

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

FORM 10-Q/A  
(Amendment No. 1)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 27, 2008

TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-27026

Pericom Semiconductor Corporation  
(Exact Name of Registrant as Specified in Its Charter)

California  
(State or Other Jurisdiction of  
Incorporation or Organization)

77-0254621  
(I.R.S. Employer  
Identification No.)

3545 North First Street  
San Jose, California 95134  
(408) 435-0800

(Address of Principal Executive Offices and  
Issuer's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 31, 2008, there were 25,561,528 shares of the registrant's Common Stock outstanding.

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### **Explanatory Note**

This Form 10-Q/A amends Pericom Semiconductor Corporation's (the Company) quarterly report on Form 10-Q for the quarter ended September 27, 2008, which was originally filed on November 6, 2008 (the "Original Form 10-Q"). The amendment is a result of the restatement of the Company's condensed consolidated financial statements and related financial information for the quarterly period ended September 27, 2008.

The Company is restating its previously filed financial statements and other financial information for the above referenced period to correct errors related to accounting for unrealized investment losses and errors in inventory. As a result of these errors, net revenues were overstated by \$98,000, cost of goods sold were overstated by \$109,000; gross profit and operating income were understated by \$11,000 and net income was overstated by \$264,000 for the quarter ended September 27, 2008, as previously reported. In correcting these errors, earnings per share on a fully diluted basis decreased \$0.01 per share to \$0.14 for the quarter ended September 27, 2008.

Restated balances have been identified with the notation "As Restated" where appropriate. Throughout the financial statements, the term "as previously reported" will be used to refer to balances from the fiscal 2009 condensed consolidated financial statements as reported prior to restatement for the correction of errors.

Because this Form 10-Q/A sets forth the Original Form 10-Q in its entirety, it includes items that have been changed as a result of the restatement and items that are unchanged from the Original Form 10-Q. Other than the revising of the disclosures relating to the restatement, this Form 10-Q/A speaks as of the original filing date of the Original Form 10-Q and has not been updated to reflect other events occurring subsequent to the original filing date. This includes forward-looking statements and all other sections of this Form 10-Q/A that were not directly impacted by the restatement, which should be read in their historical context. However, the following items have been amended solely as a result of, and to reflect, the restatement:

Part I, Item 1 – Financial Statements

Part I, Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Part I, Item 4 – Controls and Procedures

## Part II, Item 6 – Exhibits

The Company is including currently dated Sarbanes-Oxley Act Section 302 and Section 906 certifications of the Chief Executive Officer and Chief Financial Officer that are attached to this Form 10-Q/A as Exhibits 31 and 32.

This amended report should be read in conjunction with the two other amended Forms 10-Q and the Form 10-K for our fiscal year ended June 27, 2009, being filed on or around the same date as this amended report.

Additional information concerning the restatement and related matters is contained in the following sections of the Form 10-K: Part II, Item 9A, Controls and Procedures, and Part I, Item 1A, Risk Factors, "We and our independent registered public accounting firm determined that we had material weaknesses in our internal control over financial reporting as of the end of our most recent fiscal year, June 27, 2009. There can be no assurance that a material weakness will not arise in the future. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock", and "Our finance department has undergone, and continues to undergo, significant changes."

### Pericom Semiconductor Corporation

Form 10-Q/A for the Quarter Ended September 27, 2008

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PART I. FINANCIAL INFORMATION

Item 1: Condensed Consolidated Financial Statements

Pericom Semiconductor Corporation  
Condensed Consolidated Balance Sheets  
(In thousands, except share data)

September 27, 2008  
(unaudited)  
(As Restated -  
See Note 2)

June 28, 2008  
(1)

ASSETS		
Current assets:		
Cash and cash equivalents	\$ 39,069	\$ 41,646
Short-term investments in marketable securities	45,589	72,108
Accounts receivable:		
Trade (net of allowances of \$2,163 and \$1,950)	32,397	29,002
Other receivables	1,817	1,684
Inventories	18,751	17,921
Prepaid expenses and other current assets	5,071	5,943
Deferred income taxes	3,996	3,344
Total current assets	146,690	171,648
Property, plant and equipment – net	28,751	29,173
Investments in unconsolidated affiliates	10,512	10,392
Deferred income taxes – non-current	4,554	4,543
Long-term investments in marketable securities	36,332	10,171
Goodwill	1,325	1,325
Intangible assets (net of accumulated amortization of \$806 and \$772)	1,090	1,140
Other assets	3,283	3,191
Total assets	\$ 232,537	\$ 231,583
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,831	\$ 13,431
Accrued liabilities	7,911	8,779
Total current liabilities	22,742	22,210
Deferred tax liabilities	800	800
Income tax liability	1,018	-
Minority interest in consolidated subsidiaries	1,163	1,118
Total liabilities	25,723	24,128

Shareholders' equity:		
Common stock and paid in capital - no par value, 60,000,000 shares authorized; shares issued and outstanding: September 27, 2008, 25,562,000; June 28, 2008, 25,703,000.	130,580	132,028
Retained earnings	75,823	72,162
Accumulated other comprehensive income (loss), net of tax	411	3,265
Total shareholders' equity	206,814	207,455
Total liabilities and shareholders' equity	\$ 232,537	\$ 231,583

(1) The information in this column was derived from the Company's audited consolidated financial statements for the year ended June 28, 2008.

See notes to condensed consolidated financial statements.

Pericom Semiconductor Corporation  
Condensed Consolidated Statements of Operations  
(In thousands, except per share amounts, unaudited)

	Three Months Ended	
	September 27, 2008 (As Restated - See Note 2)	September 29, 2007
Net revenues	\$ 43,798	\$ 38,468
Cost of revenues	27,805	24,467
Gross profit	15,993	14,001
Operating expenses:		
Research and development	4,221	4,082
Selling, general and administrative	6,901	5,839
Total	11,122	9,921
Income from operations	4,871	4,080
Interest and other income, net	1,106	1,370
Other than temporary decline in value of investments	(458)	-
Income before income tax expense	5,519	5,450
Income tax expense	1,930	1,691
Minority interest in (income) loss of consolidated subsidiaries	(45)	3
Equity in net income of unconsolidated affiliates	117	121
Net income	\$ 3,661	\$ 3,883
Basic income per share	\$ 0.14	\$ 0.15
Diluted income per share	\$ 0.14	\$ 0.15

Shares used in computing basic income per share	25,679	25,745
Shares used in computing diluted income per share	26,239	26,379

See notes to condensed consolidated financial statements.

Pericom Semiconductor Corporation  
Condensed Consolidated Statements of Cash Flows  
(In thousands, unaudited)

	Three Months Ended	
	September 27, 2008 (As Restated - See Note 2)	September 29, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 3,661	\$ 3,883
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,964	1,178
Share-based compensation	795	508
Tax benefit related to share-based transactions	-	(34)
Excess tax benefit on share-based transactions	(58)	(55)
Other than temporary decline in value of investments	458	-
Gain on sale of investments	(25)	-
Gain on disposal of assets	-	(7)
Equity in net income of unconsolidated affiliates	(117)	(121)
Deferred taxes	(643)	(105)
Minority interest in consolidated subsidiary income (loss)	45	(3)
Changes in assets and liabilities:		
Accounts receivable	(4,169)	(1,758)
Inventories	(1,028)	(1,271)
Prepaid expenses and other current assets	829	18
Other assets	(248)	(943)
Accounts payable	1,915	1,875
Other accrued liabilities	344	1,476
Other long term liabilities	-	(8)
Net cash provided by operating activities	3,723	4,633
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property and equipment	(2,468)	(1,439)
Purchase of available for sale investments	(29,458)	(63,888)
Maturities and sales of available for sale investments	28,470	42,453
Net cash used in investing activities	(3,456)	(22,874)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		

Sale of common stock	426	667
Excess tax benefit on share-based compensation	58	55
Payments on debt	-	(98)
Repurchase of common stock	(2,668)	(4,958)
Net cash used in financing activities	(2,184)	(4,334)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(660)	212
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,577)	(22,363)
CASH AND CASH EQUIVALENTS:		
Beginning of period	41,646	29,173
End of period	\$ 39,069	\$ 6,810

See notes to condensed consolidated financial statements.

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Pericom Semiconductor Corporation  
Notes To Condensed Consolidated Financial Statements  
(Unaudited)

## 1. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared by Pericom Semiconductor Corporation (“Pericom” or the “Company”) pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these accompanying unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments and accruals, necessary for a fair presentation of the Company’s financial position as of September 27, 2008, the results of operations for the three months ended September 27, 2008 and September 29, 2007, and cash flows for the three months ended September 27, 2008 and September 29, 2007. Each period presented had 13 weeks. The condensed consolidated balance sheet at June 28, 2008 was derived from audited financial statements as of that date but does not include all disclosures required by U.S. generally accepted accounting principles for complete financial statements. These unaudited quarterly information should be read in conjunction with the audited consolidated financial statements of Pericom and the notes thereto incorporated by reference in the Company’s Annual Report on Form 10-K as filed with the Securities and Exchange Commission on September 11, 2008.

The Company was incorporated in June 1990 in the state of California. The Company designs, manufactures and markets high performance digital, analog and mixed-signal integrated circuits (“IC”s) and frequency control products (“FCP”s) used for the transfer, routing, and timing of digital and analog signals within and between computer, networking, datacom and telecom systems.

The preparation of these interim condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's results of operations for the three month periods ended September 27, 2008 and September 29, 2007 are not necessarily indicative of the results to be expected for the entire year.

These interim condensed consolidated financial statements include the accounts of Pericom Semiconductor Corporation and its wholly owned subsidiaries, Pericom Semiconductor (HK) Limited and Pericom Asia Limited ("PAL") as well as its two majority owned subsidiaries, SaRonix-eCERA Corporation ("SRe") and Pericom Taiwan Limited Corporation ("PTL"). In January 2008, we initiated a project to build a factory in China for the development and manufacture of FCPs. The factory will be located in the Jinan Development Zone in Shandong Province. It is expected that our total investment will be approximately \$35 million over the next two years. We have land use rights for 75 acres, and the factory is being designed for 13 surface mount device ("SMD") production lines, with Phase I expected to be completed late in fiscal 2009. We have established PSE Technology (Shandong) Corporation ("PSE") in China to develop and operate the factory. PSE is a wholly-owned subsidiary of PAL. The Company eliminates all significant intercompany balances and transactions in consolidation.

### **Recently Issued Accounting Standards**

Updates to recent accounting standards as disclosed in Pericom's Annual Report on Form 10-K for the fiscal year ended June 28, 2008 are as follows:

In May 2008, the Company adopted Statement of Financial Accounting Standards, or "SFAS", ("SFAS No. 162"), "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 was intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with generally accepted accounting principles in the United States for non-governmental entities. SFAS No. 162 is effective November 15, 2008. The adoption of SFAS No. 162 did not have an impact on the Company's consolidated financial position or results of operation.

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On June 29, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS 157") for financial assets and liabilities, which clarifies the meaning of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined under SFAS No. 157 as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive income

when they occur. The effective date of the provisions of SFAS No.157 for non-financial assets and liabilities is the fiscal year beginning June 28, 2009, except for items recognized at fair value on a recurring basis. The Company is currently evaluating the impact of the provisions for non-financial assets and liabilities. The adoption of SFAS No. 157 for financial assets and liabilities did not have an impact on the Company's consolidated financial position or results of operations. For additional information on the fair value of financial assets and liabilities, see Note 13, Fair Value Measurements.

In December 2007, the FASB issued Statement of Financial Accounting Standards, SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS No. 141(R)"). SFAS No. 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. SFAS No. 141(R) also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The provisions of SFAS No.141(R) are effective for the fiscal year beginning June 28, 2009. The Company is currently evaluating the impact of the provisions of SFAS No. 141(R).

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements-an Amendment of ARB No. 51" ("SFAS No. 160"). SFAS No. 160 establishes new accounting and reporting standards for a non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a non-controlling interest (minority interest) as equity in the consolidated financial statements separate from the parent's equity. The amount of net income attributable to the non-controlling interest will be included in consolidated net income on the face of the income statement. SFAS No. 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the non-controlling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its non-controlling interest. The provisions of SFAS No. 160 are effective for the fiscal year beginning June 28, 2009 and the presentation and disclosure requirements must be applied retrospectively for all periods presented at that date. We are currently evaluating the impact that SFAS No. 160 will have on our financial statements.

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## **2. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS**

On August 4, 2009, management and the Audit Committee of our Board of Directors had determined the Company's financial statements included in our Quarterly Report on Form 10-Q for the quarter ended September 27, 2008 contained errors. As a result, the

Audit Committee concluded that those Financial Statements should be restated and that investors should not rely upon those Financial Statements.

***Correction of an error related to unrealized gains or losses of investments***

A previously reported unrealized loss on an investment has been corrected to present it as an other-than-temporary decline in value of investments in the amount of \$414,000 at September 27, 2008.

***Correction of errors in accounting for inventory***

Previously reported inventories net of reserves have been adjusted for an overstatement of reserves for certain leaded parts and oscillator products, thus increasing net inventory by \$109,000 with a corresponding decrease in cost of revenues. In addition, previously reported inventories have been adjusted to correct an improperly recorded intercompany transaction, thus reducing inventory by \$98,000 with a corresponding decrease in net revenue.

