles and charges related to a workforce reduction.

In response to the slowdown in customer demand, PMC-Sierra will be reducing its workforce by 230 employees. PMC-Sierra currently employs 1,740 people throughout its worldwide operations. This reduction, including the rationalization of several of the Company's design centers and properties, starts today. As a result, PMC-Sierra is anticipating a one-time charge in the first quarter of 2001 that will be detailed in the Company's first quarter earnings release scheduled for April 19, 2001.

"We are intensifying our focus on key projects for our customers while taking a prudent approach to managing our cost structure," said Bob Bailey, chairman and CEO of PMC-Sierra. "Due to current market conditions, it is necessary that the Company reduce a portion of its operating expenses. However, given our reservoir of technologies, our strong balance sheet, and our continuing momentum with design win successes, we will be aggressively expanding our product portfolio for the metro, core, access and wireless segments of the communications semiconductor market in 2001."

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Conference Call/Webcast: PMC-Sierra's management will be hosting a conference call at 5:30 am Pacific Time today to discuss the items contained in this press release. To listen to the call, investors can access the audio webcast by visiting www.StreetFusion.com and clicking on the PMC-Sierra call that is dated March 26th. This audio webcast is also available on a replay basis approximately two hours after the completion of the call. To access the conference call by telephone, dial 719-457-2627 approximately 10 minutes prior to the 5:30 am Pacific Time start time. For a phone replay of the conference call, please dial 719-457-0820 and key in the access code: 493102. This telephone replay will be accessible for five business days.

First Quarter Earnings and Conference Call: PMC-Sierra will be releasing its results for the first quarter of 2001 on the regularly scheduled date of April 19, 2001 after market close. A conference call will be held following the earnings release at 2:00 pm Pacific Time that day, at which time management will provide its outlook for the second quarter of 2001.

Corporate Website: Additional information on the Company can be found online at <http://www.pmc-sierra.com>. PMC-Sierra is a leading provider of broadband semiconductor solutions for the global information infrastructure. PMC-Sierra is traded on the Nasdaq National Market under the symbol PMCS. The company is included in the NASDAQ-100 INDEX (NDX), which contains the largest non-financial companies on the Nasdaq Stock Market. The Nasdaq-100 Index is the benchmark for the Nasdaq-100 Index Tracking Stock (AMEX: QQQ).

Forward-Looking Statements: This press release contains forward-looking statements regarding the Company's revenue and earnings expectations. Actual results may differ materially from those projected in such statements due to various factors, including changes in orders and shipments in the remainder of the quarter, gross margins, operating expenses, tax and interest rates. Investors should consult PMC-Sierra's periodic filings with the Securities and Exchange Commission for further information regarding these and other risks of the Company's business.

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