

TERMS AND CONDITIONS OF PURCHASE

These Terms and Conditions of Purchase (“Terms and Conditions”) are entered into between Power Integrations, Inc., a company incorporated in the State of Delaware (“PI”), and the provider of goods or services to PI (“Seller”). PI and Seller may hereinafter be referred to individually as a “Party” and collectively as the “Parties.”

1. THESE TERMS AND CONDITIONS ARE THE EXCLUSIVE LEGAL AGREEMENT GOVERNING ANY SELLER’S SALE AND PI’S PURCHASE OF ANY PRODUCTS OR SERVICES THAT (SELLER) SELLS OR PROVIDES TO PI. IF A BINDING AGREEMENT IS CURRENTLY IN PLACE BETWEEN PI AND THE SELLER, THE TERMS OF THAT AGREEMENT WILL TAKE PRECEDENCE FOR PRODUCTS AND SERVICES COVERED BY THAT AGREEMENT. OTHERWISE, SELLER’S SALE OR PROVISION OF PRODUCTS, OR INITIATION OF SERVICES CONSTITUTES CONCLUSIVE ACCEPTANCE BY SELLER OF THESE TERMS AND CONDITIONS, AND THE EXISTENCE OF ANY PROVISION CONTAINED IN ANY QUOTE OR OTHER COMMUNICATION FROM SELLER SHALL NOT BE DEEMED TO BE A WAIVER OF OR AMENDMENT TO ANY PROVISION OF THESE TERMS AND CONDITIONS.
2. **DEFINITIONS.**
 - a. **“Confidential Information”** means non-public information disclosed in writing and marked as "Confidential" or "Proprietary." Information disclosed orally, visually or in any other non-written form will be considered Confidential Information if declared to be confidential at the time of disclosure, and disclosed in writing to Seller within thirty (30) days following such disclosure, or if the circumstances under which such information is disclosed would lead a reasonable person to conclude that the information is confidential. Confidential Information includes all notes, analyses, summaries and other materials prepared by Seller that contain, are based on or otherwise reflect, to any degree, any Confidential Information of PI.
 - b. **“Deliverable(s)”** means the Products, Sublicensed Products, or Services specified in a PO.
 - c. **“Purchase Order” or “PO”** means a PI Purchase Order.
 - d. **“Service(s)”** means any service provided by Seller to PI.
 - e. **“Sublicensed Products”** means Products that are software manufactured by Seller or by a third party manufacturer, and that are sublicensed by Seller to PI.
 - f. **“Product(s)”** means all Products which are manufactured by Seller or by a third party, and which are sold by Seller to PI.
3. **PURCHASE ORDER.** Purchase Orders for Products are binding once issued by PI and accepted by Seller. Seller shall provide the Products to PI as set forth in the relevant PO. Each PO shall be deemed to incorporate these Terms and Conditions.

4. FEES AND INVOICING.

- a. **Fees.** PI agrees to pay Seller the fees set forth in each PO, and shall be responsible for payment of any taxes legally required to be paid by PI, except for those taxes based on the income of Seller. PI shall be entitled to recover taxes, such as Value Added Tax and Sales Tax, as appropriate.
- b. **Invoices.** Seller shall invoice PI for Products in accordance with the applicable PO. Seller's invoices are due and payable by PI within thirty (30) days from the date the invoice is received by PI.

5. TERM AND TERMINATION OF A PURCHASE ORDER.

Termination for Cause. Either Party shall have the right to terminate a PO for material breach if (a) the non-breaching Party notifies the other within thirty (30) days of discovery of the breach, and (b) the breaching Party fails to cure any material breach of the PO within a thirty (30) day cure period after its receipt of written notice of such breach. Termination of the PO does not release either Party from any liability which, at the time of termination, has already accrued to the Party.

6. **PI PREMISES.** While on PI's premises, or if Seller or Seller's employees, contractors and agents are given access to PI's computing equipment, applications, or network, Seller shall, and shall cause Seller's employees, contractors and agents to, abide by the applicable policies and procedures of PI, including safety, security, and best practices for data privacy and handling. Seller shall provide PI the employee names, e-mail addresses, and other reasonably required identification for the purposes of managing devices on PI's network.

7. **REPRESENTATIONS AND WARRANTIES.** See Appendix A

8. **INTELLECTUAL PROPERTY OWNERSHIP.** Deliverables, other than Sublicensed Products shall be the property of PI. To the extent Sublicensed Products are incorporated into any Deliverables, Seller grants to PI an irrevocable, nonexclusive, royalty-free, and fully paid-up license to use the Sublicensed Products for its business purposes. Such license is sublicensable.