The following table presents the effect of the restatement on the consolidated balance sheet (in thousands):

	September 27, 2008		
	(As previously Reported)	(Adjustments)	(As Restated)
<b>ASSETS</b>			
Current Assets:			
Cash & cash equivalents	\$ 39,069	\$ -	\$ 39,069
Short-term investments	45,589	-	45,589
Accounts receivable			
Trade (net of allowances of \$2,163)	32,397	-	32,397
Other receivables	1,817	-	1,817
Inventories	18,740	11	18,751
Prepaid expenses and other current assets	4,895	176	5,071
Deferred income taxes	3,996	-	3,996
Total current assets	<u>146,503</u>	<u>187</u>	<u>146,690</u>
Property and equipment, net	28,751	-	28,751
Investments in unconsolidated affiliates	10,512	-	10,512
Deferred income taxes-non current	4,554	-	4,554
Long-term investments in marketable securities	36,332	-	36,332
Goodwill	1,325	-	1,325
Intangible assets (net of accumulated amortization of \$806)	1,090	-	1,090
Other assets	3,283	-	3,283
Total assets	<u>\$ 232,350</u>	<u>\$ 187</u>	<u>\$ 232,537</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 14,831	-	14,831
Accrued liabilities	7,874	37	7,911
Total current liabilities	<u>22,705</u>	<u>37</u>	<u>22,742</u>
Deferred tax liabilities	800	-	800
Income tax liability	1,018	-	1,018
Minority interest in consolidated subsidiaries	1,163	-	1,163
Total liabilities	<u>25,686</u>	<u>37</u>	<u>25,723</u>
Shareholders' equity:			
Common stock	130,580	-	130,580
Retained earnings	76,087	(264)	75,823
Accumulated other comprehensive income (loss), net of tax	(3)	414	411
Total shareholders' equity	<u>206,664</u>	<u>150</u>	<u>206,814</u>
Total liabilities and shareholders' equity	<u>\$ 232,350</u>	<u>\$ 187</u>	<u>\$ 232,537</u>

The following table presents the effect of the restatement on the consolidated statement of operations (in thousands, except per share amounts):

	Three Months Ended September 27, 2008		
	(As previously Reported)	(Adjustments)	(As Restated)
Net revenues	\$ 43,896	\$ (98)	\$ 43,798
Cost of revenues	27,914	(109)	27,805
Gross profit	<u>15,982</u>	<u>11</u>	<u>15,993</u>
Operating expenses:			
Research and development	4,221	-	4,221
Selling, general and administrative	6,901	-	6,901
Total	<u>11,122</u>	<u>-</u>	<u>11,122</u>
Income from operations	4,860	11	4,871
Interest and other income	1,106	-	1,106
Other than temporary decline in value of investment	(44)	(414)	(458)
Income before income taxes	5,922	(403)	5,519
Income tax expense	2,069	(139)	1,930
Minority interest in income of consolidated subsidiaries	(45)	-	(45)
Equity in net income (loss) of unconsolidated affiliates	117	-	117
Net income	<u>\$ 3,925</u>	<u>(264)</u>	<u>\$ 3,661</u>
Basic income per share	<u>\$ 0.15</u>	<u>\$ (0.01)</u>	<u>\$ 0.14</u>
Diluted income per share	<u>\$ 0.15</u>	<u>\$ (0.01)</u>	<u>\$ 0.14</u>
Shares used in computing basic income per share	<u>25,679</u>		<u>25,679</u>
Shares used in computing diluted income per share	<u>26,239</u>		<u>26,239</u>

The following table presents the effect of the restatement on the consolidated statement of cash flows (in thousands):

	Three Months Ended September 27, 2008		
	(As previously Reported)	(Adjustments)	(As Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 3,925	\$ (264)	\$ 3,661
Adjustments to reconcile net income to net cash			
Depreciation and amortization	1,964	-	1,964
Stock based compensation	795	-	795
Tax benefit resulting from stock option transactions	-	-	-
Excess tax benefit resulting from stock option transactions	(58)	-	(58)
Other than temporary decline in the value of investments	44	414	458
Gain on sale of investments	(25)	-	(25)
(Gain) loss on disposal of assets	-	-	-
Equity in net income of unconsolidated affiliates	(117)	-	(117)
Minority interest in consolidated subsidiary's net income (loss)	45	-	45
Deferred taxes	(643)	-	(643)
Changes in assets and liabilities net of effects of entities acquired:			
Accounts receivable	(4,169)	-	(4,169)
Inventories	(1,017)	(11)	(1,028)
Prepaid expenses and other current assets	1,005	(176)	829
Other assets	(248)	-	(248)
Accounts payable	1,915	-	1,915
Accrued liabilities	307	37	344
Other long term liabilities	-	-	-
Net cash provided by operating activities	<u>3,723</u>	<u>-</u>	<u>3,723</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Additions to property and equipment	(2,468)	-	(2,468)
Purchase of available for sale investments	(29,458)	-	(29,458)
Maturities and sales of available for sale investments	28,470	-	28,470
Net cash used in investing activities	<u>(3,456)</u>	<u>-</u>	<u>(3,456)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from common stock issuance under stock plans	426	-	426
Excess tax benefit on stock based compensation	58	-	58
Repurchase of common stock	(2,668)	-	(2,668)
Net cash provided by (used in) financing activities	<u>(2,184)</u>	<u>-</u>	<u>(2,184)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(660)</u>	<u>-</u>	<u>(660)</u>
NET DECREASE IN CASH AND CASH	<u>(2,577)</u>	<u>-</u>	<u>(2,577)</u>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of period	41,646	-	41,646
End of period	<u>\$ 39,069</u>	<u>\$ -</u>	<u>\$ 39,069</u>

	<b>Three Months Ended September 27, 2008</b>		
	<b>(As previously Reported)</b>	<b>(Adjustments)</b>	<b>(As Res</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 3,925	\$ (264)	\$
Adjustments to reconcile net income to net cash			
Depreciation and amortization	1,964	-	
Stock based compensation	795	-	
Tax benefit resulting from stock option transactions	-	-	
Excess tax benefit resulting from stock option transactions	(58)	-	
Other than temporary decline in the value of investments	44	414	
Gain on sale of investments	(25)	-	
(Gain) loss on disposal of assets	-	-	
Equity in net income of unconsolidated affiliates	(117)	-	
Minority interest in consolidated subsidiary's net income (loss)	45	-	
Deferred taxes	(643)	-	
Changes in assets and liabilities net of effects of entities acquired:			
Accounts receivable	(4,169)	-	
Inventories	(1,017)	(11)	
Prepaid expenses and other current assets	1,005	(176)	
Other assets	(248)	-	
Accounts payable	1,915	-	
Accrued liabilities	307	37	
Other long term liabilities	-	-	
Net cash provided by operating activities	<u>3,723</u>	<u>-</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Additions to property and equipment	(2,468)	-	
Purchase of available for sale investments	(29,458)	-	
Maturities and sales of available for sale investments	<u>28,470</u>	<u>-</u>	
Net cash used in investing activities	<u>(3,456)</u>	<u>-</u>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from common stock issuance under stock plans	426	-	
Excess tax benefit on stock based compensation	58	-	
Repurchase of common stock	<u>(2,668)</u>	<u>-</u>	
Net cash provided by (used in) financing activities	<u>(2,184)</u>	<u>-</u>	
EFFECT OF EXCHANGE RATE CHANGES	<u>(660)</u>	<u>-</u>	
NET DECREASE IN CASH AND CASH	<u>(2,577)</u>	<u>-</u>	
CASH AND CASH EQUIVALENTS:			
Beginning of period	<u>41,646</u>	<u>-</u>	
End of period	<u>\$ 39,069</u>	<u>\$ -</u>	<u>\$</u>

### 3. INTANGIBLE ASSETS

Pericom's intangible assets are derived from completed acquisitions and for each of the following periods are composed of:

(in thousands)	September 27, 2008			June 28, 2008		
	Accumulated			Accumulated		
	Gross	Amortization	Net	Gross	Amortization	Net
eCERA						
customer relationships	\$ 112	\$ (112)	\$ -	\$ 117	\$ (111)	\$ 6
eCERA trade name	41	(18)	23	43	(17)	26
Core developed technology	931	(582)	349	939	(566)	373
SaRonix supplier relationship	397	(94)	303	398	(78)	320
Total amortizable purchased intangible assets	1,481	(806)	675	1,497	(772)	725
SaRonix trade name	415	-	415	415	-	415
Total purchased intangible assets	<u>\$ 1,896</u>	<u>\$ (806)</u>	<u>\$1,090</u>	<u>\$ 1,912</u>	<u>\$ (772)</u>	<u>\$1,140</u>

Amortization expense related to finite-lived purchased intangible assets was approximately \$42,000 and \$44,000 for the three month periods ended September 27, 2008 and September 29, 2007, respectively.

The Company performs an impairment review of its intangible assets at least annually, in conformity with SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"). Based on the results of its most recent impairment review, the Company determined that no impairment of its intangible assets existed as of June 28, 2008. However, future impairment reviews could result in a charge to earnings.

The finite-lived purchased intangible assets consist of supplier relationships, trade names and core developed technology, which have remaining average useful lives of approximately five years. We expect our future amortization expense associated with the Company's intangible assets over the next five years to be:

(in thousands)	Next 12 Months	13-24 Months	25-36 Months	37-48 Months	49-60 Months
Expected amortization-eCERA	\$ 29	\$ 29	\$ 29	\$ 27	\$ -
Expected amortization-SaRonix	117	117	117	117	94
	<u>\$ 146</u>	<u>\$ 146</u>	<u>\$ 146</u>	<u>\$ 144</u>	<u>\$ 94</u>

#### 4. INCOME PER SHARE

Basic income per share is based upon the weighted average number of common shares outstanding. Diluted income per share reflects the additional potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Basic and diluted income per share for the three month periods ended September 27, 2008 and September 29, 2007 are computed as follows:

<b>(in thousands, except per share data)</b>	<b>Three Months Ended</b>	
	<b>September 27, 2008 (As Restated)</b>	<b>September 29, 2007</b>
Net income	\$ 3,661	\$ 3,883
Computation of common shares outstanding – basic earnings per share:		
Weighted average shares of common stock	25,679	25,745
Computation of common shares outstanding – diluted earnings per share:		
Weighted average shares of common stock	25,679	25,745
Assumed conversion of dilutive stock options and awards	600	634
Shares used in computing diluted earnings per share	26,239	26,379
Basic and diluted earnings per share	\$ 0.14	\$ 0.15

Options to purchase 1,828,185 and 2,676,189 shares of common stock and restricted stock units of 60,181 and 0 were outstanding as of September 27, 2008, and September 29, 2007 for the three months ended respectively, but not included in the computation of diluted earnings per share because the awards would be anti-dilutive.

## 5. INVENTORIES

Inventories consist of:

<b>(in thousands)</b>	<b>September 27, June 28, 2008</b>	
	<b>(As Restated)</b>	<b>2008</b>
Raw materials	\$ 7,866	\$ 6,326
Work in process	5,204	4,472
Finished goods	5,681	7,123
	\$ 18,751	\$ 17,921

The Company considers raw material inventory obsolete and writes it off if the raw material has not moved in 365 days. The Company reviews its assembled devices for excess and writes them off if the quantity of assembled devices in inventory is in excess of the greater of the quantity shipped in the previous twelve months, the quantity in backlog or the quantity forecasted to be shipped in the upcoming twelve months. In certain circumstances, management will determine, based on expected usage or other factors, that inventory considered excess by these guidelines should not be written off. As of September 27, 2008, the Company had \$4.3 million of written-off inventory as compared to \$5.0 million at June 28, 2008. The Company attributes this reduction of approximately \$0.7 million in written-off inventory between September 27, 2008 and June 28, 2008 to physically scrapping a portion as well as selling some of the previously written off inventory.

## 6. ACCRUED LIABILITIES

Accrued liabilities consist of:

(in thousands)	September 27, 2008 (As Restated)	June 28, 2008
Accrued compensation	\$ 5,700	\$ 6,089
Other accrued expenses	2,211	2,690
	<u>\$ 7,911</u>	<u>\$ 8,779</u>

## 7. INDUSTRY AND SEGMENT INFORMATION

The following table indicates the percentage of our net revenues and accounts receivable in excess of 10% with any single customer:

	Percentage of Net Revenues Three months ended	
	September 27, 2008	September 29, 2007
Customer A	18%	14%
Customer B	14	7
Customer C	*	*
All others	68	79
	<u>100%</u>	<u>100%</u>

	Percentage of Trade Accounts Receivable	
	September 27, 2008	June 28, 2008
Customer A	16%	16%

Customer B	*	*
Customer C	10	*
All others	74	84
	<u>100%</u>	<u>100%</u>

\* less than 10% of total net revenues and accounts receivable

For geographical reporting, we attribute net sales to the country where customers are located (the “bill to” location). We neither conduct business in nor sell to persons in Iran, Syria, Sudan, or North Korea, countries located in the referenced regions that are identified as state sponsors of terrorism by the U.S. Department of State, and are subject to U.S. economic sanctions and export controls. Long-lived assets consist of all non-monetary assets, excluding non-current deferred tax assets, goodwill and intangible assets. We attribute long-lived assets to the country where they are located. The following tables reflect our net sales for the three month periods ended September 27, 2008 and September 29, 2007, and net book values of long-lived assets as of September 27, 2008 and June 28, 2008 by geographical segment:

(in thousands)	Net Revenues	
	September 27, 2008	September 29, 2007
	(As Restated)	
China (including Hong Kong)	\$ 15,433	\$ 15,387
United States	2,504	3,847
Taiwan	18,323	11,156
Singapore	2,069	1,923
Others (less than 10% each)	5,469	6,155
Total net sales	<u>\$ 43,798</u>	<u>\$ 38,468</u>

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(in thousands)	Total Long-Lived Assets	
	September 27, 2008	June 28, 2008
	China (including Hong Kong)	\$ 522
United States	5,071	6,622
Taiwan	21,723	23,402
Korea	1,011	856
Singapore	324	353
Others (less than 10% each)	100	60
Total long-lived assets	<u>\$ 28,751</u>	<u>\$ 31,638</u>

## 8. STOCK REPURCHASE PROGRAM

On April 26, 2007, the Company’s Board of Directors authorized the repurchase of 2.0 million shares and on April 29, 2008, our Board of Directors authorized the repurchase of an additional \$30 million of our common stock. Pursuant to the 2007 authority, the

Company repurchased 139,190 shares in the three months ended September 27, 2008 for an aggregate cost of \$1.9 million and completed the repurchase of 2,000,000 shares at a cost of approximately \$25.2 million. Pursuant to the 2008 authority, the Company repurchased 60,810 shares in the three months ended September 27, 2008 for an aggregate cost of \$0.8 million. During the same period in fiscal 2008, the Company repurchased approximately 454,000 shares for an aggregate cost of \$5.0 million.

