

POWER INTEGRATIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2001	2000	2001	2000
NET REVENUES				
Product sales	\$22,710	\$27,377	\$69,516	\$83,601
License fees and royalties	293	483	930	1,281
Total Net Revenues	23,003	27,860	70,446	84,882
COST OF REVENUES	13,092	13,280	37,766	40,589
GROSS PROFIT	9,911	14,580	32,680	44,293
OPERATING EXPENSES:				
Research and development	3,586	3,084	10,828	9,570
Sales and marketing	3,797	3,139	11,146	9,985
General and administrative	1,537	1,743	4,273	5,165
Total Operating Expenses	8,920	7,966	26,247	24,720
INCOME FROM OPERATIONS	991	6,614	6,433	19,573
OTHER INCOME (EXPENSE):				
Interest income and other	339	738	1,472	2,291
Interest expense	(14)	(37)	(53)	(139)
Total other income	325	701	1,419	2,152
INCOME BEFORE PROVISION FOR INCOME TAXES	1,316	7,315	7,852	21,725
PROVISION FOR INCOME TAXES	395	2,219	2,389	6,541
NET INCOME	\$921	\$5,096	\$5,463	\$15,184
EARNINGS PER SHARE:				
Basic	\$0.03	\$0.19	\$0.20	\$0.56
Diluted	\$0.03	\$0.18	\$0.19	\$0.53
SHARES USED IN PER SHARE CALCULATION:				
Basic	27,758	27,325	27,622	27,127
Diluted	29,339	28,495	28,748	28,908