

POWER INTEGRATIONS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2001 (Unaudited)	December 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$42,584	\$36,462
Short-term investments	24,419	26,972
Accounts receivable	9,278	9,189
Inventories	24,342	21,599
Deferred tax assets	6,054	6,054
Prepaid expenses and other current assets	1,964	4,618
Total current assets	108,641	104,894
PROPERTY AND EQUIPMENT, AT COST:		
Machinery and equipment	34,416	28,832
Leasehold improvements	10,710	9,278
	45,126	38,110
Less: Accumulated depreciation	(20,571)	(15,613)
	24,555	22,497
	\$133,196	\$127,391
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of capitalized lease obligations	\$554	\$678
Accounts payable	6,255	7,490
Accrued payroll and related expenses	3,205	2,980
Taxes payable and other accrued liabilities	1,295	4,175
Deferred income on sales to distributors	1,798	2,566
Total current liabilities	13,107	17,889
LONG TERM LIABILITIES:		
Long term leases	334	715
Deferred rent	349	--
Total long term liabilities	683	715
STOCKHOLDERS' EQUITY:		
Common stock	28	28
Additional paid-in capital	79,127	74,049
Shareholder notes receivable	(38)	(76)
Deferred compensation	--	(41)
Cumulative translation adjustment	(119)	(118)
Retained earnings	40,408	34,945
Total stockholders' equity	119,406	108,787
	\$133,196	\$127,391