Repurchases may be made from time to time in the open market or through private transactions at the discretion of Company management. Current cash balances and the proceeds from stock option exercises and purchases in the stock purchase plan have funded stock repurchases in the past, and the Company expects to fund future stock repurchases from these same sources.

Repurchase activity is summarized as follows:

	<b>Three Months Ended</b>	
	<b>September 27, 2008</b>	<b>September 29, 2007</b>
Shares repurchased	200,000	454,000
Average price per share	\$ 13.34	\$ 10.93
Aggregate purchase price of shares repurchased including commissions	\$ 2.7 million	\$ 5.0 million

## **9. MINORITY INTEREST**

The Company consolidates its subsidiaries Pericom Taiwan Limited (PTL) and SRe, each of which has a minority interest. During the three months ended December 31, 2004, the Company sold 6.82% of PTL to its employees for \$315,000 in cash. This minority interest was approximately 7.86% of the outstanding shares at September 27, 2008, and as of this date the value of the minority interest in PTL was negligible. Parties other than the Company own approximately 2.71% of the outstanding shares of SRe at September 27, 2008, and as of this date the minority interest in SRe was valued at \$1.2 million.

## **10. SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION**

**Preferred Stock:** The Company's shareholders have authorized the Board of Directors to issue 5,000,000 shares of preferred stock from time to time in one or more series and to fix the rights, privileges and restrictions of each series. As of September 27, 2008, the Company has issued no shares of preferred stock.

**Option Plans:** At September 27, 2008, the Company had four stock option plans, consisting of the 1995 Stock Option Plan, 2001 Stock Option Plan, SaRonix Acquisition Stock Option Plan, and the 2004 Stock Incentive Plan. Under these plans, the Company has reserved an aggregate of 5.1 million shares of common stock as of September 27, 2008 for issuance to employees, officers, non-employee board members and non-employee service providers of the Company in the form of incentive or nonqualified stock options, or grants of restricted stock. The Company may grant options at the fair value and not less than 85% of the fair value on the grant date for incentive stock options

and nonqualified stock options, respectively. Options vest over periods of up to 72 months as determined by the Board of Directors. Options granted under the Plans expire 10 years from the grant date.

**Employee Stock Purchase Plan:** The Company's 2000 Employee Stock Purchase Plan, or "ESPP", allows eligible employees of the Company to purchase shares of Common Stock through payroll deductions. The Company reserved 2.1 million shares of the Company's Common Stock for issuance under this Plan, of which 519,366 remain available at September 27, 2008. Under this plan, eligible employees may purchase Common Stock at a discount through payroll deductions, during 24-month purchase periods. The Company divides each purchase period into eight consecutive three-month accrual periods. Participants in this Plan may purchase stock at 85% of the lower of the stock's fair market value on the first day of the purchase period or the last day of the accrual period. The maximum number of shares of Common Stock that any employee may purchase under this Plan during any accrual period is 1,000 shares. During the first quarter of fiscal years 2009 and 2008, the Company issued 24,956 and 34,726 shares of common stock at weighted average prices of \$10.76 and \$6.96.

The following table summarizes activity in the Company's employee stock purchase plan during the three months ended September 27, 2008:

	<u>Shares</u>	<u>Weighted Average Purchase Price</u>
Beginning available	544,323	
Purchases	(24,956)	\$ 10.76
Ending available	<u>519,367</u>	

## SHARE-BASED COMPENSATION

**Valuation Assumptions:** The fair value of the Company's stock options granted to employees, officers, non-employee board members, non-employee service providers and ESPP shares granted to employees for the three months ended September 27, 2008 and September 29, 2007 was estimated using the following weighted average assumptions:

	<u>September 27, 2008</u>	<u>September 29, 2007</u>
<b>Option Plan</b>		
Dividend yield	None	None
Expected volatility	46%	44%
Risk free interest rate	3.29%	4.60%
Expected life	5.22 years	4.98 years
Weighted average fair value at grant date	\$ 6.64	\$ 4.79

### Employee Stock Purchase Plan

Dividend yield	None	None
Expected volatility	61%	40%
Risk free interest rate	2.19%	4.95%
Expected life	1.13 years	1.13 years
Weighted average fair value for grant period	\$ 4.31	\$ 3.35

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### Share-Based Compensation Plan Activities

**Stock Options:** A summary of option activity during the three months ended September 27, 2008 is presented below:

	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Options outstanding at June 28, 2008	3,874	\$ 13.42	5.20	\$ 16.7
Granted	274	\$ 15.12		
Exercised	(34)	\$ 5.00		\$ *
Cancelled or Expired	(26)	\$ 15.54		
Options outstanding at September 27, 2008	<u>4,088</u>	\$ 13.59	5.27	\$ 5.5
Options vested and expected to vest after September 27, 2008, net of forfeitures	<u>3,782</u>	\$ 13.74	5.00	\$ 5.1
Options exercisable at September 27, 2008	<u>2,914</u>	\$ 14.16	3.88	\$ 4.2

\* less than \$1.0 million

At September 27, 2008, expected future compensation expense relating to options outstanding on September 27, 2008 is \$5.3 million over a weighted-average period of 2.75 years.

**Restricted Stock Units:** Restricted stock units (“RSUs”) are converted into shares of the Company’s common stock upon vesting on a one-for-one basis. Typically, vesting of RSUs is subject to the employee’s continuing service to the Company. RSUs, generally vest over a period of 4 years and are expensed ratably on a straight-line basis over their respective vesting period net of estimate forfeitures. The fair value of RSUs

granted pursuant to the Company's 2004 Stock Incentive Plan, is the product of the number of shares granted and the grant date fair value of our common stock as calculated under the 2004 Stock Incentive Plan. Expected future compensation expense relating to RSUs outstanding on September 27, 2008 is \$1.3 million over a weighted-average period of 3.9 years. A summary of activity of RSUs as of September 27, 2008 is presented below:

	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>	<u>Aggregate Intrinsic Value (in thousands)</u>
Non-vested share units at June 28, 2008	-	\$ -	\$ -
Granted	118,320	\$ 15.06	
Vested		\$ -	-
Forfeited	<u>(1,300)</u>	\$ 15.06	
Non-vested share units at September 27, 2008	<u>117,020</u>		\$ 1,360

**Employee Stock Purchase Plan:** At September 27, 2008, there was \$0.5 million of unrecognized compensation cost related to ESPP is expected to be recognized over a period of approximately 1 year.

**Share-based Compensation Expense:**

We value our option plan shares and our employee stock purchase plan shares using the Black-Scholes-Merton option-pricing model. The Company recorded \$795,000 and \$508,000 of share-based compensation expense for the three months ended September 27, 2008 and September 29, 2007, respectively, that included the following:

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<b>(in thousands)</b>	<b>Three months ended</b>	
	<u>September 27, 2008</u>	<u>September 29, 2007</u>
Share-based compensation expense by caption:		
Cost of revenues	\$ 51	\$ 29
Research and development	307	150
Selling, general and administrative	<u>437</u>	<u>329</u>
Pre-tax share-based compensation expense	795	508
Income tax impact	<u>278</u>	<u>134</u>
Net share-based compensation expense	<u>\$ 517</u>	<u>\$ 374</u>

Share-based compensation expense by type of award:

Stock options	\$ 573	\$ 402
Restricted stock units	51	-

ESPP		171	106
Total share-based compensation expense	\$	<u>795</u>	<u>\$ 508</u>

The amount of share-based compensation expense in inventory at September 27, 2008 and June 28, 2008 is immaterial.

## 11. INCOME TAXES

### Accounting for Uncertainty in Income Taxes

Effective July 1, 2007, the Company adopted Financial Accounting Standards Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* (“FIN No. 48”). FIN No. 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a company’s income tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 utilizes a two-step approach for evaluating uncertain tax positions accounted for in accordance with SFAS No. 109, *Accounting for Income Taxes* (“SFAS No. 109”). Step one, Recognition, requires a company to determine if the weight of available evidence indicates that a tax position is more likely than not to be sustained upon audit, including resolution of related appeals or litigation processes, if any. Step two, Measurement, is based on the largest amount of benefit which is more likely than not to be realized on ultimate settlement. The cumulative effect of adopting FIN No. 48 on July 1, 2007 is recognized as a change in accounting principle, recorded as an adjustment to the opening balance of retained earnings on the adoption date.

As a result of the implementation of FIN No. 48, the Company recognized no change in the liability for unrecognized tax benefits related to tax positions taken in prior periods. All positions taken in its US and foreign returns with respect to any book-tax adjustments were highly certain, and accordingly the Company did not record any valuation adjustments against those positions. Upon adoption of FIN No. 48, the Company’s policy to include interest and penalties related to unrecognized tax benefits within the Company’s provision for income taxes did not change. As of September 27, 2008, the Company had accrued interest and penalties of \$120,000 related to unrecognized tax benefits. The Company’s total amount of unrecognized tax benefits as of September 27, 2008 was \$898,000. All of this amount would affect the corporation’s tax rate if recognized. The tax years 2003 to 2007 remain open in the United States.

### Income Tax Expense

Income tax expense for the three months ended September 27, 2008 and September 29, 2007 was \$1.9 million and \$1.7 million, respectively, and was comprised of domestic, federal and state income tax, foreign income tax and withholding tax.

## 12. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

Our investment in unconsolidated affiliates is comprised of the following:

(in thousands)	September 27, June 28,	
	2008	2008
Pericom Technology, Inc.	\$ 8,565	\$ 8,505
Jiyuan Crystal Photoelectric Frequency Technology Ltd.	1,947	1,887
Total	<u>\$ 10,512</u>	<u>\$ 10,392</u>

The Company has an approximate 44.1% ownership interest in Pericom Technology, Inc. ("PTI"). Pericom accounts for its investment in PTI using the equity method due to the Company's significant influence over its operations. In addition, certain of the directors of the Company are directors of PTI, and certain shareholders of the Company are shareholders of PTI. At September 27, 2008 and June 28, 2008, the Company's carrying value of the investment in PTI exceeded the Company's underlying equity in the net assets of PTI by \$482,000 and \$550,000, respectively. PTI was incorporated in 1994, and in 1995 established a design center and sales office to pursue opportunities and participate in joint ventures in the People's Republic of China ("China"). The Company purchased \$19,000 and \$6,000 in goods and services from PTI during the three months ended September 27, 2008 and September 29, 2007, respectively. PTI owed the Company \$54,000 and \$123,000 at September 27, 2008 and June 28, 2008, respectively for reimbursement of certain administrative expenses incurred by the Company on behalf of PTI and for advances made to PTI by the Company.

SRe has a 49% equity interest in Jiyuan Crystal Photoelectric Frequency Technology Ltd. ("JCP"), an FCP manufacturing company located in Science Park of Jiyuan City, Henan Province, China. JCP is a key manufacturing partner of SRe. For the first quarter fiscal 2009 and 2008, the Company's allocated portion of JCP's results was income of \$57,000 and \$38,000, respectively.

## 13. COMPREHENSIVE INCOME

Comprehensive income consists of changes in net income, net unrealized gains and losses on available-for-sale investments and changes in accumulated translation gains (losses) generated by the Company's consolidated subsidiaries. The components of Comprehensive income net of related tax effects, are as follows:

(in thousands)	Three months ended	
	September 27, 2008	September 29, 2007
Net Income	\$ 3,661	\$ 3,883
Change in unrealized gain on investments, net	(937)	656
Change in translation gain, net	<u>(1,917)</u>	<u>202</u>

Comprehensive income	\$	807	\$	4,741
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#### **14. FAIR VALUE MEASUREMENTS**

Effective June 29, 2008, we adopted SFAS No. 157, Fair Value Measurements, or SFAS No. 157. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157, which provides a one year deferral of the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually (fair value of reporting units for goodwill impairment tests, non-financial assets and liabilities acquired in a business combination). Therefore, we adopted the provisions of SFAS No. 157 with respect to our financial assets and liabilities only. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS No. 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS No. 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The adoption of this statement with respect to our financial assets and liabilities, did not impact our consolidated results of operations and financial condition, but required additional disclosure for assets and liabilities measured at fair value. In accordance with SFAS No. 157, the following table represents our fair value hierarchy for our financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of June 29, 2008. Level 1 available-for-sale investments are primarily comprised of investments in U.S. Treasury securities. These securities are valued using market prices on active markets. Level 2 instrument valuations are obtained from readily-available pricing sources for comparable instruments. The Company had no material level three measurements for the quarter ending September 27, 2008.

