

MONOLITHIC POWER SYSTEMS INC  
 Form 4  
 August 17, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
 Xiao Deming

2. Issuer Name and Ticker or Trading Symbol  
 MONOLITHIC POWER SYSTEMS INC [MPWR]

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

(Last) (First) (Middle)  
 983 UNIVERSITY AVENUE,  
 BUILDING A  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 04/26/2005

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 VP, Operations

LOS GATOS, CA 95032

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 Indirect Beneficial Ownership (Instr. 4)				
				Code	V	Amount	(A) or (D)	Price			
Common Stock	08/15/2006		J <sup>(1)</sup>	V	1,728	A	\$ 7.463	24,228		D	
Common Stock	08/15/2006		J <sup>(1)</sup>	V	1,173	A	\$ 7.463	1,173		I	by Spouse <sup>(2)</sup>
Common Stock								86,333		I	By Parent

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 required to respond unless the form**

SEC 1474  
 (9-02)

**displays a currently valid OMB control number.**

**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 Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Incentive Stock Option (right to buy)	\$ 8.05	04/26/2005		A	41,329	03/28/2006 <sup>(3)</sup>	04/26/2015	Common Stock
Incentive Stock Option (right to buy)	\$ 16	01/17/2006		A	4,688	01/17/2008 <sup>(5)</sup>	01/17/2016	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 8.05	04/26/2005		A	23,671	03/28/2005 <sup>(3)</sup>	04/26/2015	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 16	01/17/2006		A	10,312	01/17/2008 <sup>(5)</sup>	01/17/2016	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Xiao Deming 983 UNIVERSITY AVENUE, BUILDING A LOS GATOS, CA 95032			VP, Operations	

## Signatures

Deming Xiao 08/17/2006

\*\*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) Acquired through the company's qualified ESPP program.

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- (2) Represent shares owned by the reporting person's spouse.
- (3) On April 26, 2005, 65,000 shares of options were granted. 25% of the shares vest on March 28, 2006 and the balance vests monthly over 36 months. Because of the \$100,000 ISO vesting limitation, this grant was split 41,329 shares ISO and 23,671 shares NSO.
- (4) Represents options owned by the reporting person's spouse.
- (5) On January 17, 2006, 15,000 shares of options were granted. 50% of the shares vest on January 17, 2008 and the balance vests quarterly over 24 months. Because of the \$100,000 ISO vesting limitation, this grant was split 4,688 shares ISO and 10,312 shares NSO.

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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