

Nominating and Governance Committee (Charter)

CHARTER OF THE NOMINATING AND GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

I. STATEMENT OF POLICY

This Charter specifies the scope of the responsibilities of the Nominating and Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Power Integrations, Inc. (the “Company”) and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary responsibilities of the Committee are to: (i) identify individuals qualified to become Board members; (ii) select, or recommend to the Board, director nominees for each election of directors; (iii) develop criteria for selecting qualified director candidates; (iv) consider committee member qualifications, appointment and removal; (v) recommend corporate governance principles, applicable to the Company; and (vi) develop criteria for and implement the evaluation of the Board and each committee.

II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall comprise two or more directors, each of whom shall satisfy the independence requirements established by the rules of Nasdaq; *provided, however*, that if the Committee has at least three directors, one director who does not meet the independence criteria of Nasdaq may, subject to the approval of the Board, serve on the Committee pursuant to, and subject to the limitation under, the “exceptional and limited circumstances” exception as provided under the rules of Nasdaq.

The members of the Committee shall be appointed by the Board and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be removed or replaced by the Board. The Board shall designate the chair of the Committee. The Committee may, from time to time, delegate duties or responsibilities to subcommittees or to one member of the Committee.

A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the members present shall represent the valid action of the Committee. The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate to perform its duties hereunder, and to determine the terms, costs and fees for such engagements. Without limitation, the Committee shall have the sole authority to retain or terminate any search firm to be used to identify director candidates and to determine and approve the terms, costs and fees for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist the Committee in performing its duties hereunder shall be borne by the Company.

III. MEETINGS

The Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder, but not less frequently than once each year, and may meet with management or individual directors at any time it deems appropriate to discuss any matters before the Committee.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. The Committee will present its recommendations to the Board in form and substance as determined by the Committee or as otherwise directed by the Board.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

To implement the Committee's purpose and policies, the Committee shall be charged with the following duties and responsibilities. The Committee may supplement and, except as otherwise required by applicable law or the requirements of Nasdaq, deviate from these activities as appropriate under the circumstances:

A. Nominating Functions

1. Evaluate and recommend to the Board director nominees for each election of directors, including consideration of any potential conflicts of interest as well as applicable independence and experience requirements.
2. Determine criteria for selecting new directors, including desired Board skills and attributes, and identify and actively seek individuals qualified to become directors.
3. Review, assess and modify processes for identifying and evaluating director nominees.
4. Monitor the size of the Board and periodically assess the appropriateness of the Board size.
5. Review and make recommendations to the Board annually concerning qualifications, appointment and removal of committee members, after due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of Nasdaq, the rules and regulations of the Securities and Exchange Commission and applicable law.

B. Corporate Governance Functions

1. Develop, recommend for Board approval, and review on an ongoing basis the adequacy of, the corporate governance principles applicable to the Company. Such principles shall include director qualification standards, director responsibilities, committee responsibilities, director access to management and independent advisors, director orientation and continuing education and annual performance evaluation of the Board and committees.

2. The Committee shall periodically review, discuss and assess the performance of the Board, including Board committees, seeking input from the full Board and others. The Committee shall also consider and assess the independence of directors, including whether a majority of the Board continue to be independent from management in both fact and appearance, as well as within the meaning prescribed by Nasdaq, the rules and regulations of the Securities and Exchange Commission and applicable law.

3. Make regular reports to the Board regarding the foregoing.

4. Review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval.

5. Consider Board nominees and proposals submitted by the Company's stockholders, or proposals to be submitted by the Company to the Company's stockholders regarding corporate governance matters (e.g., say-on-pay and frequency of say-on-pay proposals), and to make recommendations to the Board regarding such matters, and to establish any policies, processes and procedures, including procedures to facilitate stockholder communication with the Board, and to make any such disclosures required by applicable law in the course of exercising such authority.

6. Oversee management in its preparation of orientation programs for new directors.

7. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.