Assets measured at fair value as of September 27, 2008 are summarized as follows:

(In thousands)	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Cash equivalents (1):</b>			
Money market funds	\$ 3,197	\$ -	\$ 3,197
Corporate bonds and notes	-	4,395	4,395
Government agency	-	11,689	11,689
<b>Investments (2):</b>			
Treasury Bills	10,858		10,858
Corporate bonds and notes	-	12,838	12,838
Government agency		33,787	33,787
Asset/mortgage backed securities	-	24,444	24,444
<b>Total</b>	<b>\$ 14,055</b>	<b>\$ 87,153</b>	<b>\$ 101,208</b>

(1) Included in cash and cash equivalents on our condensed consolidated balance sheet.

(2) Fair value is included in investments and related interest income earned thereon is included in accounts receivable on our condensed consolidated balance sheet.

Effective June 29, 2008, we adopted SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities”, or “SFAS No. 159”. SFAS No. 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for specified financial assets and liabilities on a contract-by-contract basis. We did not elect to adopt the fair value option under SFAS No. 159.

The Company’s investment in debt securities includes government securities, commercial paper, corporate debt securities and mortgage-backed and asset-backed securities. Most of our mortgage-backed securities are collateralized by prime residential mortgages, primarily from Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal National Mortgage Corporation. In addition, we have the ability and intent to hold these investments until maturity when the obligors are required to redeem them at their full face value, and we believe the obligors have the financial resources to redeem those debt securities. Accordingly, we do not consider our investments to be other-than-temporarily impaired at September 27, 2008.

Item 2: Management’s Discussion and Analysis  
of Financial Condition and Results of Operations

Pericom Semiconductor Corporation

The discussion below reflects the impact of our restatement as described in Note 2 of the Notes to the condensed consolidated financial statements.

The following information should be read in conjunction with the unaudited financial statements and notes thereto included in Part 1 - Item 1 of this Quarterly Report and the audited financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Annual Report on Form 10-K for the year ended June 28, 2008 ("Form 10-K").

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact are "forward-looking statements" for purposes of these provisions, including any statements regarding the Company's total investment in the Jinan Hi-Tech Industries Development Zone, the continuation of a high level of turns orders, higher levels of inventory, future gross profit and gross margin; the plans and objectives of management for future operations; the Company's tax rate; the adequacy of allowances for returns, price protection and other concessions; the sufficiency of cash generated from operations and cash balances; the Company's exposure to interest rate risk; expectations regarding our R&D and SG&A expenses; and our possible future acquisitions and assumptions underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although the Company believes that the expectations reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations or any of the forward-looking statements will prove to be correct, and actual results could differ materially from those projected or assumed in the forward-looking statements. The Company's future financial condition and results of operations, as well as any forward-looking statements, are subject to risks and uncertainties, including but not limited to the factors set forth (i) in Item 1A, Risk Factors, of Part II of this Form 10-Q, (ii) in Item 1A, Risk Factors, of Part I of the Company's Form 10-K for the year ended June 28, 2008, and (iii) in Note 1 to the Notes to Condensed Consolidated Financial Statements. All forward-looking statements and reasons why results may differ included in this Quarterly Report are made as of the date hereof, and the Company assumes no obligation to update any such forward-looking statement or reason why actual results may differ.

## Results of Operations

The following table sets forth certain statement of operations data as a percentage of net revenues for the periods indicated.

	<b>Three Months Ended</b>	
	<b>September 27, 2008</b>	<b>September 29, 2007</b>
<b>(unaudited)</b>	<b>(As Restated)</b>	
Net revenues	100.0%	100.0%
Cost of revenues	63.5%	63.6%
Gross profit	36.5%	36.4%

Operating expenses:		
Research and development	9.6%	10.6%
Selling, general and administrative	15.8%	15.2%
<b>Total</b>	<b>25.4%</b>	<b>25.8%</b>
Income from operations	11.1%	10.6%
Interest and other income	2.5%	3.6%
Other than temporary decline in value of investment	(1.0)%	-%
Income before income taxes	12.6%	14.2%
Income taxes	4.4%	4.4%
Minority interest in (income) loss of consolidated subsidiaries	(0.1)%	—%
Equity in net income of investees	0.3%	0.3%
Net income	8.4%	10.1%

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### *Net Revenues*

The following table sets forth our revenues and the customer concentrations with respect to such revenues for the periods indicated.

(in thousands, unaudited)	Three Months Ended		% Change
	September 27, 2008 (As Restated)	September 29, 2007	
Net revenues	\$ 43,798	\$ 38,468	13.9%
% of net sales accounted for by top 5 direct customers (1)	49.5%	36.3%	
Number of direct customers that each account for more than 10% of net sales	2	1	
% of net sales accounted for by top 5 end customers (2)	29.5%	22.2%	
Number of end customers that each account for more than 10% of net sales	1	None	

(1) Direct customers purchase products directly from the Company. These include distributors and contract manufacturers that in turn sell to many end customers as well as OEMs that also purchase directly from the Company.

(2) End customers are OEMs whose products include the Company's products. End customers may purchase directly from the Company or from distributors or contract manufacturers. We rely on the end customer data provided by our direct distribution

and contract manufacturing customers to provide this information.

The Company designs, develops and markets high-performance integrated circuits (“ICs” or IC products) and frequency control products (“FCPs” or FCP products) used in many of today's advanced electronic systems. Our IC products include functions that support the connectivity, timing and signal conditioning of high-speed parallel and serial protocols that transfer data among a system's microprocessor, memory and various peripherals, such as displays and monitors, and between interconnected systems. Our FCPs are electronic components that provide frequency references such as crystals, oscillators, and hybrid timing generation products for computer, communication and consumer electronic products. Our analog, digital and mixed-signal ICs, together with our FCP products enable higher system bandwidth and signal quality, resulting in better operating reliability, signal integrity, and lower overall system cost in applications such as notebook computers, servers, network switches and routers, storage area networks, digital TVs, cell phone, GPS and digital media players.

Net revenues consist of product sales, which are recognized upon shipment, less an estimate for returns and allowances. Net revenue increased \$5.3 million or 13.9% in the first quarter of fiscal 2009 versus the first quarter of fiscal 2008 primarily as the result of:

- a 157.3% increase in the sales of connect IC products to \$6.2 million, an increase of \$3.8 million;
- an increase of \$2.9 million or 18.9% in sales of our FCP products to \$18.2 million, and
- an offsetting decline of sales in analog, digital switch, clock, and interface IC products to \$19.4 million, for a \$1.4 million sales decrease.

We currently have a cautious outlook on our fiscal second quarter ending December 27, 2008, due to the challenging business environment and limited visibility on end-market demands. We have also announced our expectation that fiscal second quarter revenues will decline from the amount reported for the fiscal first quarter.

The following table sets forth net revenues by country as a percentage of total net revenues for the three month periods ended September 27, 2008 and September 29, 2007:

**(in thousands,  
unaudited)**

	<b>Three Months Ended</b>			
	<b>September 27, 2008</b>	<b>As a Percentage of</b>	<b>September 29, 2007</b>	<b>As a Percentage of</b>
Net sales to countries:	<b>(As Restated)</b>	<b>Net Revenue</b>	<b>Net Revenue</b>	<b>Net Revenue</b>
China (including Hong Kong)	\$ 15,433	35%	\$ 15,387	40%
United States	2,504	6	3,847	10
Taiwan	18,323	42	11,156	29
Singapore	2,069	5	1,923	5

Others (less than 10% each)	5,469	12	6,155	16
Total net sales	\$ 43,798	100%	\$ 38,468	100%

For the three months ended September 27, 2008, as compared with the same period of the prior year, the percentage of our net revenues derived from sales to Asian countries increased as a result of an increasing demand for technological devices and a continuing concentration of contract manufacturing in those regions. We expect our future sales to continue to grow, as a percentage of net revenues, in Asian countries. As the migration of assembly operations to Asia continues, we expect our fiscal 2009 net revenues from sales in North America to decline, as they have during fiscal 2008.

### ***Gross Profit***

The following table sets forth our gross profit for the periods indicated.

(In thousands, unaudited)	Three Months Ended		% Change
	September 27, 2008	September 29, 2007	
	(As Restated)		
Net revenues	\$ 43,798	\$ 38,468	13.9%
Gross profit	15,993	14,001	14.2%
Gross profit as a percentage of net revenues (gross margin)	36.5%	36.4%	

The absolute increase in gross profit for the three month period ended September 27, 2008 compared with the same period of the prior year was primarily due to rising sales of silicon connect IC products and to the consistency in sales of analog switches. Silicon connect IC products carried larger profit margins in the three month period ended September 27, 2008 as compared with the same period of the prior year. In addition, analog switches continue to carry above average margins over lower margin FCP products; however those margins have decreased in the three month period ended September 27, 2008 as compared with the same period of the prior year. Gross margin for the first fiscal quarter in fiscal 2009 increased slightly to 36.5% as compared with 36.4% for the first quarter of fiscal 2008.

With respect to the increase in gross profit in the first quarter of fiscal 2009 as compared to the first quarter of fiscal 2008 of \$2.0 million, the increase is primarily the result of:

- Sales growth in silicon connect IC products, which generated \$1.8 million increased gross profit;
- increased sales of the FCP product family, which contributed \$0.8 million of

- increased gross profit,
- increased sales of digital, clock and silicon interface products, which contributed \$0.8 million of increased gross profit, which was offset by
- a decrease of \$0.8 million in gross profit from sales of analog switches.

During the three months ended September 27, 2008 and September 29, 2007, gross profits and gross margins benefited from the sale of inventory, previously valued at \$63,000 and \$262,000, respectively, that we had previously identified as excess and written off.

Future gross profit and gross margin are highly dependent on the level and product mix of net revenues. This includes the mix of sales between lower margin FCP products and our higher margin integrated circuit products. Although we have been successful at favorably improving our integrated circuit product mix and penetrating new end markets, there can be no assurance that this will continue. Accordingly, we are not able to predict future gross profit levels or gross margins with certainty.

### ***Research and Development***

<b>(In thousands, unaudited)</b>	<b>Three Months Ended</b>		<b>% Change</b>
	<b>September 27, 2008</b>	<b>September 29, 2007</b>	
	<b>(As Restated)</b>		
Net revenues	\$ 43,798	\$ 38,468	13.9%
Research and development	4,221	4,082	3.4%
R&D as a percentage of net revenues	9.6%	10.6%	

Research and development expenses consist primarily of costs related to personnel and overhead, non-recurring engineering charges, and other costs associated with the design, prototyping, testing, manufacturing process design support, and technical customer applications support of our products. The \$139,000 expense increase for the three month period ended September 27, 2008 as compared to the same period of the prior year is primarily attributable to a \$154,000 increase in salaries and wages due to the merit awards and headcount increases and a \$157,000 increase in share-based compensation expense offset by a \$176,000 decrease in bonus expense.

The Company believes that continued spending on research and development to develop new products and improve manufacturing processes is critical to the Company's success, and as a result expects to increase research and development expenses in future periods over the long term. In the short term, the Company intends to continue to focus on cost control while business conditions improve. If business conditions deteriorate or the rate of improvement does not meet our expectations, the Company may implement cost-cutting actions.

*Selling, General and Administrative (“SG&A”)*

(In thousands, unaudited)	Three Months Ended		
	September 27,	September 29,	%
	2008	2007	Change
	(As Restated)		
Net revenues	\$ 43,798	\$ 38,468	13.9%
Selling, general and administration	6,901	5,839	18.2%
SG&A as a percentage of net revenues	15.8%	15.2%	

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Selling, general and administrative expenses consist primarily of personnel and related overhead costs for sales, marketing, finance, administration, human resources and general management. The \$1.1 million expense increase for the three month period ended September 27, 2008 as compared to the same period of the prior year is attributable to a \$299,000 increase in salaries and wages due to merit awards and headcount increases, a \$230,000 increase in temporary labor primarily related to the implementation of information technology infrastructure, increases of \$75,000 in legal fees, \$106,000 in accounting services, a \$108,000 increase in share-based compensation expense, and an increase of \$111,000 increase in commission expenses in support of increased sales. These were partially offset by a decrease of \$77,000 in the Company’s bad debt expense.

The Company anticipates that selling, general and administrative expenses in absolute dollars will increase in future periods over the long term due to increased staffing levels, particularly in sales and marketing, as well as increased commission expense as a function of supporting higher sales levels. The Company intends to continue its focus on controlling costs. If business conditions deteriorate or the rate of improvement does not meet our expectations, the Company may implement cost-cutting actions.

*Interest and Other Income, net*

(In thousands, unaudited)	Three Months Ended		
	September 27,	September 29,	%
	2008	2007	Change
	(As Restated)		
Interest and other income, net	\$ 1,106	\$ 1,370	(19.3)%

Net interest and other income declined 19.3% for the three months ended September 27, 2008 as compared with the same period of the prior year primarily due to a \$528,000 reduction in the interest earned on investments in marketable securities and cash and cash

equivalents balances offset by a \$319,000 exchange gain primarily due to the U.S. Dollar strengthening against the New Taiwan Dollar.

