

# Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

## Part I Reporting Issuer

1 Issuer's name <b>POWER INTEGRATIONS, INC.</b>		2 Issuer's employer identification number (EIN) <b>94-3065014</b>	
3 Name of contact for additional information <b>ANSAR QURESHI</b>	4 Telephone No. of contact <b>408-574-4838</b>	5 Email address of contact <b>ANSAR.QURESHI@POWER.COM</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>5245 HELLYER AVE.</b>		7 City, town, or post office, state, and ZIP code of contact <b>SAN JOSE, CA 95138</b>	
8 Date of action <b>08/18/2020</b>	9 Classification and description <b>STOCK DIVIDEND</b>		
10 CUSIP number <b>739276103</b>	11 Serial number(s)	12 Ticker symbol <b>POWI</b>	13 Account number(s)

## Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **A two-for-one stock split, completed in the form of a stock dividend of one share of common stock for each share of common stock outstanding. The stock dividend was distributed on August 18, 2020 to stockholders of record as of August 14, 2020.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The stock split was a non-taxable transaction under Internal Revenue Code (IRC) Section 305(a) and accordingly a stockholder's basis shall be allocated under IRC Section 307(a). Under IRC Section 307(a) each stockholder will allocate the basis in a share owned prior to the stock split over that share and the additional share issued in the two-for-one stock split. As a result, a stockholder will multiply the basis in each share held before the stock split by 50% to determine the basis, after the stock split, in that share and the additional share distributed in the stock split. See the example in the response to Question 16.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **We caution that this is not tax advice and is provided only as a reference. Investors should consult their tax advisor. A shareholder will multiply the basis in each share held before the stock split by 50% to determine the basis, after the stock split, in that share and the additional share distributed in the stock split.**

**Example:**  
**Before the stock split: A stockholder has 10 shares of Power Integrations, Inc. common stock with a basis of \$120 per share for a total of \$1,200 in basis for all shares.**

**After the stock split: The same stockholder now has 20 shares of Power Integrations, Inc. common stock with a basis of \$60 per share for a total of \$1,200 in basis for all shares.**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC Section 305(a) and and IRC Section 307(a)

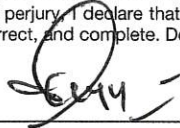
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18 Can any resulting loss be recognized? ▶ No loss can be recognized in connection with the two-for-one stock split completed in the form of a stock dividend.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is the calendar year ending December 31, 2020.

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**Sign Here**  
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.  
Signature ▶  Date ▶ 08-19-2020  
Print your name ▶ Sandeep Nayar Title ▶ CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			