

DSP GROUP INC /DE/  
Form 4  
February 27, 2006

**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 \*  
AYALON ELIYAHU

(Last) (First) (Middle)

C/O DSP GROUP, INC., 3120  
SCOTT BLVD

(Street)

SANTA CLARA, CA 95054

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
DSP GROUP INC /DE/ [DSPG]

3. Date of Earliest Transaction  
(Month/Day/Year)  
02/23/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Chairman of Board and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 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                                                                                        | (D)                                                      | Price                                                 |
| Common Stock                    | 02/23/2006                           |                                                    | M                              |                                                                   | 28,500                                                                                        | A                                                        | \$ 16.79                                              |
| Common Stock                    | 02/23/2006                           |                                                    | S                              |                                                                   | 28,500                                                                                        | D                                                        | \$ 26.465                                             |
| Common Stock                    | 02/23/2006                           |                                                    | M                              |                                                                   | 62,500                                                                                        | A                                                        | \$ 16.79                                              |
| Common Stock                    | 02/23/2006                           |                                                    | S                              |                                                                   | 62,500                                                                                        | D                                                        | \$ 26.465                                             |
| Common Stock                    | 02/23/2006                           |                                                    | M                              |                                                                   | 62,500                                                                                        | A                                                        | \$ 16.79                                              |

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|              |            |   |        |   |            |        |   |
|--------------|------------|---|--------|---|------------|--------|---|
| Common Stock | 02/23/2006 | S | 62,500 | D | \$ 26.465  | 0      | D |
| Common Stock | 02/23/2006 | M | 36,500 | A | \$ 16.79   | 36,500 | D |
| Common Stock | 02/23/2006 | S | 36,500 | D | \$ 26.465  | 0      | D |
| Common Stock | 02/24/2006 | M | 26,000 | A | \$ 16.79   | 26,000 | D |
| Common Stock | 02/24/2006 | S | 26,000 | D | \$ 27.0001 | 0      | D |
| Common Stock | 02/24/2006 | M | 62,500 | A | \$ 17.8161 | 62,500 | D |
| Common Stock | 02/24/2006 | S | 62,500 | D | \$ 26.964  | 0      | D |
| Common Stock | 02/24/2006 | M | 62,500 | A | \$ 17.8161 | 62,500 | D |
| Common Stock | 02/24/2006 | S | 62,500 | D | \$ 26.964  | 0      | D |
| Common Stock | 02/24/2006 | M | 37,500 | A | \$ 17.3893 | 37,500 | D |
| Common Stock | 02/24/2006 | S | 37,500 | D | \$ 27.0138 | 0      | D |

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 Securities (Instr. 3 and 4) |              |                            |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------|----------------------------|
|                                            |                                                        |                                      |                                                    | Code                           | V (A) (D)                                                                               | Date Exercisable                                         | Expiration Date                                               | Title        | Amount or Number of Shares |
| Stock Option                               | \$ 16.79                                               | 02/23/2006                           |                                                    | M                              | 28,500                                                                                  | 01/22/2003                                               | 01/22/2010                                                    | Common Stock | 28,500                     |

|                             |            |            |   |        |            |            |              |        |  |  |
|-----------------------------|------------|------------|---|--------|------------|------------|--------------|--------|--|--|
| (Right to Buy)              |            |            |   |        |            |            |              |        |  |  |
| Stock Option (Right to Buy) | \$ 16.79   | 02/23/2006 | M | 62,500 | 01/22/2004 | 01/22/2010 | Common Stock | 62,500 |  |  |
| Stock Option (Right to Buy) | \$ 16.79   | 02/23/2006 | M | 62,500 | 01/22/2005 | 01/22/2010 | Common Stock | 62,500 |  |  |
| Stock Option (Right to Buy) | \$ 16.79   | 02/23/2006 | M | 36,500 | 01/22/2006 | 01/22/2010 | Common Stock | 36,500 |  |  |
| Stock Option (Right to Buy) | \$ 16.79   | 02/24/2006 | M | 26,000 | 01/22/2006 | 01/22/2010 | Common Stock | 26,000 |  |  |
| Stock Option (Right to Buy) | \$ 17.8161 | 02/24/2006 | M | 62,500 | 02/04/2004 | 02/04/2009 | Common Stock | 62,500 |  |  |
| Stock Option (Right to Buy) | \$ 17.8161 | 02/24/2006 | M | 62,500 | 02/04/2005 | 02/04/2009 | Common Stock | 62,500 |  |  |
| Stock Option (Right to Buy) | \$ 17.3893 | 02/24/2006 | M | 37,500 | 10/26/2003 | 10/26/2007 | Common Stock | 37,500 |  |  |

## Reporting Owners

| Reporting Owner Name / Address                                                    | Relationships |           |                           |       |
|-----------------------------------------------------------------------------------|---------------|-----------|---------------------------|-------|
|                                                                                   | Director      | 10% Owner | Officer                   | Other |
| AYALON ELIYAHU<br>C/O DSP GROUP, INC.<br>3120 SCOTT BLVD<br>SANTA CLARA, CA 95054 | X             |           | Chairman of Board and CEO |       |

## Signatures

/s/ Eliyahu  
Ayalon

02/27/2006

\*\*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).

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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