

POWER INTEGRATIONS INC  
 Form 4  
 October 12, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
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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)  
**10/10/2007**

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. Transaction 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	Price			
Common Stock	10/10/2007		M		300	A \$ 12.1	4,652	D	
Common Stock	10/10/2007		S		300	D \$ 31.15	4,352	D	
Common Stock	10/10/2007		M		200	A \$ 12.1	4,552	D	
Common Stock	10/10/2007		S		200	D \$ 31.2	4,352	D	
	10/10/2007		M		400	A \$ 12.1	4,752	D	

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Common Stock							
Common Stock	10/10/2007		S	400	D	\$ 31.22	4,352 D
Common Stock	10/10/2007		M	500	A	\$ 12.1	4,852 D
Common Stock	10/10/2007		S	500	D	\$ 31.3	4,352 D
Common Stock	10/10/2007		M	200	A	\$ 12.1	4,552 D
Common Stock	10/10/2007		S	200	D	\$ 31.31	4,352 D
Common Stock	10/10/2007		M	200	A	\$ 12.1	4,552 D
Common Stock	10/10/2007		S	200	D	\$ 31.33	4,352 D
Common Stock	10/10/2007		M	100	A	\$ 12.1	4,452 D
Common Stock	10/10/2007		S	100	D	\$ 31.36	4,352 D
Common Stock	10/10/2007		M	100	A	\$ 12.1	4,452 D
Common Stock	10/10/2007		S	100	D	\$ 31.5	4,352 D

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

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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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number

								of Shares
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/10/2007	M	<u>300</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	300
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/10/2007	M	<u>200</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	200
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/10/2007	M	<u>400</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	400
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/10/2007	M	<u>500</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	500
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/10/2007	M	<u>200</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	200
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/10/2007	M	<u>200</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	200
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/10/2007	M	<u>100</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	100
Non-Qualified Stock Option (right to buy)	\$ 12.1	10/10/2007	M	<u>100</u> <sup>(1)</sup>	05/31/2001	05/31/2011	Common Stock	100

## 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

By: /s/ Rafael Torres Attorney-In-Fact For: Balu Balakrishnan 10/12/2007

\_\_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).

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(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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