



Power Integrations Announces First Quarter Results

SUNNYVALE, Calif., April 17 -- Power Integrations, Inc. (Nasdaq: POWI) today announced financial results for its first quarter ended March 31, 2000.

Net revenues for the first quarter of 2000 were \$28 million compared to net revenues of \$20.8 million for the first quarter of 1999. Net income before tax in the first quarter was \$6.2 million, or 22.1 percent of net revenues, as compared to \$5.2 million, or 24.9 percent of net revenues, in the first quarter of 1999. Net income for the first quarter, based on an effective tax rate of 30 percent, was \$4.9 million, compared to the \$4.9 million reported last year that was based on an effective tax rate of 15 percent. The benefits the Company derived from net operating loss carryforwards ended in the fourth quarter of 1999. First quarter earnings per share, on a diluted basis, were \$0.17 on approximately 28.9 million shares outstanding. This compares with \$0.18 on approximately 27.4 million shares outstanding in the first quarter of 1999.

"As the history of our revenue depicts, the first quarter of any year is comparatively our weakest due to seasonal factors in our two major markets. This is usually a result of adjustments in inventories at our customers that occur following seasonally strong purchasing patterns in the last two quarters of the preceding year," said Howard Earhart, president and chief executive officer of Power Integrations. "This appears to have been the case in the first quarter, compounded by what seems to be a shift in product mix to lower end phones by a major cellular OEM. We believe this shift reduced demand for our ICs, which are not typically used in the slow chargers prevalent in such lower end phones. We do not believe this represents a trend since sales to other cellular customers, in aggregate, increased slightly over the preceding quarter. Also, increased demand from a number of our other markets offset much of the seasonal decline and the impact of the mix shift. We expect growth in these other markets to continue, further diversifying our markets and customer base."

"We announced on March 23, 2000 the settlement of the patent infringement lawsuit that we initiated against Motorola. Subsequently, a final judgment was entered and Motorola has been permanently enjoined from selling the ICs found to be infringing one of our patents. We are very pleased that our differences with Motorola are behind us and that Power Integrations will continue as a preferred supplier of ICs for cellular phone chargers that Motorola manufactures," said Mr. Earhart.

"During the quarter we saw several other significant events," continued Mr. Earhart. "Having shipped over 1,700 design accelerator kits for our new TOPSwitch FX product family leading up to its introduction on March 20, 2000, we received our first major design win in the cellular charger market with Motorola. We also successfully beta tested a new automated software design tool that will enable engineers to create optimum designs quickly. This tool is scheduled to be formally launched in May and will include the TOPSwitch FX family in addition to our previous TOPSwitch families."

"As a further confirmation of the strength of our intellectual property, we concluded a successful defense of one of our core high-voltage semiconductor patents, in the European Patent Office, against an attempt by Siemens AG to have it invalidated. In addition, we continued to strengthen our board of directors with the appointment of Nicholas Brathwaite, Senior Vice President and Chief Technology Officer of Flextronics International," said Mr. Earhart.

"While I am cautious with regard to the apparent shift in mix of phones at one of our key cellular customers, I believe we will see normal seasonal patterns for the remainder of the year due to continued growth with other cellular customers and in other markets. We remain confident in the fundamental strength of our business and our ability to lead the market for high-voltage power conversion ICs," said Mr. Earhart.

Safe Harbor Statement

This press release contains forward-looking statements which reflect management's current forecast of certain aspects of the Company's future business. These forward-looking statements are based on current information which we have assessed, but which by its nature, is subject to rapid and even abrupt changes. Forward looking statements are denoted by the use of such words and phrases as "will," "expects," "believe," and similar words and phrases that look toward future events or performance. The Company's actual results could differ materially from those projected or implied by our forward looking statements due to risks and uncertainties associated with the Company's business. These include, but are not limited to, changes and shifts in customer demand away from products which integrate the Company's ICs to products which do not. Other factors include, but are not limited to, our ability to maintain and establish strategic relationships; the risks inherent in the development and delivery of complex technologies; our ability to attract, retain and motivate qualified personnel; the emergence of new markets for our products and services, and our ability to compete in those markets based on timeliness, cost and market demand; and our limited financial resources. We more fully discuss these and other risk factors in the Company's most recent reports on Form 10-K and Form 10-Q filed with the Securities and Exchange Commission.

About Power Integrations Power Integrations, Inc. is a leading supplier of high-voltage analog integrated circuits for use in AC to DC power conversion. For more information, visit the company's web site at: <http://www.powerint.com> or contact the company at 477 North Mathilda Ave., Sunnyvale, Calif. 94086; 408-523-9200.