



## Power Integrations Announces Third Quarter 2001 Results

SAN JOSE, Calif., Oct. 23 -- Power Integrations, Inc. (Nasdaq: POWI) a leading supplier of high-voltage analog integrated circuits for use in AC to DC power conversion, today announced financial results for its third quarter ended September 30, 2001.

Net revenues for the third quarter were \$23.0 million compared with net revenues of \$21.2 million in the second quarter and \$27.9 million in the third quarter 2000. Net income for the third quarter of 2001 was \$0.92 million, or \$0.03 per diluted share on approximately 29.3 million shares outstanding. This compares with second quarter net income of \$0.67 million, or \$0.02 per diluted share on 28.5 million shares outstanding and \$5.1 million, and \$0.18 per diluted share on approximately 28.5 million shares outstanding for the third quarter of 2000.

"Overall, we are pleased to have achieved sequential revenue and earnings growth, particularly given the challenging economic environment," said Howard Earhart, chairman and chief executive officer of Power Integrations. "Our efforts to diversify our revenue mix also made progress and we are tracking to complete the year deriving 33 percent from the Consumer market, 33 percent from Communications, 20 percent from Computers, 7 percent from Industrial and 7 percent from other. In addition, revenue from our new products which address broader markets and customers, exceeded expectations during the quarter. We feel confident that they will more than double as a percentage of annual revenue from 16 percent in 2000 to 40 percent in 2001. Also, we believe that new energy standards, including President Bush's recent executive order, will accelerate the conversion of older technologies to our highly integrated power conversion solutions," he said.

### Fourth Quarter 2001 Outlook

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. The company currently anticipates revenues for the fourth quarter to be flat sequentially. With cost reductions offsetting continued competitive pricing pressure, the company expects a sequentially flat gross margin. Operating expenses are expected to increase by 2 to 4 percent offset by an increase in other income. As a result of the above, earnings per share are expected to be flat sequentially.

### Conference Call

Power Integrations will broadcast its conference call discussion of its third quarter 2001 results and other developments for the company live over the Internet on Tuesday, October 23, 2001, 1:30 p.m. PDT (4:30 p.m. EDT). Interested parties may access the conference call over the Internet through the Investor Relations section of the Power Integrations web site at <http://www.powerint.com>. To listen to the live call, please go to the web site at least 15 minutes early to download and install any necessary audio software. A replay of the conference call will be indexed and archived on the company's site and will be available two hours following completion of the event.

### 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," "should," "anticipates" 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 risks include, but are not limited to, changes and shifts in customer demand away from products that integrate the Company's ICs to products that do not. Other factors include, but are not limited to, our ability to maintain and establish strategic relationships; the effects of competition; 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. Acceleration in new product introductions are subject to the risks and uncertainties that typically accompany accelerated development and delivery of complex technologies to the market place, including product development delays and defects. 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 5245 Hellyer Ave., San Jose, Calif. 95138; 408-414-9200.