

BALAKRISHNAN BALU
 Form 4
 July 03, 2008

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

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

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
5245 HELLYER AVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
07/02/2008

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

SAN JOSE, CA 95138
 (City) (State) (Zip)

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

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 Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock	07/02/2008		M		300	A	\$ 12.1	4,652	D	
Common Stock	07/02/2008		S		300	D	\$ 31.38	4,352	D	
Common Stock	07/02/2008		M		100	A	\$ 12.1	4,452	D	
Common Stock	07/02/2008		S		100	D	\$ 31.44	4,352	D	
Common Stock	07/02/2008		M		600	A	\$ 12.1	4,952	D	

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Common Stock	07/02/2008	S	600	D	\$ 31.5	4,352	D	
Common Stock	07/02/2008	M	6	A	\$ 12.1	4,358	D	
Common Stock	07/02/2008	S	6	D	\$ 31.53	4,352	D	
Common Stock	07/02/2008	M	194	A	\$ 14.2188	4,546	D	
Common Stock	07/02/2008	S	194	D	\$ 31.53	4,352	D	
Common Stock	07/02/2008	M	400	A	\$ 14.2188	4,752	D	
Common Stock	07/02/2008	S	400	D	\$ 31.55	4,352	D	
Common Stock	07/02/2008	M	400	A	\$ 14.2188	4,752	D	
Common Stock	07/02/2008	S	400	D	\$ 31.6	4,352	D	
Common Stock						232,752	I	by Trust

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)	Amount or Number of Shares
Non-Qualified Stock Option	\$ 12.1	07/02/2008		M	300 <u>(1)</u>	05/31/2001 05/31/2011	Common Stock	300

(right to buy)

Non-Qualified Stock Option (right to buy)	\$ 12.1	07/02/2008	M	<u>100</u> (1)	05/31/2001	05/31/2011	Common Stock	100
Non-Qualified Stock Option (right to buy)	\$ 12.1	07/02/2008	M	<u>600</u> (1)	05/31/2001	05/31/2011	Common Stock	600
Non-Qualified Stock Option (right to buy)	\$ 12.1	07/02/2008	M	6 <u>(1)</u>	05/31/2001	05/31/2011	Common Stock	6
Non-Qualified Stock Option (right to buy)	\$ 14.2188	07/02/2008	M	<u>194</u> (1)	05/31/2001	04/20/2009	Common Stock	194
Non-Qualified Stock Option (right to buy)	\$ 14.2188	07/02/2008	M	<u>400</u> (1)	05/31/2001	04/20/2009	Common Stock	400
Non-Qualified Stock Option (right to buy)	\$ 14.2188	07/02/2008	M	<u>400</u> (1)	05/31/2001	04/20/2009	Common Stock	400

Reporting Owners

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

Signatures

By: /s/ Robert Lelieur Attorney-In-Fact For: Balu
Balakrishnan

07/02/2008

__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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