

BALAKRISHNAN BALU  
Form 4  
October 19, 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)

3. Date of Earliest Transaction (Month/Day/Year)  
**10/17/2007**

**C/O POWER INTEGRATIONS, 5245 HELLYER AVE**

(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. Transaction Code (Instr. 8)	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			
Common Stock	10/17/2007		M		200	A	\$ 14.82	4,552	D
Common Stock	10/17/2007		S		200	D	\$ 31.04	4,352	D
Common Stock	10/17/2007		M		300	A	\$ 14.82	4,652	D
Common Stock	10/17/2007		S		300	D	\$ 31.07	4,352	D
	10/17/2007		M		538	A		4,890	D

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Common Stock						\$ 14.82		
Common Stock	10/17/2007	S	538	D	\$ 31.2	4,352	D	
Common Stock	10/17/2007	M	700	A	\$ 12.1	5,052	D	
Common Stock	10/17/2007	S	700	D	\$ 31.17	4,352	D	
Common Stock	10/17/2007	M	262	A	\$ 12.1	4,614	D	
Common Stock	10/17/2007	S	262	D	\$ 31.2	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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**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	10/17/2007		M	700 (1)	05/31/2001 05/31/2011	Common Stock	700	
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/17/2007		M	262 (1)	05/31/2001 05/31/2011	Common Stock	262	
Non-Qualified Stock Option (right to buy)	\$ 14.82	10/17/2007		M	200 (1)	02/21/2002 02/21/2012	Common Stock	200	
Non-Qualified Stock Option	\$ 14.82	10/17/2007		M	300 (1)	02/21/2002 02/21/2012	Common Stock	300	

