

POWER INTEGRATIONS INC  
 Form 4  
 September 26, 2007

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

OMB APPROVAL  
 OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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**

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)  
**09/24/2007**

**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. 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	09/24/2007		M		A	\$ 12.1	4,413	D	
Common Stock	09/24/2007		S		D	\$ 30.93	4,352	D	
Common Stock	09/24/2007		M		A	\$ 12.1	4,371	D	
Common Stock	09/24/2007		S		D	\$ 30.94	4,352	D	
	09/24/2007		M		A	\$ 12.1	4,511	D	

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Common Stock							
Common Stock	09/24/2007	S	159	D	\$ 30.95	4,352	D
Common Stock	09/24/2007	M	19	A	\$ 12.1	4,371	D
Common Stock	09/24/2007	S	19	D	\$ 30.96	4,352	D
Common Stock	09/24/2007	M	65	A	\$ 12.1	4,417	D
Common Stock	09/24/2007	S	65	D	\$ 30.99	4,352	D
Common Stock	09/24/2007	M	159	A	\$ 12.1	4,511	D
Common Stock	09/24/2007	S	159	D	\$ 31	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
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007		M	47 <u>(1)</u>	Date Exercisable: 05/31/2001 Expiration Date: 05/31/2011	Common Stock	47
Non-Qualified Stock Option(right to	\$ 12.1	09/24/2007		M	47 <u>(1)</u>	Date Exercisable: 05/31/2001 Expiration Date: 05/31/2011	Common Stock	47

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buy)

Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>9</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	9
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>64</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	64
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>56</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	56
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>47</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	47
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>47</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	47
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>93</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	93
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>47</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	47
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>65</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common stock	65
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>168</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common stock	168
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>65</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	65
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>139</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	139

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Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>323</u> (1)	05/31/2001	05/31/2011	Common Stock	323
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>107</u> (1)	05/31/2001	05/31/2011	Common Stock	107
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>61</u> (1)	05/31/2001	05/31/2011	Common Stock	61
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>19</u> (1)	05/31/2001	05/31/2011	Common Stock	19
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>159</u> (1)	05/31/2001	05/31/2011	Common Stock	159
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>19</u> (1)	05/31/2001	05/31/2011	Common Stock	19
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>65</u> (1)	05/31/2001	05/31/2011	Common Stock	65
Non-Qualified Stock Option(right to buy)	\$ 12.1	09/24/2007	M	<u>159</u> (1)	05/31/2001	05/31/2011	Common stock	159

## 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

09/26/2007

\_\_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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