***Income Tax Expense***

(In thousands, unaudited)	<b>Three Months Ended</b>		<b>% Change</b>
	<b>September 27, 2008</b>	<b>September 29, 2007</b>	
	<b>(As Restated)</b>		
Income before income tax expense	\$ 5,519	\$ 5,450	1.3%
Income tax	1,930	1,691	14.1%
Effective tax rate	35.0%	31.0%	

The increase in income tax expense for the three months ended September 27, 2008 over the same period of the prior year is due to the increase in income before income taxes as well as an increase in the effective tax rate. The increased effective tax rate is due primarily to the mix of earnings between tax jurisdictions as well as a decrease in the anticipated benefit the Company receives from the Federal research and development credit due to the expiration of the credit as of December 31, 2007.

During the quarter ended September 27, 2008, our effective tax rate did not significantly differ from the federal statutory tax rate.

***Equity in Net Income of Unconsolidated Affiliates***

(In thousands, unaudited)	<b>Three Months Ended</b>		<b>% Change</b>
	<b>September 27, 2008</b>	<b>September 29, 2007</b>	
Equity in net income of PTI	\$ 60	\$ 54	11.1%
Equity in net income of JCP	57	72	(20.8)%
Equity in net losses of other investees	—	(5)	—
Total	<u>\$ 117</u>	<u>\$ 121</u>	<u>(3.3)%</u>

Equity in net income of unconsolidated affiliates includes our allocated portion of the net income of Pericom Technology, Inc. (“PTI”), a British Virgin Islands corporation based in Shanghai, People’s Republic of China and Hong Kong. Our allocated portion of PTI’s results was \$60,000 and \$54,000 for the three months ended September 27, 2008 and September 29, 2007, respectively.

Equity in net income of unconsolidated affiliates also includes the Company's allocated portion of the net income of Jiyuan Crystal Photoelectric Frequency Technology Ltd. ("JCP"), an FCP manufacturing company located in Science Park of Jiyuan City, Henan Province, China. JCP is a key manufacturing partner of SRe, and SRe has acquired a 49% equity interest in JCP. For the three month period ended September 27, 2008, the Company's allocated portion of JCP's results were income of \$57,000 as compared with income of \$72,000 for the same period of the prior year.

### ***Liquidity and Capital Resources***

As of September 27, 2008, the Company's principal sources of liquidity included cash, cash equivalents and short-term and long-term investments of approximately \$121.0 million as compared with \$123.9 million on June 28, 2008.

As of September 27, 2008, \$39.1 million was classified as cash and cash equivalents compared with \$41.6 million as of June 28, 2008. The maturities of the Company's short term investments are staggered throughout the year so that cash requirements are met. Because the Company is a fabless semiconductor manufacturer, it has lower capital equipment requirements than other semiconductor manufacturers that own wafer fabrication facilities. For the three month period ended September 27, 2008, the Company spent approximately \$2.5 million on property and equipment compared to \$1.4 million for the three month period ended September 29, 2007. The Company generated approximately \$1.1 million of interest and other income, net for the three month period ended September 27, 2008, an approximate \$264,000 decrease over the \$1.4 million interest and other income, net for the three month period ended September 29, 2007. The decrease in interest and other income, net was in primarily due to reduction in interest rates earned on investments in marketable securities and cash balances offset by exchange gains from the U.S. Dollar strengthening against the New Taiwan Dollar.

The Company's net cash provided by operating activities of \$3.7 million for the three months ended September 27, 2008 was primarily the result of net income of \$3.7 million and non-cash expenses of \$2.0 million depreciation and amortization, \$795,000 share-based compensation expense and \$458,000 of other than temporary decline in value of investments, which was partially offset by a \$643,000 increase in net deferred taxes and \$117,000 equity in the net income of unconsolidated affiliates. Additional contributions to cash included a \$1.9 million increase in accounts payable, a \$344,000 increase in other accrued liabilities and an \$829,000 decrease in prepaid and other current assets. Partially offsetting these were a \$4.2 million increase in accounts receivable, a \$1.0 million increase in inventory and a \$248,000 increase in other assets. The Company's net cash provided by operating activities was \$4.6 million in the three months ended September 29, 2007.

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Generally, as sales levels rise, the Company expects inventories, accounts receivable and accounts payable to increase. However, there will be routine fluctuations in these accounts from period to period that may be significant in amount.

The Company's cash used in investing activities of \$3.5 million for the three months ended September 27, 2008 was primarily due to additions to property and equipment of approximately \$2.5 million partially offset by maturities of investments exceeding purchases of investments by approximately \$1.0 million. The Company used \$22.9 million in investing activities for the three months ended September 29, 2007.

The Company's cash used in financing activities for the three months ended September 27, 2008 of \$2.2 million was the result of repurchases of the Company's common stock at a cost of \$2.7 million, partially offset by \$426,000 in proceeds generated from the issuance of common stock in the Company's employee stock plans and \$58,000 in excess tax benefits on share-based compensation. The Company used \$4.3 million in financing activities in the three months ended September 29, 2007.

A portion of our cash may be used to acquire or invest in complementary businesses or products or to obtain the right to use complementary technologies. From time to time, in the ordinary course of business, we may evaluate potential acquisitions of such businesses, products or technologies.

Our long-term future capital requirements will depend on many factors, including our level of revenues, the timing and extent of spending to support our product development efforts, the expansion of sales and marketing efforts, the timing of our introductions of new products, the costs to ensure access to adequate manufacturing capacity, and the continuing market acceptance of our products. We could be required, or could elect, to seek additional funding through public or private equity or debt financing and additional funds may not be available on terms acceptable to us or at all. We believe our current cash balances and cash flows generated by operations will be sufficient to satisfy our anticipated cash needs for working capital and capital expenditures.

### **Contractual Obligations and Commitments**

The Company leases certain facilities under operating leases with termination dates on or before December 2013. Generally, these leases have multiple options to extend for a period of years upon termination of the original lease term or previously exercised option to extend.

The Company's contractual obligations and commitments at September 27, 2008 are as follows:

<b>(in thousands)</b>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>1 Year or Less</b>	<b>2 - 3 Years</b>	<b>4 - 5 Years</b>	<b>There- after</b>
Operating leases and operating expense commitments	\$6,068	\$ 1,355	\$ 2,214	\$ 2,216	\$ 283
Capital equipment purchase commitments	\$3,421	\$ 3,421	\$ 1,003	-	-

Total	\$9,489	\$ 4,776	\$ 3,217	\$ 2,216	\$ 283
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### ***Jinan Cooperation Agreement***

On January 26, 2008, the Company entered into a Cooperation Agreement with the Jinan Hi-Tech Industries Development Zone Commission (the “Commission”) in the People’s Republic of China (the “PRC”) for the Company’s investment in the Jinan Hi-Tech Industries Development Zone (the “Zone”) that is located in Shandong Province, PRC. Under the Cooperation Agreement, the Company will, through a wholly-owned Hong Kong subsidiary, Pericom Asia Ltd., build a factory in the Zone for the development and manufacturing of frequency control products. It is expected that the Company’s total gross investment, over a period of years, will be approximately \$35 million.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements, defined by Regulation S-K item 303(a)(4), other than operating leases.

### **Critical Accounting Policies**

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of such statements requires us to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. Our estimates are based on historical experience and other assumptions that we consider to be reasonable given the circumstances. Actual results may vary from our estimates.

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The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our financial statements. The Securities and Exchange Commission has defined the most critical accounting policies as the ones that are most important to the portrayal of a company’s financial condition and results of operations, and require the company to make its most difficult and subjective accounting judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, our most critical accounting policies include revenue recognition and accounts receivable allowances, which impact the recording of revenues; valuation of inventories, which impacts costs of goods sold and gross margins; accounting for income taxes, which impacts the income tax provision and net income; impairment of goodwill, other intangible assets and investments, which impacts the goodwill, intangible asset and investment accounts; and share-based compensation, which impacts costs of goods sold and operating expenses. These policies and the estimates and judgments involved are discussed further below.

**REVENUE RECOGNITION.** We recognize revenue from the sale of our products in conformity with the SEC Staff Accounting Bulletin (“SAB”) No. 104, *Revenue Recognition*, (“SAB No. 104”). Accordingly, the Company recognizes revenue when:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- The sales price is fixed or determinable; and
- Collectibility is reasonably assured.

Generally, the Company meets these conditions upon shipment because, in most cases, title and risk of loss passes to the customer at that time. In addition, the Company estimates and records provisions for future returns and other charges against revenue at the time of shipment in accordance with SFAS No. 48, *Revenue Recognition when Right of Return Exists* (“SFAS No. 48”).

For some of our products, notably our FCPs that we manufacture in Taiwan, we recognize revenue upon delivery for Taiwan sales and for foreign sales, 3 days after shipment. Our sales terms for FCP are usually FOB shipping point and we use Federal Express (“FedEx”) for all of our deliveries. FedEx delivers shipments within one day to Taiwanese customers and within 3 days for foreign customers.

We sell products to both large domestic and international distributors. We sell our products to domestic distributors at the price listed in our price book for that distributor. At the time of shipment, we book a sales reserve for the entire amount if the customer has the right to return the product. In addition, at the time of sale we book a sales reserve for ship from stock and debits (“SSD”s), stock rotation amounts expected to be returned, return material authorizations (“RMA”s), authorized price protection programs, and any special programs approved by management. These sales reserves offset revenues, which produces the net revenues amount we report in our consolidated financial statements.

The market price for our products can be significantly different from the book price at which we sold the product to the distributor. When the market price, as compared with the book price, of a particular sales opportunity from our distributor to their customer would result in low or negative margins to our distributor, we negotiate a ship from stock and debit with the distributor. We analyze our SSD history and use the history to develop SSD rates that form the basis of the SSD sales reserve we record each period. We use historical SSD rates to estimate the ultimate net sales price to the distributor.

Our distribution agreements provide for semi-annual stock rotation privileges of typically 10% of net sales for the previous six-month period. The contractual stock rotation applies only to shipments at book price. Asian distributors typically buy our product at less than book price and therefore are not entitled to the 10% stock rotation privilege. In order to provide for routine inventory refreshing, for our benefit as well as theirs, we typically grant Asian distributors stock rotation privileges between 1% and 5% even though we are not contractually obligated to do so. Each month we record a sales reserve for the estimated stock rotation privilege anticipated to be utilized by our distributors that month.

From time to time, customers may request to return parts for various reasons including the customers' belief that the parts are not performing to specification. Many such return requests are the result of customers incorrectly using the parts, not because the parts are defective. Our management reviews these requests and, if approved, we establish a RMA. We are only obligated to accept returns of defective parts. For customer convenience, we may approve a particular return request, even though we are not obligated to do so. Each month, we record a sales reserve for the approved RMAs that have not yet been returned. In the past, we have not kept a general warranty reserve because historically valid warranty returns, which are the result of a part not meeting specifications or being non-functional, have been immaterial and frequently we can resell parts to other customers for use in other applications. We monitor and assess RMA activity and overall materiality to assess whether a general warranty reserve has become appropriate.

We grant price protection solely at the discretion of our management. The purpose of price protection is to reduce our distributors' cost of inventory as market prices fall, which reduces our SSD rates. Our sales management team prepares price protection proposals for individual products located at individual distributors. Our general management reviews these proposals and if a particular price protection arrangement is approved, we estimate the dollar impact based on the book price reduction per unit for the products approved and the number of units of those products in that distributor's inventory. We record a sales reserve in that period for the estimated amount in accordance with Issue 4 of Emerging Issues Task Force Issue No. 01-09, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)*.

At the discretion of our management, we may offer rebates on specific products sold to specific end customers. The purpose of the rebates is to allow for pricing adjustments for large programs without affecting the pricing we charge our distributor customers. We record the customer's rebate at the time of shipment.

Customers are typically granted payment terms of between 30 and 60 days and they generally pay within those terms. We grant relatively few customers any sales terms that include cash discounts. We invoice our distributors for shipments at our listed book price. When our distributors pay those invoices, they may claim debits for SSDs, stock rotations, cash discounts, RMAs and price protection when appropriate. Once claimed, we confirm these debits are in line with our management's prior authorizations and reduce the reserve we previously established for that customer.

The revenue we record for sales to our distributors is net of estimated provisions for these programs. When determining this net revenue, we must make significant judgments and estimates. We base our estimates on historical experience rates, inventory levels in the distribution channel, current trends and other related factors. However, because of the inherent nature of estimates, there is a risk that there could be significant differences between actual amounts and our estimates. Our financial condition and operating results

depend on our ability to make reliable estimates and we believe that our estimates are reasonable.

**CASH AND CASH EQUIVALENTS.** Cash and cash equivalents consist of cash on hand and in banks and all highly liquid debt investments with a time to maturity of three months or less at the time of purchase.

**SHORT- AND LONG-TERM INVESTMENTS.** Our policy is to invest excess funds in instruments with investment grade credit ratings. We classify our investments as “available-for-sale”, “trading” or “held-to-maturity” in conformity with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (“SFAS No. 115”). Further, we classify our trading securities as current assets and our available-for-sale securities as either current or non-current based on the specific attributes of each security. We recognize unrealized gains and losses in our trading securities in current earnings, and unrealized gains and losses in our available-for sale securities as an increase or reduction in shareholders’ equity. We report our trading and available-for-sale securities at their fair values. We evaluate our available-for-sale securities for impairment quarterly. SFAS No. 115 defines impairment as a loss in value that is other than temporary. We recognize impairment losses in our consolidated statement of operations in the period in which we discover the impairment.

