

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2007-12-04** | Period of Report: **2007-12-03**
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ISSUER

HI/FN INC

CIK: **1065246** | IRS No.: **330732700** | State of Incorporation: **DE** | Fiscal Year End: **0930**
SIC: **3674** Semiconductors & related devices

Mailing Address
750 UNIVERSITY AVENUE
.
LOS GATOS CA 95032

Business Address
750 UNIVERSITY AVENUE
.
LOS GATOS CA 95032
4093993500

REPORTING OWNER

Yang Steven

CIK: **1419735**
Type: **4** | Act: **34** | File No.: **000-24765** | Film No.: **071284153**

Mailing Address
750 UNIVERSITY AVE.
LOS GATOS CA 95032

Business Address
408-399-3500

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

| | | | | | | |
|---|---------|----------|--|--|--|---|
| 1. Name and Address of Reporting Person Yang Steven | | | 2. Issuer Name and Ticker or Trading Symbol HI/FN INC [HIFN] | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) VO, APAC Field Ops | |
| (Last) | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) 12/03/2007 | | | 6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person |
| 750 UNIVERSITY AVE. | | | 4. If Amendment, Date Original Filed(Month/Day/Year) | | | |
| (Street) LOS GATOS, CA 95032 | | | | | | |
| (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) | | | |

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 of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|---|-----|--|-----------------|---|--|--|--|--|-------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | | Title |
| Option to Purchase Common Stock (L) | \$5.93 | 12/03/2007 | 12/03/2007 | A | | 60,000 | | 12/03/2011 | 12/03/2017 | Common Stock | 60,000 | \$ 0 | 0 | D | |

Explanation of Responses:

1. Subject to a 4-year vesting with 25% vesting on the one-year anniversary of the date of grant and 75% vesting monthly over the remaining 36 months.

Signatures

/s/ Barbara Newlon by power of attorney
** Signature of Reporting Person

12/04/2007
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.