

BALAKRISHNAN BALU  
 Form 4  
 February 24, 2009

**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)  
 5245 HELLYER AVE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 02/20/2009

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 or Price		
Common Stock	02/20/2009		M		20,526 A \$ 14.2188	24,878 <sup>(2)</sup>	D
Common Stock	02/20/2009		M		6,639 A \$ 15.0625	31,517 <sup>(2)</sup>	D
Common Stock	02/20/2009		M		7,403 A \$ 12.1	38,920 <sup>(2)</sup>	D
Common Stock	02/20/2009		M		4,779 A \$ 14.82	43,699 <sup>(2)</sup>	D
Common Stock	02/20/2009		M		2,699 A \$ 17.75	46,398 <sup>(2)</sup>	D

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Common Stock	02/23/2009	G <sup>(1)</sup>	V	21,023	D	\$ 0	25,375 <sup>(2)</sup>	D	
Common Stock	02/23/2009	G <sup>(1)</sup>	V	21,023	D	\$ 0	4,352 <sup>(2)</sup>	D	
Common Stock	02/23/2009	G <sup>(1)</sup>	V	21,023	A	\$ 0	21,023	I	By Trust for Eldest Son
Common Stock	02/23/2009	G <sup>(1)</sup>	V	21,023	A	\$ 0	21,023	I	By Trust Youngest Son
Common Stock							232,752	I	By Trust for reporting person and wife

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 Security (Instr. 3 and 4)	Am or Nur of S	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
Non-Qualified Stock Option(right to buy)	\$ 14.2188	02/20/2009		M	20,526	04/20/1999	04/20/2009	Common Stock	20
Non-Qualified Stock Option(right to buy)	\$ 15.0625	02/20/2009		M	6,639	04/14/2000	04/14/2010	Common Stock	6,
Non-Qualified Stock Option(right to	\$ 12.1	02/20/2009		M	7,403	05/31/2001	05/31/2011	Common Stock	7,

buy)

Non-Qualified  
Stock  
Option(right to  
buy)

\$ 14.82

02/20/2009

M

4,779

02/21/2002 02/21/2012

Common  
Stock

4,

Non-Qualified  
Stock  
Option(right to  
buy)

\$ 17.75

02/20/2009

M

2,699

01/08/2003 01/08/2013

Common  
Stock

2,

## 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

/s/ Bill Roeschlein Attorney-In-Fact Balu  
Balakrishnan

02/24/2009

\_\_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).

This transaction involved a gift of securities by the reporting person to a trust in which the reporting person is a trustee, which trust benefits his son who shares reporting person's household. The reporting person disclaims beneficial ownership of the shares held by the trust, and this report should not be deemed an admission that the reporting person is the beneficial owner of the trust's shares for purposes of Section 16 or for any other purpose.

(1) Excludes 232,752 shares held in trust for which the reporting person is a trustee and beneficiary.

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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