

POWER INTEGRATIONS, INC.

POLICY FOR REPORTING VIOLATIONS AND COMPLAINTS

I. Policy Statement

One of our Company's most valuable assets is its integrity. Protecting this asset is the job of everyone in the Company. We have established a Code of Business Conduct and Ethics to help our employees comply with the law and regulations applicable to our business and to maintain the highest standards of ethical conduct. This policy is meant to supplement our Code of Business Conduct and Ethics by encouraging employees to report any suspected violations or concerns as to compliance with laws, regulations, our Code of Business Conduct and Ethics or other Company policies, or any complaints or concerns regarding the Company's accounting, internal accounting controls, or auditing matters, or any concerns regarding any questionable accounting or auditing matters.

II. Obligation to Report Suspected or Actual Violations; Anonymous Reporting

A. Reporting Generally

It is every employee's obligation to report suspected or actual violations of laws, government rules and regulations, or the Company's Code of Business Conduct and Ethics or other Company policies. You must report any suspected violations of the laws and rules that govern the reporting of the Company's financial performance, and any complaint or concern regarding the Company's accounting, internal accounting controls, or auditing matters, or any concerns regarding any questionable accounting or auditing matters.

You can report any such matters directly to your supervisor or manager or by the procedures set forth below. As noted below, supervisors and managers are required to report to a Compliance Officer any time they receive a report of a concern about our compliance with laws, the Code of Business Conduct and Ethics or other Company policy, any notice of any suspected wrong-doing by any Company employee, officer or director, any complaint or concern about the Company's accounting, internal accounting controls, or auditing matters, or any concerns regarding any questionable accounting or auditing matters. The Compliance Officers are as follows:

Balu Balakrishnan, President and Chief Executive Officer

Sandeep Nayar, Chief Financial Officer and Vice President, Finance

Sunil Gupta, Vice President, Operations

B. Anonymous Reporting

Alternatively, if you wish to report any such matters anonymously, you may do so by mailing a description of the suspected violation or other complaint or concern to one of the Compliance Officers at:

Power Integrations, Inc.
5245 Hellyer Avenue
San Jose, CA 95138

or the Audit Committee Chair:

Balakrishnan S. Iyer, Audit Committee Chairman
Power Integrations
5245 Hellyer Avenue
San Jose, CA 95138
Phone Number: 408-414-9880
Internal Email Address: "Audit Chairman"

III. Treatment and Retention of Complaints and Reports

Each supervisor and manager shall report any suspected violation, concern or complaint reported to such person by employees or other sources to a Compliance Officer to assure proper treatment and retention of complaints, concerns or notices of potential violations. In addition, employees should take note that persons outside the Company may report complaints or concerns about suspected violations, or concerns regarding internal accounting controls, accounting or auditing matters. These concerns and complaints should be reported immediately on receipt to a Compliance Officer.

Supervisors and managers as well as the Compliance Officers shall promptly consider the information, reports or notices received by them under this policy or otherwise. Each person shall take appropriate action, including investigation as appropriate, in accordance with the law, governmental rules and regulations, the Company's Code of Business Conduct and Ethics and otherwise consistent with good business practice.

Upon a report to a Compliance Officer, all notices or reports of suspected violations, complaints or concerns received pursuant to this policy shall be recorded in a log, indicating the description of the matter reported, the date of the report and the disposition thereof, and the log shall be retained for five years. This log shall be maintained by the Compliance Officers.

IV. Statement of Non-Retaliation

It is a federal crime for anyone to retaliate intentionally against any person who provides truthful information to a law enforcement official concerning a possible violation of any federal law. Moreover, the Company will not permit any form of intimidation or retaliation by any officer, employee, contractor, subcontractor or agent of the Company against any employee because of any lawful act done by that employee to:

- provide information or assist in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of laws, rules, regulations, the Company's Code of Business Conduct and Ethics, or any Company policies; or

- file, testify, participate in, or otherwise assist in a proceeding relating to a violation of any law, rule or regulation.

Any such action is a violation of Company policy and should be reported immediately under this policy.

V. Statement of Confidentiality

The Company will, to the extent reasonably possible, keep confidential both the information and concerns reported under this policy, and its discussions and actions in response to these reports and concerns. In the course of its investigation, however, the Company may find it necessary to share information with others on a “need to know” basis.

VI. The Company’s Employee Conduct Policy

This policy shall be read in conjunction with the provisions set forth in the Company's Employee Conduct Policy. Nothing contained in this policy shall be interpreted to supersede the requirements and provisions of the Company's Employee Conduct Policy. In particular, Company employees are expected to comply with the rules of conduct set forth in Section 8 of the Employee Conduct Policy. Furthermore, to the extent any employee acts in bad faith or with malicious intent under this policy, such employee will be subject to disciplinary action, including the termination of his or her employment with the Company, as set forth in the Company's Employee Conduct Policy.