9. **RISK OF LOSS AND PASSAGE OF TITLE TO PRODUCTS.** Title to Products shall vest in PI upon their delivery to PI's specified place of delivery. Seller will ship and deliver the Products to PI's specified place of delivery, at Seller's cost, using a carrier selected by Seller. Seller shall be responsible for clearing any necessary customs with respect to the Products. PI shall bear the risk of loss once the Products have been delivered to PI's specified place of delivery. PI shall unload and inspect the Products, and PI shall notify Seller of any known defect or damage to the Products within thirty (30) business days of the discovery thereof.

10.CONFIDENTIAL INFORMATION.

- a. **Obligations.** Seller agrees not to disclose any PI Confidential Information in violation hereof and to use PI Confidential Information solely for the purposes hereof. Seller may disclose PI Confidential Information solely to its employees, officers, directors and representatives who have a reasonable need to know such Confidential Information in connection with the Products. Upon demand by PI, Seller shall return to PI all copies of PI's Confidential Information in Seller's possession or control and destroy all derivative works of the Confidential Information; provided that the Seller may retain, if necessary, one archival copy of Confidential Information solely for the purpose of administering its obligations under the relevant PO. All PI Confidential Information shall remain the exclusive property of PI. No rights or licenses to the Confidential Information are granted except as expressly set forth herein.
- b. **Injunction.** Both parties agree that violation of any provision of this Section 10 would cause PI irreparable injury for which it would have no adequate remedy at law, and that PI will therefore be entitled to seek immediate injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it.

11.INDEMNIFICATION.

- a. **IP Infringement.** Seller shall indemnify, defend and hold PI harmless from liability to third parties resulting from infringement by the Products of any intellectual property rights, provided Seller is promptly notified of any and all threats, claims and proceedings related thereto and given reasonable assistance and the opportunity to assume sole control over defense and settlement. Seller may not agree to a settlement that does not include a full release of PI liability.

12.LIMITATION OF LIABILITY. EXCEPT FOR INDEMNITY AND CONFIDENTIALITY OBLIGATIONS UNDER THESE TERMS AND CONDITIONS, IN NO EVENT WILL EITHER PARTY, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, OR AGENTS, BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES, WHETHER IN CONTRACT OR IN TORT OR UNDER ANY OTHER LEGAL THEORY (INCLUDING, WITHOUT LIMITATION, STRICT LIABILITY AND NEGLIGENCE), FOR LOST PROFITS OR REVENUES, LOSS OF USE OR, FOR EQUIPMENT OR SYSTEMS, OUTAGES OR DOWNTIME, OR FOR ANY SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES, ARISING OUT OF OR IN CONNECTION WITH A PO OR THESE TERMS AND CONDITIONS, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

13.INSURANCE. Seller agrees to carry and maintain in force at all times during the term of the Services insurance coverage with minimum policy limits as follows: (i) Liability and Property Damage with limits of \$1,000,000.00 per accident and \$2,000,000.00 in the aggregate, and (ii) commercial general liability with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate. Seller agrees to provide PI certificates of insurance evidencing coverage upon request.

14.NOTICES. Any notice or other communication required or permitted to be given to PI under these Terms and Conditions shall be given in writing and delivered by overnight courier, signature of receipt required, and shall be deemed delivered upon written confirmation of delivery by the courier, if sent to the following address or such new address as may from time to time be supplied by PI hereunder.

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

15.FORCE MAJEURE. Neither party shall be liable for delays, failure to meet its obligations under these Terms and Conditions, or damages of any kind due to events, circumstances, or causes beyond its reasonable control, or otherwise related to war, terrorism, riots, acts of God, floods, fire, earthquakes, and like events. The nonperforming party must promptly notify the other party of such event or circumstance, and take commercially reasonable steps to recommence performance promptly.

16.ASSIGNMENT. PI may assign any PO or these Terms and Conditions without the prior written consent of the Seller. Notwithstanding the foregoing, either Party may assign the PO or these Terms and Conditions without consent to any Affiliate in connection with a merger involving any of its Affiliates, or in connection with an acquisition of all or substantially all of such Party's assets or equity interests. Seller may not assign the PO or these Terms and Conditions to other than an Affiliate in the above circumstance without the prior written consent of PI.

17.GOVERNING LAW. Purchase Orders and these Terms and Conditions will be governed by the laws of the State of California, excluding conflicts of law principles. Exclusive jurisdiction for any lawsuit or claim in connection with a PO and/or these Terms and Conditions shall be in the state and/or federal courts located in Santa Clara County, California. These terms and conditions shall not be governed by the United Nations Convention on Contracts for the International Sale of Goods.

18.MISCELLANEOUS. These Terms and Conditions are made a part of an agreement between the Parties with respect to its subject matter. These Terms and Conditions shall govern in the event of a conflict with a PO unless otherwise agreed in writing. The Parties agree that any provisions of any document which purport to add to or change, or which conflict with, the provisions of these Terms and Conditions shall be deemed deleted and have no force or effect. No forbearance, failure or delay in exercising any right, power or privilege is waiver thereof. In the event a court of competent jurisdiction holds any provision of a PO or these Terms and Conditions invalid or unenforceable, the remainder of the PO and these Terms and Conditions will continue in effect. Each Party agrees that it will not, without prior written consent of the other Party, use in advertising or other publicity the name of the other Party.

