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

FORM 10-Q

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

For the quarterly period ended December 30, 2006

[ ] 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 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 [X] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non accelerated filer. See definition of accelerated filer and large accelerated filer (as defined in Exchange Act Rule 12b-2):

Large Accelerated Filer Accelerated Filer [X] Non-accelerated Filer [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 126-2 of the Exchange Act)

Yes [ ] No [X]

As of February 7, 2007 the Registrant had outstanding 26,262,082 shares of Common Stock.

Pericom Semiconductor Corporation

Form 10-Q for the Quarter Ended December 30, 2006

INDEX

PART I. FINANCIAL INFORMATION — Page

Item 1: Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Balance Sheets as of December 30, 2006 and July 1, 2006

Condensed Consolidated Statements of Operations for the three and six months ended December 30, 2006 and December 31, 2005

Condensed Consolidated Statements of Cash Flows for the six months ended December 30, 2006 and December 31, 2005

Notes to Condensed Consolidated Financial Statements

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

Item 3: Quantitative and Qualitative Disclosures about Market Risk

Item 4: Controls and Procedures

PART II. OTHER INFORMATION

Item 1A: Risk Factors

Item 2: Unregistered Sale of Equity Securities and Use of Proceeds

Item 4: Submission of Matters to a Vote of Security Holders

Item 6: Exhibits

Signatures

PART I. FINANCIAL INFORMATION
Item 1: Condensed Consolidated Financial Statements

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

	December 30, 2006 (Unaudited)	July 1, 2006 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$13,694	$12,577
Restricted cash	613	950
Short-term investments	68,767	52,761
Accounts receivable:		
Trade (net of allowances of $1,910 and $2,205)	20,488	20,741
Other receivables	1,701	2,565
Inventories	14,625	16,742
Prepaid expenses and other current assets	735	508
Deferred income taxes	3,866	4,709
Total current assets	124,489	111,553
Property and equipment – net	24,177	24,376
Investments in unconsolidated affiliates	9,457	9,056
Deferred income taxes – non-current	5,103	5,043
Long-term investments in marketable securities	44,090	56,297
Goodwill	1,348	1,348
Intangible assets (net of accumulated amortization of $473 and $381)	2,884	2,976
Other assets	3,078	3,037
Total	$214,626	$213,686
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$10,318	$10,435
Accrued liabilities	7,539	7,243
Current portion of long-term debt	2,592	5,756
Total current liabilities	20,449	23,434
Long-term debt	2,166	3,482
Deferred tax liabilities	1,288	1,288
Other long term liabilities	281	402
Minority interest in consolidated subsidiaries	1,000	969
Total liabilities	25,184	29,575
Shareholders' equity:		
Common stock and paid in capital - no par value, 60,000,000 shares authorized; shares issued and outstanding: December 30, 2006, 26,184,000; July 1, 2006, 26,061,000	139,315	138,483
Accumulated other comprehensive loss	(276)	(894)
Retained earnings	50,403	46,522
Total shareholders' equity	189,442	184,111
Total	$214,626	$213,686

(1) The information in this column was derived from the Company's audited consolidated financial statements for the year ended July 1, 2006.

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		Six Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
Net revenues	$ 30,842	$ 26,270	$ 61,668	$ 48,743
Cost of revenues	20,176	16,958	40,570	31,925
Gross profit	10,666	9,312	21,098	16,818
Operating expenses:				
Research and development	4,040	3,640	7,982	7,393
Selling, general and administrative	4,919	4,993	10,714	9,175
Restructuring charge	---	---	---	55
Total	8,959	8,633	18,696	16,623
Income rom operations	1,707	679	2,402	195
Interest income	1,151	912	2,431	1,810
Other than temporary decline in value of investment	---	(33)	(1)	(33)
Income before income taxes	2,858	1,558	4,832	1,972
Income tax expense provision	691	467	1,311	604
Minority interest in (income) loss of consolidated subsidiaries	(21)	38	(30)	61
Equity in net income of unconsolidated affiliates	110	283	390	608
Net income	$ 2,256	$ 1,412	$ 3,881	$ 2,037
Basic income per share	$ 0.09	$ 0.05	$ 0.15	$ 0.08
Diluted income per share	$ 0.08	$ 0.05	$ 0.15	$ 0.08
Shares used in computing basic income per share	26,113	26,253	26,122	26,302
Shares used in computing diluted income per share	26,783	26,972	26,737	27,057

See notes to condensed consolidated financial statements.

