

GAY THOMAS E III
 Form 4
 March 20, 2007

FORM 4

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

OMB APPROVAL

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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 *
 GAY THOMAS E III

2. Issuer Name and Ticker or Trading Symbol
 CATALYST SEMICONDUCTOR INC [cats]

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

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 03/16/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Chief Financial Officer

C/O CATALYST SEMICONDUCTORS, 2975 STENDER WAY

(Street)

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

SANTA CLARA, CA 95054

(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 | (D) | Price |

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)

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| 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) | | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|--------|---|-----------------|--------------|----------------------------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option (Right to Buy) | \$ 7.25 | 03/16/2007 | | D ⁽¹⁾ | | | 25,000 | <u>(1)</u> | 05/18/2010 | Common Stock | 25,000 |
| Employee Stock Option (Right to Buy) | \$ 5.38 | 03/16/2007 | | D ⁽²⁾ | | | 50,000 | <u>(2)</u> | 02/15/2011 | Common Stock | 50,000 |
| Employee Stock Option (Right to Buy) | \$ 7.15 | 03/16/2007 | | D ⁽³⁾ | | | 60,000 | <u>(3)</u> | 11/18/2013 | Common Stock | 60,000 |
| Employee Stock Option (Right to Buy) | \$ 7.25 | 03/16/2007 | | D ⁽⁴⁾ | | | 25,000 | <u>(4)</u> | 05/18/2010 | Common Stock | 25,000 |
| Employee Stock Option (Right to Buy) | \$ 3.35 | 03/16/2007 | | A ⁽¹⁾ | | | 12,500 | <u>(1)</u> | 03/16/2017 | Common Stock | 12,500 |
| Employee Stock Option (Right to Buy) | \$ 3.35 | 03/16/2007 | | A ⁽²⁾ | | | 25,000 | <u>(2)</u> | 03/16/2017 | Common Stock | 25,000 |
| Employee Stock Option (Right to Buy) | \$ 3.35 | 03/16/2007 | | A ⁽³⁾ | | | 30,000 | <u>(3)</u> | 03/16/2017 | Common Stock | 30,000 |
| Employee Stock Option | \$ 3.35 | 03/16/2007 | | A ⁽⁴⁾ | | | 12,500 | <u>(4)</u> | 03/16/2017 | Common Stock | 12,500 |

(Right to
Buy)

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| GAY THOMAS E III C/O CATALYST SEMICONDUCTORS 2975 STENDER WAY SANTA CLARA, CA 95054 | | | Chief Financial Officer | |

Signatures

/s/ Thomas E.
Gay III

03/20/2007

__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 reported transactions involved an amendment of an outstanding option, resulting in the deemed cancellation of the old option and the grant of a replacement option. The old option was originally granted on May 18, 2000 and provides for 6,250 shares exercisable on May 1, 2001, with the remainder becoming exercisable in equal monthly installments over the next three years. The new option is granted at an exercise price of \$3.35 per share and provides for 1/36th of the shares vesting on April 16, 2007 and each one-month thereafter for so long as the reporting person remains a service provider of the Company.

(2) The reported transactions involved an amendment of an outstanding option, resulting in the deemed cancellation of the old option and the grant of a replacement option. The old option was originally granted on February 15, 2001 and provides for 12/48th of the shares vesting on February 15, 2002 and 1/48th of the total number of shares vesting at the end of each month thereafter. The new option is granted at an exercise price of \$3.35 per share and is provides for 1/36th of the shares vesting on April 16, 2007 and each one-month thereafter for so long as the reporting person remains a service provider of the Company.

(3) The reported transactions involved an amendment of an outstanding option, resulting in the deemed cancellation of the old option and the grant of a replacement option. The old option was originally granted on November 19, 2003 and provides for 12/48th of the shares vesting on November 19, 2004 and 1/48th of the total number of shares vesting at the end of each month thereafter. The new option is granted at an exercise price of \$3.35 per share and provides for 1/36th of the shares vesting on April 16, 2007 and each one-month thereafter for so long as the reporting person remains a service provider of the Company

(4) The reported transactions involved an amendment of an outstanding option, resulting in the deemed cancellation of the old option and the grant of a replacement option. The old option was originally granted on May 18, 2000 and provides for 12/48th of the shares vesting on May 18, 2001 and 1/48th of the total number of shares vesting at the end of each month thereafter. The new option is granted at an exercise price of \$3.35 per share and provides for 1/36th of the shares vesting on April 16, 2007 and each one-month thereafter for so long as the reporting person remains a service provider of the Company.

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.