APPENDIX A

REPRESENTATIONS AND WARRANTIES.

Seller Representations and Warranties.

a. Seller represents and warrants to PI that (i) these Terms and Conditions have been validly executed and delivered by PI, and that they constitute legal, valid, and binding obligation of Seller enforceable against Seller, (ii) Seller has all requisite corporate power and authority to enter into these Terms and Conditions, and to carry out the transactions contemplated by these Terms and Conditions, (iii) the execution, delivery, and performance of these Terms and Conditions have been duly authorized by all requisite corporate action on the part of Seller, (iv) Seller's execution and delivery of these Terms and Conditions, and Seller's performance or compliance with these Terms and Conditions, will not conflict with, result in a breach of, constitute a default under, or require the consent of any third party under any license, sublicense, lease, contract, agreement, or instrument to which Seller is bound or to which Seller's properties are subject, and (v) there are no pending or threatened lawsuits, actions, or any other legal or administrative proceedings against Seller which, if adversely determined against Seller, would have a material adverse effect on Seller's ability to perform its obligations under these Terms and Conditions.

b. Seller represents and warrants that any Products, Sublicensed Products or Services supplied by Seller, shall comply with all applicable laws, rules, regulations, orders, conventions, ordinances, standards and other Government Requirements of the country(ies) of destination, Seller's manufacture, the United States, and any foreign country or political subdivision having jurisdiction over any of Seller's activities hereunder, or that relate to the manufacture, labeling, transportation, importation, exportation, taxation, licensing, approval or certification of the Products or Services, including those relating to environmental matters, wages, hours and conditions of employment, subcontractor selection, discrimination, occupational health/safety and motor vehicle safety. Seller further represents that (i) neither it nor any of its subcontractors will utilize slave, prisoner or any other form of forced or involuntary labor in the supply of Products or provision of Services under this Agreement and (ii) it and its subcontractors will comply with all applicable laws regarding employment of underage or child labor and shall not employ children under the age of 16. Without limiting this requirement Seller agrees that it will not export, re-export, sell, resell or transfer any customer data or any export-controlled commodity, technical data or software (i) in violation of any law, regulation, order, policy or other limitation imposed by the United States (including the U.S. Foreign Corrupt Practices Act and the United States Export Administration regulations) or any other government authority with jurisdiction (including other applicable international anti-corruption laws); (ii) to any country for which an export license or other governmental approval is required at the time of export, without first obtaining all necessary licenses or equivalent or (iii) to any country as to which the United States maintains an embargo or to a national or resident thereof, or to any person or entity on the U.S. Department of Treasury's List of Specially Designated Nationals or the U.S. Department of Commerce's Table of Denial Orders. To the extent that Products will be transported into the United States, Seller represents that either (a) it is C-TPAT-certified by

U.S. Customs & Border Protection, and will maintain that certification throughout the term of the Agreement, or (b) it will comply with the C-TPAT (Customs-Trade Partnership Against Terrorism) security procedures that may be found on the Customs website at www.cbp.gov (or such other website that the C-TPAT security procedures may be moved to by the U.S. Government). At PI's request, Seller shall certify in writing its compliance with the foregoing. Seller shall indemnify defend and hold PI harmless from and against any liability claims, damages, costs, demands or expenses of any kind or nature (including attorney's or other professional fees) arising from or relating to Seller's noncompliance with the terms of this Section 2217.1.

c. Seller represents and warrants that all integrated circuits and other products sold or used in services provided by seller are in compliance with Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH); and Annex XIV and Annex XVII, and also that Seller is in compliance with all laws and regulations regarding conflict materials, such as the 2010 United States legislation, Dodd-Frank Wall Street Reform and Consumer Protection Act.

d. Seller represents and warrants that it has full right, power, and authority to sublicense the Sublicensed Products to PI, and to resell the Products to PI, and that the Products and Sublicensed Products are free and clear of all liens and similar encumbrances of any kind.

e. Seller represents and warrants that it uses reasonable efforts consistent with prevailing industry standards to maintain the Services in a manner which minimizes errors and interruptions in the Services and shall perform Services in a professional and workmanlike manner in accordance with applicable laws and governmental regulations.

PI's Representations and Warranties.

a. General. PI represents and warrants to Seller that (i) these Terms and Conditions have been validly executed and delivered by PI, (ii) PI has all requisite corporate power and authority to enter into these Terms and Conditions and to carry out the transactions contemplated by these Terms and Conditions, and (iii) the execution, delivery, and performance of these Terms and Conditions, and the consummation of the transactions contemplated by this Agreement have been duly authorized by all requisite corporate action on the part of PI.