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

	Six Months Ended	
	December 30, 2006	December 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,881	$ 2,037
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,094	2,362
Stock based compensation	1,076	572
Tax benefit related to stock based compensation plan	---	31
Excess tax benefit on stock based compensation	(106)	(22)
(Gain)/loss on sale of short-term investments	6	(29)
Other than temporary decline in investment	1	33
Gain on sale of disposal of assets	(73)	---
Equity in net income of unconsolidated affiliates	(390)	(608)
Deferred income taxes	321	362
Minority interest in subsidiary's net income (loss)	30	(61)
Changes in assets and liabilities net of acquisition		
Accounts receivable	1,061	(2,678)
Inventories	2,087	1,950
Prepaid expenses and other current assets	(227)	160
Accounts payable	(101)	914
Accrued liabilities	308	609
Restructuring liabilities	---	(72)
Other assets	(36)	259
Long term investment	(17)	---
Other long term liabilities	(118)	(159)
Net cash provided by operating activities	10,797	5,660
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(2,982)	(1,126)
Net proceeds from sales of property and equipment	248	---
Purchase of short-term investments	(187,276)	(240,566)
Maturities of short-term investments	184,643	245,959
Cash paid for eCERA acquisition, net of cash received	---	(13,064)
Cash invested in Pericom Electronics Hong Kong Ltd.	---	(172)
Change in restricted cash balance	337	(822)
Net cash used in investing activities	(5,030)	(9,791)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Sale of common stock	2,527	616
Excess tax benefit on stock based compensation	106	22
Proceeds from short-term and long-term debts	2,738	7,905
Principal payments on short-term and long-term debts and capital leases	(7,137)	(8,785)
Repurchase of common stock	(2,771)	(2,513)
Net cash used in financing activities	(4,537)	(2,755)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(113)	(147)
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,117	(7,033)
CASH AND CASH EQUIVALENTS:		
Beginning of period	12,577	20,902
End of period	$ 13,694	$ 13,869
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	$ (191)	$ (56)
Interest	$ (114)	$ (109)

See notes to condensed consolidated financial statements.

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 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 December 30, 2006, the results of operations for the three and six months ended December 30, 2006 and December 31, 2005 and cash flows for the six months ended December 30, 2006 and December 31, 2005. This 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.

The preparation of the 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 and liabilities and disclosure of contingent assets and liabilities as of the date of the interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from these estimates. The results of operations for the three and six month periods ended December 30, 2006 and December 31, 2005 are not necessarily indicative of the results to be expected for the entire year. The three and six month periods ended December 30, 2006 and December 31, 2005 each had 13 and 26 week periods, respectively.

The Company participates in a dynamic high technology industry and believes that changes in any of the following areas could have a material adverse effect on the Company's future financial position or results of operations: advances and trends in new technologies; competitive pressures in the form of new products or price reductions on current products; changes in the overall demand for products offered by the Company; changes in customer relationships; acquisitions and the subsequent integration of the acquired entity with the Company; litigation or claims against the Company based on intellectual property, patent, product, regulatory or other factors; risks associated with changes in domestic and international economic and/or political conditions or regulations; availability of necessary components; and the Company's ability to attract and retain employees necessary to support its growth.

These condensed consolidated financial statements include the accounts of Pericom Semiconductor Corporation and its three majority-owned subsidiaries, Pericom Semiconductor (HK) Limited, eCERA Comtek Corporation ("eCERA") and Pericom Taiwan Limited Corporation. All significant intercompany balances and transactions are eliminated in consolidation. eCERA Comtek Corporation and its subsidiary Azer Crystal Technology Co. Ltd. (”Azer")was acquired on September 7, 2005 (See Note 3).

2. Stock-Based Compensation

Effective July 3, 2005, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment" ("SFAS 123(R)"). SFAS 123(R) establishes accounting for stock-based awards exchanged for employee services. Accordingly, stock-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period. The Company previously applied Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations and provided the required pro forma disclosures of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). The Company elected to adopt the modified prospective application method as provided by SFAS 123(R), and, accordingly, the Company recorded compensation costs as the requisite service was rendered for the unvested portion of previously issued awards that remain outstanding

at the initial date of adoption and any awards issued, modified, repurchased, or cancelled after the effective date of SFAS 123(R). Periods prior to adoption have not been restated.

The following table shows total stock-based compensation expense for the three and six months ended December 30, 2006 and December 31, 2005 from all of the Company's stock compensation plans, included in the condensed consolidated statement of operations (in thousands):

	Three Months Ended		Six Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
Cost of goods sold	$ 39	$ 20	$ 67	$ 44
Research and development	242	105	461	226
Selling, general and administrative	279	169	547	302
Pre-tax stock-based compensation expense	560	294	1,075	572
Income tax	135	120	297	184
Net stock-based compensation expense	$ 425	$ 174	$ 778	$ 388

The value of the Company's stock options granted under its stock option plans during the three months ended December 30, 2006 and December 31, 2005 was estimated at the date of grant using the following weighted average assumptions:

	Three Months Ended	
	December 30, 2006	December 31, 2005
Expected Life	4.9 years	4.5 years
Risk-free interest rate	4.74%	4.39%
Volatility range	47%	39%
Dividend Yield	0.00%	0.00%

The weighted average fair value of options granted during the three months ended December 30, 2006 and December 31, 2005 were $4.62 and $2.76, respectively.

