

Power Integrations Announces Strategic Investment in SemiSouth Laboratories

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Clean-Tech Innovators Join Forces in \$30M Partnership to Accelerate Development of Energy-Efficient Power Devices for Solar, Wind & Hybrid/Electric Auto Industries

Investment to Help Spur Continued Growth of Clean-Tech Jobs in Mississippi

STARKVILLE, Miss. & SAN JOSE, Calif., Oct 22, 2010 (BUSINESS WIRE) -- Power Integrations (Nasdaq: **POWI**), the leader in high-voltage integrated circuits for energy-efficient power conversion, today announced a strategic investment in SemiSouth Laboratories, Inc., a Mississippi-based manufacturer of high-voltage silicon-carbide (SiC) semiconductor devices. Power Integrations' commitment of \$30 million, which includes an equity investment in SemiSouth, a technology license and other financial commitments, will help drive the continued expansion of SemiSouth's SiC fabrication facility and spur continued growth of clean-tech jobs in Mississippi. The companies will collaborate to drive adoption of SemiSouth's SiC technology, which enables ultra-efficient power conversion for solar and wind inverters, hybrid/electric vehicles and other applications that benefit from exceptionally high energy efficiency.

The new relationship will be formally announced today at SemiSouth's Starkville headquarters, located in the Thad Cochran Technology Park. A number of notable public officials will be on hand for the announcement, including Mississippi Governor Haley Barbour, U.S. Representative Gregg Harper, and Dr. Mark Keenum, president of Mississippi State University.

"SemiSouth has made impressive breakthroughs in the development of silicon-carbide technology, attaining exceptionally high levels of efficiency and establishing SiC as an enabler of clean technologies such as solar energy and hybrid/electric vehicles," stated Balu Balakrishnan, president and CEO of Power Integrations. "With a mutual focus on energy-efficient high-voltage semiconductor technology, Power Integrations and SemiSouth are natural strategic partners. We are particularly enthusiastic about investing in Mississippi's emerging high-tech sector, where

strong support from government and the academic community has created an environment highly conducive to innovation and private-sector investment."

"Today's announcement is a testament to SemiSouth's success and to Mississippi's growing stature as a center for technology and innovation," said Mississippi Governor Haley Barbour. "As a leader in automotive manufacturing, Mississippi understands the strategic importance of advanced power electronics, which are becoming a critical part of the supply chain as the industry migrates to hybrid/electric vehicles. Home-grown innovations like SemiSouth's SiC technology represent a tremendous economic opportunity for our state. We welcome Power Integrations' involvement in SemiSouth and Mississippi's clean-tech initiatives."

Added Kenney Roberts, president and CEO of SemiSouth, "SemiSouth has recently been recognized by its customers for having world-record, cost-effective, energy-efficient power semiconductor electronic products based on SiC technology. In response to unprecedented global demand for our products in energy-sensitive markets such as solar inverters, server power supplies, wind inverters, and electric vehicle development, we needed to find the right investor willing to share our vision of expansion. We welcome Power Integrations' investment in SemiSouth's future, to allow us to quickly expand and serve our customers on a much broader scale."

"I applaud SemiSouth for their success in creating new clean-tech jobs for Mississippians and helping transform our state into a technology hub that will drive the future's renewable energy technologies," said U.S. Representative Gregg Harper, a freshman from Mississippi's Third Congressional District. "Working in tandem, SemiSouth and Power Integrations are fostering the development of clean technologies that will provide renewable energy solutions throughout the world."

Founded in 2000 as a spin-out from Mississippi State University, SemiSouth is a privately held, venture-backed semiconductor company with more than 20 U.S. patents in the emerging field of high-efficiency silicon-carbide power devices. The company's products, which include 1200 V and 1700 V transistors as well as high-voltage diodes and power modules, enable ultra-efficient power conversion and power management in applications ranging from three kilowatts to 100 kilowatts today, with products in development to serve applications up to one megawatt. The company operates a 10,000-square-foot clean-room facility at its Starkville headquarters, where it employs more than 70 people.

Power Integrations, based in San Jose, Calif., pioneered the market for high-voltage integrated circuits used in AC-DC power supplies. The company's EcoSmart(TM) energy-efficiency technology drastically cuts standby energy consumption, the power wasted by electronic products that are plugged in but not in use. The company has sold nearly four billion EcoSmart chips since 1998, saving an estimated \$4.4 billion of standby power and preventing millions of tons of carbon emissions. The company's chips can be found in all manner of electronic products

including computers, appliances, mobile-phone chargers, consumer electronics and LED lights.

About Power Integrations

Power Integrations is the leading supplier of high-voltage integrated circuits used in energy-efficient power conversion. The company's innovative technology enables compact, energy-efficient power supplies in a wide range of electronic products, in AC-DC, DC-DC and LED lighting applications. Since its introduction in 1998, Power Integrations' EcoSmart energy-efficiency technology has saved an estimated \$4.4 billion of standby energy waste and prevented millions of tons of CO2 emissions. The company's **Green Room** web site provides a wealth of information about "energy vampires" and the issue of standby energy waste, along with a comprehensive guide to energy-efficiency standards around the world. Reflecting the environmental benefits of EcoSmart technology, Power Integrations is included in clean-technology stock indices sponsored by the **Cleantech Group** (Amex: CTIUS) and **Clean Edge** (Nasdaq: CELS). For more information, please visit www.powerint.com.

About SemiSouth Laboratories

SemiSouth, a privately owned corporation with offices in Starkville, Mississippi, focuses on SiC power devices and electronics. It was formed in 2000 and has sold products globally through direct sales or distributors since 2005. It introduced the world's first commercial, cost-effective normally-off SiC JFET in 2008, enabling world-record energy (over 99%) efficiency for its customers' products in solar inverters. SemiSouth has also been recognized as a leader in energy-efficient and/or harsh-environment solutions for customers in solar, industrial power supplies, wind, electric vehicles, military-aerospace, and other key markets. More information can be obtained from its website, www.semisouth.com.

Note regarding forward-looking statements

The statements in this press release regarding the expectations that Power Integrations' commitment of \$30 million will help drive the continued expansion of SemiSouth's Mississippi fabrication facility, that the companies will collaborate to drive adoption of SemiSouth's SiC technology, and other statements regarding the benefits and expectations of the companies relating to the transaction, are forward-looking statements, reflecting the companies' expectations, estimates and projections about the industries and businesses of Power Integrations and SemiSouth. These forward-looking statements are based on current information that is, by its nature, subject to rapid and even abrupt changes. Due to risks and uncertainties associated with the companies' businesses, actual results could differ materially from those projected or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to: unexpected variations in market growth and demand for energy-efficient power devices and SemiSouth's SiC technology; certain aspects of the \$30 million investment are contingent upon future events occurring; the risks inherent in investment in technologies and businesses, including

the timing and successful completion of technology and product development; changing relationships with customers, suppliers and strategic partners, which could delay or prevent the companies from realizing the expected benefits of the transaction; and the risk that anticipated benefits of the strategic investment may not be realized due to other unforeseen event. These and other risk factors are more fully explained under the caption "Risk Factors" in Power Integrations' most recent quarterly report on Form 10-Q, filed with the Securities and Exchange Commission on August 6, 2010. Power Integrations 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.

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Photos/Multimedia Gallery Available: <http://www.businesswire.com/cgi-bin/mmg.cgi?eid=6479006&lang=en>

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