

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
 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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934
 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*			2. Issuer Name and Ticker or Trading Symbol			5. Relationship of Reporting Person(s) to Issuer (Check all applicable)		
<u>Neely Rick</u>			<u>MONOLITHIC POWER SYSTEMS INC</u>			<input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Chief Financial Officer</u>		
(Last) (First) (Middle)			3. Date of Earliest Transaction (Month/Day/Year)					
<u>6409 GUADALUPE MINES ROAD</u>			<u>10/03/2007</u>					
(Street)			4. If Amendment, Date of Original Filed (Month/Day/Year)			6. Individual or Joint/Group Filing (Check Applicable Line)		
<u>SAN JOSE CA 95120</u>						<input checked="" type="checkbox"/> Form filed by One Reporting Person		
(City) (State) (Zip)						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	10/03/2007		M		17,500	A	\$8.41	27,000	D	
Common Stock	10/03/2007		S ⁽¹⁾		6,500	D	\$25.95	20,500	D	
Common Stock	10/03/2007		S ⁽¹⁾		2,500	D	\$25.8	18,000	D	
Common Stock	10/03/2007		S ⁽¹⁾		2,000	D	\$25.81	16,000	D	
Common Stock	10/03/2007		S ⁽¹⁾		1,500	D	\$25.82	14,500	D	
Common Stock	10/03/2007		S ⁽¹⁾		500	D	\$25.83	14,000	D	
Common Stock	10/03/2007		S ⁽¹⁾		1,000	D	\$25.78	13,000	D	
Common Stock	10/03/2007		S ⁽¹⁾		2,000	D	\$25.75	11,000	D	
Common Stock	10/03/2007		S ⁽¹⁾		1,500	D	\$25.74	9,500	D	

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					Code	V	Date Exercisable	Expiration Date					
Non-Qualified Stock Option (right to buy)	\$8.41	10/03/2007		M			09/06/2006 ⁽²⁾	09/22/2015	Common Stock	\$0	113,940	D	

Explanation of Responses:

1. In accordance with the reporting person's 10b5-1 trading plan.
 2. 25% of the shares subject to the option vest on 9/6/06; balance vests monthly over 36 months.

Rick Neely10/04/2007

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.