

BALAKRISHNAN BALU  
Form 4  
September 13, 2007

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
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**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

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

5. Relationship of Reporting Person(s) to Issuer  
  
(Check all applicable)  
 Director  10% Owner  
 Officer (give title below)  Other (specify below)  
President and CEO

(Last) (First) (Middle)

C/O POWER  
INTEGRATIONS, 5245 HELLYER  
AVE

3. Date of Earliest Transaction  
(Month/Day/Year)  
09/12/2007

(Street)

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

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

SAN JOSE, CA 95138

(City) (State) (Zip)

**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)
			(Instr. 8)	(Instr. 8)	(A) or (D)	Amount			
Common Stock	09/12/2007		M		A	\$ 12.1	4,752	D	
Common Stock	09/12/2007		S		D	\$ 28.55	4,352	D	
Common Stock	09/12/2007		M		A	\$ 12.1	4,652	D	
Common Stock	09/12/2007		S		D	\$ 28.71	4,352	D	
	09/12/2007		M		A	\$ 12.1	4,362	D	

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Common  
Stock

Common Stock	09/12/2007		S	10	D	\$ 28.79	4,352	D
Common Stock	09/12/2007		M	290	A	\$ 12.1	4,642	D
Common Stock	09/12/2007		S	290	D	\$ 28.8	4,352	D

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

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SEC 1474  
(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	Amount or Number of Shares
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/12/2007		M	<u>400</u> (1)	05/31/2001 05/31/2011	Common Stock	400	
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/12/2007		M	<u>300</u> (1)	05/31/2001 05/31/2011	Common stock	300	
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/12/2007		M	<u>10</u> (1)	05/31/2001 05/31/2011	Common Stock	10	
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/12/2007		M	<u>290</u> (1)	05/31/2001 05/31/2011	Common Stock	290	

## 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	09/13/2007
<small>**Signature of Reporting Person</small>	<small>Date</small>

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