

BALAKRISHNAN BALU
 Form 4
 February 24, 2009

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)

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

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

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

SAN JOSE, CA 95138

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

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

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Common Stock	02/23/2009	G ⁽¹⁾	V	21,023	D	\$ 0	25,375 ⁽²⁾	D	
Common Stock	02/23/2009	G ⁽¹⁾	V	21,023	D	\$ 0	4,352 ⁽²⁾	D	
Common Stock	02/23/2009	G ⁽¹⁾	V	21,023	A	\$ 0	21,023	I	By Trust for Eldest Son
Common Stock	02/23/2009	G ⁽¹⁾	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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(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 Num 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,
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Non-Qualified Stock Option(right to buy)	\$ 17.75	02/20/2009	M	2,699	01/08/2003	01/08/2013	Common Stock	2,
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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
<u> </u> 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)
- (2) 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.