We have also made other investments including loans, bridge loans convertible to equity or asset purchases as well as direct equity investments. We make these loans and investments with strategic intentions and, historically, are in privately held technology companies, which by their nature are high risk. These investments are included in other assets in the balance sheet and we carry them at the lower of cost, or market if the investment has experienced an “other than temporary” decline in value. We monitor these investments quarterly and make appropriate reductions in carrying value if we deem a decline in value is other than temporary.

**ALLOWANCE FOR DOUBTFUL ACCOUNTS.** We evaluate our allowance for doubtful accounts using a combination of factors. We record a specific allowance in cases where we become aware of circumstances that may impair a specific customer’s ability to pay fully their financial obligation to us. For all other customers, we recognize an allowance based on the length of time the receivable balances are past due, based on the current economic environment and our historical experience.

**INVENTORIES.** For our IC and certain FCP families of products we record inventories at the lower of standard cost (which generally approximates actual cost on a first-in, first-out basis) or market value. We adjust the carrying value of inventory for excess and obsolete inventory based on inventory age, shipment history and our forecast of demand over a specific future period. The semiconductor markets that we serve are volatile and actual results may vary from our forecast or other assumptions, potentially affecting our

assessment of excess and obsolete inventory resulting in material effects on our gross margin.

We record the inventories of the remainder of our FCP products at the lower of weighted-average cost (which approximates actual cost) or market value. Weighted average cost is comprised of average manufacturing costs weighted by the volume produced in each production run. We define market value as the net realizable value for our finished goods and replacement cost for raw materials and work in process.

We consider raw material inventory slow moving and we write it down to zero if it has not moved in 365 days. For assembled devices, we disaggregate the inventory by part number. We compare the quantities on hand in each part number category to the quantity we shipped in the previous twelve months, the quantity in backlog and to the quantity we expect to ship in the next twelve months. We write down to zero the value of each quantity on hand that is in excess of the lesser of the three comparisons. We believe our method of evaluating our inventory fairly represents market conditions.

We consider the material written-off to be available for sale. We do not revalue the written off inventory should market conditions change or if a market develops for the obsolete inventory. In the past, we have sold obsolete inventory that we have previously written off as worthless. Refer to the Gross Profit discussion in Item 7 of our annual report on Form 10K for further discussion of sales of our obsolete inventory.

***PROPERTY, PLANT AND EQUIPMENT.*** We record our property, plant and equipment at cost and depreciate the cost over the estimated useful lives of each asset classification, ranging between 3 and 35 years. Cost includes purchase cost, applicable taxes, freight, installation costs and interest incurred in the acquisition of any asset that requires a period of time to make it ready for use. In addition, we capitalize the cost of major replacements, improvements and betterments, while we expense normal maintenance and repair.

***INVESTMENTS IN UNCONSOLIDATED AFFILIATES.*** We hold ownership interests in various investees. Our ownership in these affiliates varies from 20% to approximately 49%, which we classify as investments in unconsolidated affiliates in our consolidated balance sheets. We account for long-term investments in companies in which we have an ownership share larger than 20% and in which we have significant influence over the activities of the investee using the equity method. We recognize our proportionate share of each investee's income or loss in the period in which the investee reports the income or loss. We eliminate all intercompany transactions in accounting for our equity method investments.

***IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS.*** The Company performs an impairment review of its intangible assets at least annually, in conformity with SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"). Based on the results of its most recent impairment review, the Company determined that no impairment of its intangible assets existed as of June 28, 2008. However, future impairment reviews could result in a charge to earnings.

**INCOME TAXES.** We account for income taxes using SFAS No. 109, "Accounting for Income Taxes", which requires an asset and liability approach to recording deferred taxes. Our deferred income tax assets represent temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities that will result in deductible amounts in future years, including net operating loss carry forwards. Based on estimates, the carrying value of our net deferred tax assets assumes that it is more likely than not that we will be able to generate sufficient future taxable income in certain tax jurisdictions. Our judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors. If, in the future, we experiences losses for a sustained period of time, we may not be able to conclude that it is more likely than not that we will be able to generate sufficient future taxable income to realize our deferred tax assets. If this occurs, we may be required to increase the valuation allowance against the deferred tax assets resulting in additional income tax expense.

During the three months ended September 27, 2008, there were no significant changes in our critical accounting policies and estimates.

#### **Adoption of New Pronouncements**

In May 2008, the Company adopted Statement of Financial Accounting Standards, SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with generally accepted accounting principles in the United States for non-governmental entities. SFAS No. 162 is effective 60 days following approval by the SEC of the Public Company Accounting Oversight Board's amendments to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. The adoption of SFAS No. 162 did not have an impact on the Company's consolidated financial position or results of operation.

On June 29, 2008, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 157, "Fair Value Measurements" ("FAS 157") for financial assets and liabilities, which clarifies the meaning of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive income when they occur. The effective date of the provisions of SFAS 157 for non-financial assets and liabilities, except for items recognized at fair value on a recurring basis, was deferred by Financial Accounting Standards Board ("FASB") Staff Position FAS 157-2 (FSP FAS 157-2) and are effective

for the fiscal year beginning June 28, 2009. The Company is currently evaluating the impact of the provisions for non-financial assets and liabilities. The adoption of SFAS 157 for financial assets and liabilities did not have an impact on the Company's consolidated financial position or results of operations. For additional information on the fair value of financial assets and liabilities, see Note 14, Fair Value Measurements.

In December 2007, the FASB issued Statement of Financial Accounting Standards, SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS 141(R)"). SFAS No. 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. SFAS No. 141(R) also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The provisions of SFAS No.141(R) are effective for the fiscal year beginning June 28, 2009. The Company is currently evaluating the impact of the provisions of SFAS 141(R).

In December, 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements-an Amendment of ARB No. 51" ("SFAS No. 160"). SFAS No. 160 establishes new accounting and reporting standards for a non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a non-controlling interest (minority interest) as equity in the consolidated financial statements separate from the parent's equity. The amount of net income attributable to the non-controlling interest will be included in consolidated net income on the face of the income statement. SFAS No. 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the non-controlling equity investment on the deconsolidation date. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its non-controlling interest. The provisions of SFAS No. 160 are effective for the fiscal year beginning June 28, 2009 except for the presentation and disclosure requirements, which must be applied retrospectively for all periods presented. We are currently evaluating the impact that SFAS No. 160 will have on our financial statements.

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### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

At September 27, 2008 our investment portfolio consisted of investment-grade fixed income securities, excluding those classified as cash and cash equivalents, of \$81.9 million. These securities are subject to interest rate risk and will decline in value if market interest rates increase. However, we do not believe that such a decrease would

have a material effect on our results of operations over the next fiscal year. Due to the short duration and conservative nature of these instruments, we do not believe that we have a material exposure to interest rate risk.

The Company transacts business in various non-U.S. currencies, primarily the New Taiwan Dollar. The Company is exposed to fluctuations in foreign currency exchange rates on accounts receivable from sales in these foreign currencies and the net monetary assets and liabilities of the related foreign subsidiary. A hypothetical 10% favorable or unfavorable change in foreign currency exchange rates would have a material impact on our financial position or results of operations.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“the Exchange Act”)) that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

At the time that our Quarterly Report on Form 10-Q for the quarterly period ended September 27, 2008 was originally filed, our principal executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures and concluded that as of the end of such period, our disclosure controls and procedures were effective.

In connection with the restatement discussed above in Note 2 to our consolidated financial statements in Item 1 of this amended report, our management, with the participation of our principal executive officer and principal financial officer reevaluated our disclosure controls and procedures. Based on that reevaluation and solely as a result of the material weaknesses in our internal control over financial reporting described below, our principal executive officer and principal financial officer have now concluded that our disclosure controls and procedures were not effective as of September 27, 2008.

Notwithstanding the material weaknesses that existed at September 27, 2008, management believes, based on its knowledge, that our restated consolidated financial statements and other financial information included in this report, fairly present, in all material respects in accordance with GAAP, our financial condition, results of operations and cash flows as of and for the periods presented in this report.

### **Material Weakness**

In connection with the matters described above, our company's management identified and reported to our Audit Committee the following control deficiencies, each of which constitutes a material weakness in our internal control over financial reporting as of September 27, 2008:

- The Company concluded that certain controls over period-end inventory accounting did not operate with sufficient precision. Misstatements were detected relating to inventory valuation and inventory reserves.
- The Company did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training in the application of generally accepted accounting principles commensurate with the Company's financial reporting requirements. As a result, the Company concluded that controls over the financial statement close process related to account reconciliations and analyses, including investment accounts, accounts receivable reserves, inventories, accounts payable and accrued liabilities, were not effective.

As a result of these misstatements, we have concluded that we did not maintain effective controls as of September 27, 2008 over financial reporting. Our processes, procedures and controls were not effective to ensure that these amounts were accurately reflected in our consolidated financial statements as of and for the period ended September 27, 2008 as previously reported. This control deficiency resulted in the restatement of our September 27, 2008 financial statements by a material amount. Therefore, we concluded that this control deficiency, as of September 27, 2008, constitutes a material weakness.

We intend to remediate these material weaknesses by making a number of improvements to our finance department, including the implementation of improved processes and systems, as well as additions to and upgrades of key finance personnel. We also plan to review our training and oversight policies and reexamine our documentation and review procedures, as soon as is reasonably practical. We also intend to engage the help of outside consultants to revamp the processes in the cost module of the ERP system. We may also consider implementing other remediation measures.

### **Changes in Internal Control Over Financial Reporting**

Other than as noted above in this Item 4, there has been no change in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None.

### **Item 1A: Risk Factors**

This quarterly report on Form 10-Q contains forward-looking statements which involve risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking statement as a result of various factors, including those set forth below. The listing below includes any material changes to and supersedes the description of the risk factors affecting our business previously disclosed in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended June 28, 2008.

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### **FACTORS THAT MAY AFFECT OPERATING RESULTS**

**In the past, our operating results have varied significantly and are likely to fluctuate in the future.**

We currently have a cautious outlook on our fiscal second quarter ending December 27, 2008, due to the challenging business environment and limited visibility on end-market demands. We have also announced our expectation that fiscal second quarter revenues will decline from the amount reported for the fiscal first quarter.

Wide varieties of factors affect our operating results. These factors include the following:

- changes in the quantity of our products sold;
- changes in the average selling price of our products;
- general conditions in the semiconductor industry;
- changes in our product mix;
- a change in the gross margins of our products;
- the operating results of the FCP product line, which normally has a lower profit margin than IC products;
- expenses incurred in obtaining, enforcing, and defending intellectual property rights;
- the timing of new product introductions and announcements by us and by our competitors;
- customer acceptance of new products introduced by us;
- delay or decline in orders received from distributors;
- growth or reduction in the size of the markets for interface ICs;
- the availability of manufacturing capacity with our wafer suppliers;
- changes in manufacturing costs;
- fluctuations in manufacturing yields;
- disqualification by our customers for quality or performance related issues;
- the ability of customers to pay us; and
- increased research and development expenses associated with new product

introductions or process changes.

All of these factors are difficult to forecast and could seriously harm our operating results. Our expense levels are based in part on our expectations regarding future sales and are largely fixed in the short term. Therefore, we may be unable to reduce our expenses fast enough to compensate for any unexpected shortfall in sales. Any significant decline in demand relative to our expectations or any material delay of customer orders could harm our operating results. In addition, if our operating results in future quarters fall below public market analysts' and investors' expectations, the market price of our common stock would likely decrease.

**The demand for our products depends on the growth of our end users' markets.**

Our continued success depends in large part on the continued growth of markets for the products into which our semiconductor and FCPs are incorporated. These markets include the following:

- computers and computer related peripherals;
- data communications and telecommunications equipment;
- electronic commerce and the Internet; and
- consumer electronics equipment.

Any decline in the demand for products in these markets could seriously harm our business, financial condition and operating results. These markets have also historically experienced significant fluctuations in demand. We may also be seriously harmed by slower growth in the other markets in which we sell our products.

**If we do not develop products that our customers and end-users design into their products, or if their products do not sell successfully, our business and operating results would be harmed.**

We have relied in the past and continue to rely upon our relationships with our customers and end-users for insights into product development strategies for emerging system requirements. We generally incorporate new products into a customer's or end-user's product or system at the design stage. However, these design efforts, which can often require significant expenditures by us, may precede product sales, if any, by a year or more. Moreover, the value to us of any design win will depend in large part on the ultimate success of the customer or end-user's product and on the extent to which the system's design accommodates components manufactured by our competitors. If we fail to achieve design wins or if the design wins fail to result in significant future revenues, our operating results would be harmed. If we have problems developing or maintaining our relationships with our customers and end-users, our ability to develop well-accepted new products may be impaired.

