

BALAKRISHNAN BALU

Form 4

December 28, 2010

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

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

OMB APPROVAL

OMB
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(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)
12/27/2010

____ Director ____ 10% Owner
____X____ 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)
____X____ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D)	Price	
Common Stock	12/27/2010		M		7,000	A \$ 14.82	243,186 I by Trust
Common Stock	12/27/2010		S		7,000	D \$ 40.6845	236,186 I by Trust
Common Stock							25,000 D

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

**Persons who respond to the collection of
information contained in this form are not
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SEC 1474
(9-02)

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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)	8. Date Exercisable and Expiration Date (Month/Day/Year)	9. Title	10. Amount or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 14.82	12/27/2010		M	7,000 (2)	02/21/2002 02/21/2012	Common Stock			7,000

Reporting Owners

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

Signatures

By: /s/ Eric Verity Attorney-In-Fact For: Balu Balakrishnan 12/28/2010

____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) The range of prices for the enclosed transactions were \$40.43 to 40.88. Upon request by the SEC staff, the issuer, or any security holder of the issuer we will provide full information regarding the number of shares sold at each separate price.

(2) 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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