

Questions & Answers about the August 2020 POWI Stock Split

Q1) What did POWI announce?

On July 30, 2020 Power Integrations announced a 2:1 stock split in the form of a stock dividend. Each shareholder receives one additional share for each share held as of a certain date, known as the “record date”. As a result, the number of shares outstanding doubles, and the price at which the stock trades is expected to be reduced by half.

Q2) What is the record date for the stock dividend?

The record date is August 14, 2020. If you are a shareholder as of the market close on the record date, you are entitled to receive one additional share for each share that you own.

Q3) What is the distribution date for the stock dividend?

The distribution date for the additional shares is August 18, 2020. If you are a shareholder as of the record date, the additional shares will be distributed to you on the distribution date. On the following day, August 19, POWI shares are expected to begin trading at the reduced, post-split price.

Q4) What happens if I sold some of my shares before the record date?

You are not entitled to receive the additional dividend shares with respect to shares you sold before the record date.

Q5) I sold my shares between the record date and the payment date. Am I entitled to dividend shares?

If you sold your shares after the record date but before the payment date, your rights to the additional shares are transferred to the purchaser. The transfer will happen automatically – there is nothing that you need to do.

Q6) I am a registered stockholder. How will my additional shares of POWI stock be issued?

If you hold stock certificates and were a registered holder on the record date, the additional shares you are to receive as a result of the stock dividend will be issued by our transfer agent, Computershare, through the Direct Registration System (DRS). This means that you have full ownership of the additional shares without the responsibility of holding the actual certificates. A DRS transaction statement will be mailed to you by Computershare; keep it with your existing stock certificates and other important documents as a record of your ownership. If you already held your shares in DRS, the additional shares are added to your DRS account balance.

Q7) I hold shares in a brokerage account. How are my stock split shares to be credited?

If you hold shares in a brokerage account, the additional shares will be automatically allocated to your account by your broker. Please contact your broker with any questions you may have.

Q8) Where will my DRS Transaction Statement and/or my Statement of Holdings be mailed?

If you hold shares in your name, they will be mailed to the address on file at Computershare, our stock transfer agent. To verify your address you can call Computershare Investor Services directly at 1-877-373-6374.

Q9) Do the shares I receive from the Power Integrations stock dividend result in taxable income?

There will be no U.S. taxable income to U.S. resident shareholders as a result of this stock split. The tax basis of your shares prior to the stock dividend will be divided equally between those shares and the additional shares you receive as a result of the stock dividend. Please consult with your tax advisor regarding the impact this might have on your personal tax situation. For shareholders outside the U.S., please consult with your local tax advisor on tax impacts as they could vary by jurisdiction.

Q10) What do I do with my existing POWI stock certificate?

Existing stock certificates are still valid. You may deposit them to a DRS account, to your Direct Stock Purchase Plan balance at Computershare or in a brokerage account, or you may continue to hold them and be responsible for their safekeeping. You can convert your shares held in certificate form into book-entry shares by mailing your certificates and a letter of instruction via registered or certified mail with return receipt requested to: Computershare Investor Services, 462 South 4th Street, Suite 1600, Louisville, KY, 40202. *For security purposes, please do not sign your certificates.* Once the certificate shares are converted to book-entry form, you will be sent a statement confirming your account balance.

Q11) What if I have more questions?

Registered stockholders can call Computershare Investor Services at 1-877-373-6374. Stockholders holding shares in brokerage accounts should contact their brokers with questions about the stock split.