**The markets for our products are characterized by rapidly changing technology, and our financial results could be harmed if we do not successfully develop and implement new manufacturing technologies or develop, introduce and sell new products.**

The markets for our products are characterized by rapidly changing technology, frequent new product introductions and declining selling prices over product life cycles. We currently offer a comprehensive portfolio of silicon and quartz based products. Our future success depends upon the timely completion and introduction of new products, across all our product lines, at competitive price and performance levels. The success of new products depends on a variety of factors, including the following:

- product performance and functionality;
- customer acceptance;
- competitive cost structure and pricing;
- successful and timely completion of product development;
- sufficient wafer fabrication capacity; and
- achievement of acceptable manufacturing yields by our wafer suppliers.

We may also experience delays, difficulty in procuring adequate fabrication capacity for the development and manufacture of new products, or other difficulties in achieving volume production of these products. Even relatively minor errors may significantly affect the development and manufacture of new products. If we fail to complete and introduce new products in a timely manner at competitive price and performance levels, our business would be significantly harmed.

**Intense competition in the semiconductor industry may reduce the demand for our products or the prices of our products, which could reduce our revenues and gross profits.**

The semiconductor industry is intensely competitive. Our competitors include Analog Devices, Cypress Semiconductor Corporation, Fairchild Semiconductor, Int'l., Hitachi, Integrated Device Technology, Inc., Intel Corp., Maxim Integrated Products, Inc., Motorola, On Semiconductor Corp., NXP, Tundra Semiconductor Corp., Parade Technologies, PLX Technology, STMicroelectronics, Texas Instruments, Inc., and Toshiba. Most of those competitors have substantially greater financial, technical, marketing, distribution and other resources, broader product lines and longer-standing customer relationships than we do. We also compete with other major or emerging companies that sell products to certain segments of our markets. Competitors with greater financial resources or broader product lines may have a greater ability to sustain price reductions in our primary markets in order to gain or maintain market share.

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We believe that our future success will depend on our ability to continue to improve and develop our products and processes. Unlike us, many of our competitors maintain internal

manufacturing capacity for the fabrication and assembly of semiconductor products. This ability may provide them with more reliable manufacturing capability, shorter development and manufacturing cycles and time-to-market advantages. In addition, competitors with their own wafer fabrication facilities that are capable of producing products with the same design geometries as ours may be able to manufacture and sell competitive products at lower prices. Any introduction of products by our competitors that are manufactured with improved process technology could seriously harm our business. As is typical in the semiconductor industry, our competitors have developed and marketed products that function similarly or identically to ours. If our products do not achieve performance, price, size or other advantages over products offered by our competitors, our products may lose market share. Competitive pressures could also reduce market acceptance of our products, reduce our prices and increase our expenses.

We also face competition from the makers of ASICs and other system devices. These devices may include interface logic functions which may eliminate the need or sharply reduce the demand for our products in particular applications.

**Our results of operations have been adversely affected by global economic slowdowns in the past and face current challenges from turmoil in financial and other markets.**

In the past, the global economy has experienced economic slowdowns that were due to many factors, including decreased consumer confidence, unemployment, the threat of terrorism, and reduced corporate profits and capital spending. These unfavorable conditions have resulted in significant declines in our new customer order rates. Any future global economic slowing may materially and adversely affect our business, financial condition and results of operations.

Currently there appears to be a general slow down in the global economy that may last for an unpredictable period with adverse impacts on credit availability, ability of our company and our customers to maintain or grow revenues and profits, and purchasing demand across our customer base

**Downturns in the semiconductor industry, rapidly changing technology, accelerated selling price erosion and evolving industry standards can harm our operating results.**

The semiconductor industry has historically been cyclical and periodically subject to significant economic downturns--characterized by diminished product demand, accelerated erosion of selling prices and overcapacity--as well as rapidly changing technology and evolving industry standards. In the future, we may experience substantial period-to-period fluctuations in our business and operating results due to general semiconductor industry conditions, overall economic conditions or other factors. Our business is also subject to the risks associated with the effects of legislation and regulations relating to the import or export of semiconductor products.

**Our potential future acquisitions may not be successful.**

Our potential future acquisitions could result in the following:

- large one-time write-offs;
- the difficulty in integrating newly-acquired businesses and operations in an efficient and effective manner;
- the challenges in achieving strategic objectives, cost savings, and other benefits from acquisitions as anticipated;
- the risk of diverting the attention of senior management from other business concerns;
- risks of entering geographic and business markets in which we have no or limited prior experience and potential loss of key employees of acquired organizations;
- the risk that our markets do not evolve as anticipated and that the technologies and capabilities acquired do not prove to be those needed to be successful in those markets;
- potentially dilutive issuances of equity securities;
- the incurrence of debt and contingent liabilities or amortization expenses related to intangible assets;
- difficulties in the assimilation of operations, personnel, technologies, products and the information systems of the acquired companies; and

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- difficulties in expanding information technology systems and other business processes to accommodate the acquired businesses.

As part of our business strategy, we expect to seek acquisition prospects that would complement our existing product offerings, improve our market coverage or enhance our technological capabilities. Although we are evaluating acquisition and strategic investment opportunities on an ongoing basis, we may not be able to locate suitable acquisition or investment opportunities. In addition, from time to time, we invest in other companies, without actually acquiring them, and such investments involve many of the same risks as are involved with acquisitions.

**The trading price of our common stock and our operating results are likely to fluctuate substantially in the future.**

The trading price of our common stock has been and is likely to continue to be highly volatile. Our stock price could fluctuate widely in response to factors some of which are not within our control, including:

- general conditions in the semiconductor and electronic systems industries;
- quarter-to-quarter variations in operating results;
- announcements of technological innovations or new products by us or our competitors; and
- changes in earnings estimates by analysts; and price and volume fluctuations in the overall stock market, which have particularly affected the market prices of many high

technology companies.

**Implementation of Financial Accounting Standards Board (“FASB”) rules for the accounting of equity instruments and the issuance of new laws or other accounting regulations, or reinterpretation of existing laws or regulations, could materially impact our business or stated results.**

Statement of Financial Accounting Standards (“SFAS”) No. 123(R) *Share-Based Payment* required the Company to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards, in the financial statements. The adoption of this statement resulted in a negative impact on the Company’s reported results of operations. In general, from time to time, the government, courts and the financial accounting boards may issue new laws or accounting regulations, or modify or reinterpret existing ones. There may be future changes in laws, interpretations or regulations that would affect our financial results or the way in which we present them. Additionally, changes in the laws or regulations could have adverse effects on hiring and many other aspects of our business that would affect our ability to compete, both nationally and internationally.

**We and our independent registered public accounting firm previously determined that we had material weaknesses in our internal control over financial reporting, that have since been remediated. There can be no assurance that a material weakness will not arise in the future. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock.**

Under Section 404 of the Sarbanes-Oxley Act of 2002 SEC rules, we are required to evaluate and determine the effectiveness of our internal control over financial reporting. In our annual reports on Form 10-K for the years ended June 30, 2007 and July 2, 2005 we reported material weaknesses in our internal control over financial reporting. We have since remediated these deficiencies and continue to spend a significant amount of time and resources to ensure compliance with Section 404 of the Sarbanes-Oxley Act of 2002 maintain internal control over financial reporting. As reported in Item 9A of the Company’s Form 10-K for the year ended June 28, 2008, our management does not believe we had any material weakness in our internal control over financial reporting as of June 28, 2008, and management has determined that as of June 28, 2008, our internal control over financial reporting was effective. However, considering we have and will as we continue to evolve our business in a changing marketplace and will continue to make corresponding changes in our internal control in financial reporting, there can be no assurance that material weaknesses or significant deficiencies will not arise in the future. Should we or our independent registered public accounting firm determine in future periods that we have a material weakness in our internal control over financial reporting, the reliability of our financial reports may be impacted or impaired, and investors could lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

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**Customer demand for our products is volatile and difficult to predict.**

The Company's customers continuously adjust their inventories in response to changes in end market demand for their products and the availability of semiconductor components. This results in frequent changes in demand for our products. The volatility of customer demand limits our ability to predict future levels of sales and profitability. The supply of semiconductors can quickly and unexpectedly match or exceed demand because end customer demand can change very quickly. Also, semiconductor suppliers can rapidly increase production output. This can lead to a sudden oversupply situation and a subsequent reduction in order rates and revenues as customers adjust their inventories to true demand rates. A rapid and sudden decline in customer demand for the Company's products can result in excess quantities of certain products relative to demand. In this event, our operating results might be adversely affected as a result of charges to reduce the carrying value of inventory to the estimated demand level or market price.

**Changes to environmental laws and regulations applicable to manufacturers of electrical and electronic equipment are causing us to redesign our products, and may increase our costs and expose us to liability.**

The implementation of new environmental regulatory legal requirements could impact our product designs and manufacturing processes. The impact of such regulations on our product designs and manufacturing processes could affect the timing of compliant product introductions as well as their commercial success. Redesigning our products to comply with new regulations may result in increased research and development and manufacturing and quality control costs. In addition, the products we manufacture that comply with new regulatory standards may not perform as well as our current products. Moreover, if we are unable to successfully and timely redesign existing products and introduce new products that meet new standards set by environmental regulation and our customers, sales of our products could decline, which could materially adversely affect our business, financial condition and results of operations.

**Our contracts with our wafer suppliers do not obligate them to a minimum supply or set prices. Any inability or unwillingness of our wafer suppliers generally, and Chartered Semiconductor Manufacturing Ltd. and MagnaChip Semiconductor, Inc. in particular, to meet our manufacturing requirements would delay our production and product shipments and harm our business.**

In recent years, we purchased approximately 80 to 90% of our wafers from MagnaChip and Chartered, with the balance coming from three to six other suppliers. Our reliance on independent wafer suppliers to fabricate our wafers at their production facilities subjects us to possible risks such as:

- lack of adequate capacity;
- lack of available manufactured products;
- lack of control over delivery schedules; and

- unanticipated changes in wafer prices.

Any inability or unwillingness of our wafer suppliers generally, and Chartered and MagnaChip in particular, to provide adequate quantities of finished wafers to meet our needs in a timely manner would delay our production and product shipments and seriously harm our business. In March 2004, Chartered shut down one of their production facilities that was used to manufacture our products. We have transitioned the production of these products to different facilities. This was a major project requiring significant technological coordination between Chartered and Pericom. The transfer of production of our products to other facilities subjects us to the above listed risks as well as potential yield or other production problems which could arise as a result of the change.

At present, we purchase wafers from our suppliers through the issuance of purchase orders based on our rolling six-month forecasts. The purchase orders are subject to acceptance by each wafer supplier. We do not have long-term supply contracts that obligate our suppliers to a minimum supply or set prices. We also depend upon our wafer suppliers to participate in process improvement efforts, such as the transition to finer geometries. If our suppliers are unable or unwilling to do so, our development and introduction of new products could be delayed. Furthermore, sudden shortages of raw materials or production capacity constraints can lead wafer suppliers to allocate available capacity to customers other than us or for the suppliers' internal uses, interrupting our ability to meet our product delivery obligations. Any significant interruption in our wafer supply would seriously harm our operating results and our customer relations. Our reliance on independent wafer suppliers may also lengthen the development cycle for our products, providing time-to-market advantages to our competitors that have in-house fabrication capacity.

In the event that our suppliers are unable or unwilling to manufacture our key products in required volumes, we will have to identify and qualify additional wafer foundries. The qualification process can take up to six months or longer. Furthermore, we are unable to predict whether additional wafer foundries will become available to us or will be in a position to satisfy any of our requirements on a timely basis.

**We depend on single or limited source assembly subcontractors with whom we do not have written contracts. Any inability or unwillingness of our assembly subcontractors to meet our assembly requirements would delay our product shipments and harm our business.**

We primarily rely on foreign subcontractors for the assembly and packaging of our products and, to a lesser extent, for the testing of finished products. Some of these subcontractors are our single source supplier for some of our new packages. In addition, changes in our or a subcontractor's business could cause us to become materially dependent on a single subcontractor. We have from time to time experienced difficulties in the timeliness and quality of product deliveries from our subcontractors and may

experience similar or more severe difficulties in the future. We generally purchase these single or limited source components or services pursuant to purchase orders and have no guaranteed arrangements with these subcontractors. These subcontractors could cease to meet our requirements for components or services, or there could be a significant disruption in supplies from them, or degradation in the quality of components or services supplied by them. Any circumstance that would require us to qualify alternative supply sources could delay shipments, result in the loss of customers and limit or reduce our revenues.

**We may have difficulty accurately predicting revenues for future periods.**

Our expense levels are based in part on anticipated future revenue levels, which can be difficult to predict. Our business is characterized by short-term orders and shipment schedules. We do not have long-term purchase agreements with any of our customers, and customers can typically cancel or reschedule their orders without significant penalty. We typically plan production and inventory levels based on forecasts of customer demand generated with input from customers and sales representatives. Customer demand is highly unpredictable and can fluctuate substantially. If customer demand falls significantly below anticipated levels, our gross profit would be reduced.

**We compete with others to attract and retain key personnel, and any loss of or inability to attract key personnel would harm us.**

To a greater degree than non-technology companies, our future success will depend on the continued contributions of our executive officers and other key management and technical personnel. None of these individuals has an employment agreement with us and each one would be difficult to replace. We do not maintain any key person life insurance policies on any of these individuals. The loss of the services of one or more of our executive officers or key personnel or the inability to continue to attract qualified personnel could delay product development cycles or otherwise harm our business, financial condition and results of operations.

Our future success also will depend on our ability to attract and retain qualified technical, marketing and management personnel, particularly highly skilled design, process and test engineers, for whom competition can be intense. During strong business cycles, we expect to experience difficulty in filling our needs for qualified engineers and other personnel.

