

POWER INTEGRATIONS INC
Form 4
August 31, 2007

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BALAKRISHNAN BALU

(Last) (First) (Middle)

C/O POWER
INTEGRATIONS, 5245 HELLYER
AVE

(Street)

SAN JOSE, CA 95138

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
**POWER INTEGRATIONS INC
[powi]**

3. Date of Earliest Transaction
(Month/Day/Year)
08/29/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
President and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Code | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|---------|---|---|------------|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | | | |
| Common Stock | 08/29/2007 | | M | | 362 | A | \$ 12.1 4,714 | D | |
| Common Stock | 08/29/2007 | | S | | 362 | D | \$ 26.5 4,352 | D | |
| Common Stock | 08/29/2007 | | M | | 13 | A | \$ 12.1 4,365 | D | |
| Common Stock | 08/29/2007 | | S | | 13 | D | \$ 26.51 4,352 | D | |
| | 08/29/2007 | | M | | 69 | A | \$ 12.1 4,421 | D | |

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| | | | | | | | | |
|--------------|------------|--|---|----|---|----------|-------|---|
| Common Stock | | | | | | | | |
| Common Stock | 08/29/2007 | | S | 69 | D | \$ 26.57 | 4,352 | D |
| Common Stock | 08/29/2007 | | M | 14 | A | \$ 12.1 | 4,366 | D |
| Common Stock | 08/29/2007 | | S | 14 | D | \$ 26.76 | 4,352 | D |
| Common Stock | 08/29/2007 | | M | 42 | A | \$ 12.1 | 4,394 | D |
| Common Stock | 08/29/2007 | | S | 42 | D | \$ 26.78 | 4,352 | D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|-----|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | |
| Non-Qualified Stock Option(right to buy) | \$ 12.1 | 08/29/2007 | | M | 362 (1) | 05/31/2001 05/31/2011 | | Common Stock | 362 |
| Non-Qualified Stock Option(right to buy) | \$ 12.1 | 08/29/2007 | | M | 13 (1) | 05/31/2001 05/31/2011 | | Common Stock | 13 |
| Non-Qualified Stock Option(right to | \$ 12.1 | 08/29/2007 | | M | 69 (1) | 05/31/2001 05/31/2011 | | Common Stock | 69 |

buy)

| | | | | | | | | | |
|---|---------|------------|--|---|------------------|------------|------------|-----------------|----|
| Non-Qualified Stock Option(right to buy) | \$ 12.1 | 08/29/2007 | | M | <u>14</u> (1) | 05/31/2001 | 05/31/2011 | Common Stock | 14 |
|---|---------|------------|--|---|------------------|------------|------------|-----------------|----|

| | | | | | | | | | |
|---|---------|------------|--|---|------------------|------------|------------|-----------------|----|
| Non-Qualified Stock Option(right to buy) | \$ 12.1 | 08/29/2007 | | M | <u>42</u> (1) | 05/31/2001 | 05/31/2011 | Common Stock | 42 |
|---|---------|------------|--|---|------------------|------------|------------|-----------------|----|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------|-------|
| | Director | 10% Owner | Officer | Other |
| BALAKRISHNAN BALU C/O POWER INTEGRATIONS 5245 HELLYER AVE SAN JOSE, CA 95138 | | | President and CEO | |

Signatures

/s/ Rafael Torres Attorney-In-Fact for Balu
Balakrishnan

08/31/2007

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This sale is pursuant to a 10b5-1 sales plan

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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