



Power Integrations Wins ITC Case Against System General

Judge Upholds All Patent Claims Asserted at Trial and Recommends Exclusion Order Against LCD Monitors and AC Printer Adapters

Decision Strengthens Company's Federal Lawsuit Against SG

SAN JOSE, Calif.--May 17, 2006--Power Integrations (Nasdaq:POWI), the leader in high-voltage analog integrated circuits for power conversion, today announced that it has won a favorable decision in its patent-infringement case against System General Corp. (SG), filed last year with the U.S. International Trade Commission (ITC). The administrative law judge hearing the case has ruled that certain of SG's power-supply controllers infringe Power Integrations U.S. Patent Nos. 6,351,398 and 6,538,908, and that SG is therefore in violation of section 337 of the Tariff Act of 1930. All claims of the two Power Integrations patents asserted at trial were upheld by the judge.

In conjunction with his decision, the judge has recommended that the ITC issue an exclusion order against SG's infringing products, and against LCD monitors and AC printer adapters containing the infringing parts. The exclusion order would prohibit the importation of these products into the United States. If the ITC adopts the judge's decision, SG must pay a bond of 38 cents for each imported infringing chip and each imported product containing an infringing chip during the subsequent period of Presidential review. Power Integrations believes that the infringing chips, which include the SG6840, SG6841, SG6841x3, SG6842, SG6842J and SG6843, represent a significant percentage of SG's sales.

"Intellectual property is the lifeblood of our business, and we are gratified that our patents have been upheld in this investigation," said Balu Balakrishnan, president and CEO of Power Integrations. "This decision is an unmitigated victory for Power Integrations, one that will help remove the burden of unfair competition from the marketplace.

"Because the ruling so fully confirms the merits of our position, we believe that any appeal by SG would have very little chance of success," continued Balakrishnan.

Power Integrations filed its complaint with the ITC in May 2005. Earlier, in June 2004, the company had filed a patent-infringement lawsuit against SG in the Federal District Court in San Francisco. In that lawsuit, which has been stayed pending the final decision of the ITC, the company will seek an injunction against all SG products that infringe Power Integrations patents, including SG 6848 and SG 6849, as well as newer parts not subject to the ITC decision. Power Integrations is also seeking financial damages in the San Francisco case.

Note Regarding Forward-Looking Statements

This press release contains forward-looking statements that involve risk and uncertainties. There can be no assurances that the results forecasted or implied by these forward-looking statements will be achieved. Important factors that could cause actual results to differ materially from those forecasted or implied include the ITC's decision to accept, reject or modify the recommendations of the administrative law judge with regard to an exclusion order against SG's infringing products; Power Integrations' decision whether or not to pursue its lawsuit against SG in federal district court; the outcome of that case should it choose to do so; the outcome of any appeals filed by SG; and the impact of any SG patents on the outcome of the Federal District Court case. General risk factors associated with the company's business are explained in the company's annual report on Form 10-K, filed with the SEC on March 16, 2005, and its quarterly report on Form 10-Q, filed on November 7, 2005. The company is under no obligation (and expressly disclaims any obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

About Power Integrations

Power Integrations, Inc. is the leading supplier of high-voltage analog integrated circuits used in power conversion. The company's breakthrough technology enables compact, energy-efficient power supplies in a wide range of electronic products, in both AC-DC and DC-DC applications. The company's EcoSmart[®] energy-efficiency technology, which dramatically reduces energy waste, has saved consumers and businesses around the world more than an estimated \$1.6 billion on their electricity bills since its introduction in 1998. For more information, visit the company's website at www.powerint.com. For information on global energy-efficiency standards and EcoSmart solutions, visit the Power Integrations Green Room at www.powerint.com/greenroom.