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**Our limited ability to protect our intellectual property and proprietary rights could harm our competitive position.**

Our success depends in part on our ability to obtain patents and licenses and preserve other intellectual property rights covering our products and development and testing tools. In the United States, we currently hold 111 patents covering certain aspects of our

product designs and have 11 additional patent applications pending. Copyrights, mask work protection, trade secrets and confidential technological know-how are also key to our business. Additional patents may not be issued to us or our patents or other intellectual property may not provide meaningful protection. We may be subject to, or initiate, interference proceedings in the U.S. Patent and Trademark Office. These proceedings can consume significant financial and management resources. We may become involved in litigation relating to alleged infringement by us of others' patents or other intellectual property rights. This type of litigation is frequently expensive to both the winning party and the losing party and takes up significant amounts of management's time and attention. In addition, if we lose such a lawsuit, a court could require us to pay substantial damages and/or royalties or prohibit us from using essential technologies. For these and other reasons, this type of litigation could seriously harm our business. Also, although we may seek to obtain a license under a third party's intellectual property rights in order to bring an end to certain claims or actions asserted against us, we may not be able to obtain such a license on reasonable terms or at all.

Because it is important to our success that we are able to prevent competitors from copying our innovations, we intend to continue to seek patent, trade secret and mask work protection for our technologies. The process of seeking patent protection can be long and expensive, and we cannot be certain that any currently pending or future applications will actually result in issued patents, or that, even if patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to us. Furthermore, others may develop technologies that are similar or superior to our technology or design around the patents we own.

We also rely on trade secret protection for our technology, in part through confidentiality agreements with our employees, consultants and third parties. However, these parties may breach these agreements. In addition, the laws of some territories in which we develop, manufacture or sell our products may not protect our intellectual property rights to the same extent as do the laws of the United States.

Our independent foundries use a process technology that may include technology we helped develop with them, that may generally be used by those foundries to produce their own products or to manufacture products for other companies, including our competitors. In addition, we may not have the right to implement key process technologies used to manufacture some of our products with foundries other than our present foundries.

**We may not provide adequate allowances for exchanges, returns and concessions.**

We recognize revenue from the sale of products when shipped, less an allowance based on future authorized and historical patterns of returns, price protection, exchanges and other concessions. We believe our methodology and approach are appropriate. However, if the actual amounts we incur exceed the allowances, it could decrease our revenue and corresponding gross profit.

**We are subject to risks related to taxes.**

A number of factors, including unanticipated changes in the mix of earnings in countries with differing statutory tax rates or by unexpected changes in existing tax laws or our interpretation of them, could unfavorably affect our future effective tax rate. In the event our management determines it is no longer more likely than not that we will realize a portion of our deferred tax assets we will be required to increase our valuation allowance which will result in an increase in our effective tax rate. Furthermore, our tax returns are subject to examination in all the jurisdictions in which we operate which subjects us to potential increases in our tax liabilities. All of these factors could have an adverse effect on our financial condition and results of operations.

**The complexity of our products makes us susceptible to manufacturing problems, which could increase our costs and delay our product shipments.**

The manufacture and assembly of our products is highly complex and sensitive to a wide variety of factors, including:

- the level of contaminants in the manufacturing environment;
- impurities in the materials used; and
- the performance of manufacturing personnel and production equipment.

In a typical semiconductor manufacturing process, silicon wafers produced by a foundry are cut into individual die. These die are assembled into individual packages and tested for performance. Our wafer fabrication suppliers have from time to time experienced lower than anticipated yields of suitable die. In the event of such decreased yields, we would incur additional costs to sort wafers, an increase in average cost per usable die and an increase in the time to market or availability of our products. These conditions could reduce our net revenues and gross margin and harm our customer relations.

We do not manufacture any of our IC products. Therefore, we are referred to in the semiconductor industry as a "fabless" producer. Consequently, we depend upon third party manufacturers to produce semiconductors that meet our specifications. We currently have third party manufacturers that can produce semiconductors that meet our needs. However, as the industry continues to progress to smaller manufacturing and design geometries, the complexities of producing semiconductors will increase. Decreasing geometries may introduce new problems and delays that may affect product development and deliveries. Due to the nature of the industry and our status as a "fabless" IC semiconductor company, we could encounter fabrication-related problems that may affect the availability of our products, delay our shipments or increase our costs. With the acquisition of SRe we are directly involved in the manufacture of our FCP products. We may not be successful in operating the FCP facility as technologies continue to evolve, and as a consequence, there may be manufacturing related problems that affect our FCP products. In addition, we have committed to the construction of a new FCP facility located in the Jinan Development Zone in Shandong Province, China, which adds the

uncertainties involved with staffing and starting up a new facility in a country where we have no previous operating experience.

**A large portion of our revenues is derived from sales to a few customers, who may cease purchasing from us at any time.**

A relatively small number of customers have accounted for a significant portion of our net revenues in each of the past several fiscal years. In general we expect this to continue for the foreseeable future. With the addition of SRe, the concentration of our largest customers has been reduced, as the largest customers of SRe are somewhat different from those of our core integrated circuit business and previously existing FCP business. We had one Asian distributor that individually accounted for 18% and 14% of our net revenues during the first quarter ended September 27, 2008 and the fiscal year ended June 28, 2008, respectively. A second additional Asian distributor individually accounted for an additional 14% our net revenue during the first quarter ended September 27, 2008. We had one Asian distributor that individually accounted for 13% of our net revenues during the fiscal year ended June 30, 2007. During the fiscal year ended July 1, 2006, we had one Asian distributor that accounted for 11% of our net revenues. As a percentage of net revenues, sales to our top five direct customers totaled 49% in the quarter ended September 27, 2008, 40% in fiscal year ended June 28, 2008, 35% in the fiscal year ended June 30, 2007 and 36% in the fiscal year ended July 1, 2006.

We do not have long-term sales agreements with any of our customers. Our customers are not subject to minimum purchase requirements, may reduce or delay orders periodically due to excess inventory and may discontinue purchasing our products at any time. Our distributors typically offer competing products in addition to ours. For the quarter ended September 27, 2008 and the fiscal year ended June 28, 2008, sales to our distributors were approximately 52% and 49% of net revenues, respectively as compared to approximately 40% of net revenues in the fiscal year ended June 30, 2007, and 39% for the fiscal year ended July 1, 2006. The increase in the percentage of sales to our distributors as compared with the prior periods was due to growth in sales to Asian distributor customers. The loss of one or more significant customers, or the decision by a significant distributor to carry additional product lines of our competitors could decrease our revenues.

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**Almost all of our wafer suppliers and assembly subcontractors are located in Southeast Asia, which exposes us to the problems associated with international operations.**

Risks associated with international business operations include the following:

- disruptions or delays in shipments;
- changes in economic conditions in the countries where our subcontractors are located;
- currency fluctuations;

- changes in political conditions;
- potentially reduced protection for intellectual property;
- foreign governmental regulations;
- import and export controls; and
- changes in tax laws, tariffs and freight rates.

In particular, there is a potential risk of conflict and further instability in the relationship between Taiwan and the People's Republic of China. Conflict or instability could disrupt the operations of one of our principal wafer suppliers and several of our assembly subcontractors located in Taiwan.

**Because we sell our products to customers outside of the United States, we face foreign business, political and economic risks that could seriously harm us.**

In the quarter ended September 27, 2008, we derived approximately 91% of our net revenues from sales in Asia and approximately 3% from sales outside of Asia and the United States. In fiscal year 2008, we derived approximately 88% of our net revenues from sales in Asia and approximately 3% from sales outside of Asia and the United States. In fiscal year 2007, we derived approximately 82% of our net revenues from sales in Asia and approximately 4% from sales outside of Asia and the United States. In fiscal year 2006, we generated approximately 64% of our net revenues from sales in Asia and approximately 17% from sales outside of Asia and the United States. We expect that export sales will continue to represent a significant portion of net revenues. We intend to continue the expansion of our sales efforts outside the United States. This expansion will require significant management attention and financial resources and further subject us to international operating risks. These risks include:

- tariffs and other barriers and restrictions;
- unexpected changes in regulatory requirements;
- the burdens of complying with a variety of foreign laws; and
- delays resulting from difficulty in obtaining export licenses for technology.

We are also subject to general geopolitical risks in connection with our international operations, such as political and economic instability and changes in diplomatic and trade relationships. In addition, because our international sales are denominated in U.S. dollars, increases in the value of the U.S. dollar could increase the price in local currencies of our products in foreign markets and make our products relatively more expensive than competitors' products that are denominated in local currencies. Regulatory, geopolitical and other factors could seriously harm our business or require us to modify our current business practices.

**Our shareholder rights plan may adversely affect existing shareholders.**

On March 6, 2002, we adopted a shareholder rights plan that may have the effect of deterring, delaying, or preventing a change in control that otherwise might be in the best interests of our shareholders. Under the rights plan, we issued a dividend of one preferred share purchase right for each share of our common stock held by shareholders of record

as of March 21, 2002. Each right entitles shareholders to purchase one one-hundredth of our Series D Junior Participating Preferred Stock.

In general, the share purchase rights become exercisable when a person or group acquires 15% or more of our common stock or a tender offer for 15% or more of our common stock is announced or commenced. After such event, our other stockholders may purchase additional shares of our common stock at 50% off of the then-current market price. The rights will cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our Board of Directors. The rights should not interfere with any merger or other business combination approved by our Board of Directors since the rights may be redeemed by us at \$0.001 per right at any time before any person or group acquire 15% or more of our outstanding common stock. These rights expire in March 2012.

### **Our operations and financial results could be severely harmed by natural disasters.**

Our headquarters and some of our major suppliers' manufacturing facilities are located near major earthquake faults. One of the foundries we use is located in Taiwan, which suffered a severe earthquake during fiscal 2000. We did not experience significant disruption to our operations as a result of that earthquake. However, if a major earthquake or other natural disaster were to affect our suppliers, our sources of supply could be interrupted, which would seriously harm our business.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On April 26, 2007, the Company's Board of Directors authorized the repurchase of an additional 2.0 million shares under a program disclosed in our previous periodic reports and on April 29, 2008, our Board of Directors authorized the repurchase of an additional \$30 million of our common stock, which was announced May 1, 2008.

Pursuant to the 2007 authority, the Company repurchased 139,190 shares in the three months ended September 27, 2008 for an aggregate cost of \$1.9 million and thereby completed the repurchase of 2,000,000 shares at an aggregate cumulative cost of approximately \$25.2 million after April 26, 2007. Pursuant to the 2008 authority, the Company repurchased 60,810 shares in the three months ended September 27, 2008 for an aggregate cost of \$0.8 million. During the same period in fiscal 2008, the Company repurchased approximately 0.5 million shares for an aggregate cost of \$5.0 million. The average price per share of repurchases under the 2007 and 2008 authority during the first quarter of fiscal 2009 was \$13.34.

The repurchases may be made from time to time in the open market or through private transactions at the discretion of Company management. Current cash balances and the proceeds from stock option exercises and employee stock purchase plan purchases have

funded stock repurchases in the past, and we expect to fund future stock repurchases from these same sources.

The following table describes the shares repurchased under the authorizations described above on a month by month basis during the fiscal first quarter:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs</u>
				63,124 shares plus
August 28, 2008 - August 29, 2008	76,066 \$	13.72	1,936,876 \$	30.0 million
September 3, 2008 - September 10, 2008	123,934 \$	13.11	2,060,810 \$	29.2 million
	<u>200,000 \$</u>	<u>13.34</u>	<u>2,060,810 \$</u>	<u>29.2 million</u>

**Item 6. Exhibits.**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
31.1	Certification of Alex C. Hui, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Angela Chen, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Alex C. Hui, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Angela Chen, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pericom Semiconductor Corporation  
(Registrant)

Date: September 25, 2009

By: /s/ Alex C. Hui

Alex C. Hui  
Chief Executive Officer

By: /s/ Angela Chen

Angela Chen  
Chief Financial Officer

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**EXHIBIT 31.1**

**PERICOM SEMICONDUCTOR CORPORATION  
CERTIFICATION PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Alex C. Hui, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Pericom Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 25, 2009

/s/ Alex C. Hui

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Alex C. Hui

Chief Executive Officer

Pericom Semiconductor Corporation

#### **EXHIBIT 31.1**

### **PERICOM SEMICONDUCTOR CORPORATION CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Angela Chen, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Pericom Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 25, 2009

/s/ Angela Chen  
Angela Chen  
Chief Financial Officer  
Pericom Semiconductor Corporation

#### **EXHIBIT 32.1**

### **PERICOM SEMICONDUCTOR CORPORATION**

#### **CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report of Pericom Semiconductor Corporation (the "Company") on Form 10-Q/A for the three months ended September 27, 2008 (the "Report"), I, Alex C. Hui, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

September 25, 2009

/s/ Alex C. Hui

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Alex C. Hui  
Chief Executive Officer  
Pericom Semiconductor Corporation

**EXHIBIT 32.2**

**PERICOM SEMICONDUCTOR CORPORATION**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report of Pericom Semiconductor Corporation (the “Company”) on Form 10-Q/A for the three months ended September 27, 2008 (the “Report”), I, Angela Chen, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

September 25, 2009

By: /s/ Angela Chen

Angela Chen  
Chief Financial Officer  
Pericom Semiconductor Corporation