3. Purchased Intangible Assets

The following table shows purchased intangible assets associated with completed acquisitions by Pericom for each of the following periods (in thousands):

	December 30, 2006			July 1, 2006		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Supplier relationships	$ 110	$ (48)	$ 62	$ 110	$ (30)	$ 80
Trade name	40	(8)	32	40	(5)	35
Core development technology	1,349	(417)	932	1,349	(346)	1,003
Total amortizable purchased intangible assets	1,499	(473)	1,026	1,499	(381)	1,118
SaRonix supplier relationship	901	---	901	901	---	901
SaRonix trade name	957	---	957	957	---	957
Total purchased intangible assets	$ 3,357	$ (473)	$ 2,884	$ 3,357	$ (381)	$2,976

4. Income Per Share

Basic income (loss) per share is based upon the weighted average number of common shares outstanding. Diluted income (loss) 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 (loss) per share for the three and six month periods ended December 30, 2006 and December 31, 2005 are computed as follows (in thousands, except for per share data):

	Three Months Ended		Six Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
Net income	$2,256	$1,412	$3,881	$2,037
Computation of common shares outstanding – basic income per share:				
Weighted average shares of common stock	26,113	26,253	26,122	26,302
Shares used in computing basic income per share	26,113	26,253	26,122	26,302
Basic income per share	$0.09	$0.05	$0.15	$0.08
Computation of common shares outstanding – diluted income per share:				
Weighted average shares of common stock	26,113	26,253	26,122	26,302
Dilutive options using the treasury stock method	670	719	615	755
Shares used in computing diluted income per share	26,783	26,972	26,737	27,057
Diluted income per share	$0.08	$0.05	$0.15	$0.08

Options to purchase 3,157,000 and 3,212,000 shares of common stock were outstanding as of December 30, 2006, for the three and six months ended respectively, but not included in the computation of diluted net income per share because the options had an exercise price greater than the average market price of the common stock for the three months ended December 30, 2006 and therefore would be anti-dilutive under the treasury stock method. Likewise, for the three and six month periods ended December 31, 2005, 4,142,629 and 4,106,719 options to purchase common stock were outstanding respectively, but not included in the computation of diluted net income per share because the options had an exercise price greater than the average market price for the three months and six months ended December 31, 2005.

5. Inventories

Inventories consist of (in thousands):

	December 30, 2006	July 1, 2006
Raw materials	$ 4,527	$ 5,062
Work in process	3,958	4,220
Finished goods	6,140	7,460
	$ 14,625	$ 16,742

The reduction in net inventories during the six month period ended December 30, 2006 is due to a combination of tightening of supply and a continued concerted effort to reduce inventory levels to a lower level in fiscal 2007 as well as reserving inventory that has become excess and obsolete. Raw material inventory is considered obsolete and written off if it has not moved in 365 days. By part number, the quantity of assembled devices in inventory that is in excess of the greater of the quantity forecasted to be

shipped in the next twelve months, the quantity shipped in the previous twelve months or the quantity in backlog are considered obsolete and reserved. In certain circumstances, management will determine, based on expected usage or other factors, that inventory considered obsolete by these guidelines should not be reserved. To date as of December 30, 2006 $9.2 million of inventory on hand had been reserved as compared with $8.5 million at July 1, 2006.

During the three months ended December 30, 2006 and December 31, 2005, gross profit benefited as a result of the sale of inventory of $356,000 and $653,000, respectively, that had been previously identified as excess and written down to zero. In addition, during the six month periods ended December 30, 2006 and December 31, 2005 gross profit benefited as a result from the sale of inventory of $866,000 and $1,384,000, respectively, that had been previously identified as excess and written down to zero.

6. Accrued Liabilities

Accrued liabilities consist of (in thousands):

	December 30, 2006	July 1, 2006
Accrued compensation	$3,927	$3,953
Accrued income tax	1,680	1,269
External sales representative commissions	800	686
Other accrued expenses	1,132	1,335
	$7,539	$7,243

7. Debt

As of December 30, 2006, there was approximately $2.6 million classified as current portion of long term debt, and $2.2 million classified as long-term debt on the consolidated balance sheet (in thousands):

Debt Description	Annual Interest Rate	Total due and outstandin g	Due 12/30/06 through 12/30/07	Due 12/30/07 through 12/30/09
Bank Loan -- eCERA	3.35%	$1,048	$699	$349
Bank Loan -- eCERA	3.60%	2,727	1,499	1,228
Bank Loan -- eCERA	2.97%	983	394	589
Total		$4,758	$2,592	$2,166

As part of the acquisition of eCERA the remaining debt obligation assumed by the Company totaled $14.9 million at the time of the acquisition consisting of both long term and other short term line of credit accounts. The remaining debt as of December 30, 2006 is all long term debt obligation. The first and second long term debts are with Cooperative Bank of Taiwan which are secured by land, building and machinery the company owns in Taiwan and have a variable interest rate of 0.59% over the bank Board Listing Rate and are payable in quarterly installments of principals and monthly the interest in New Taiwan Dollars. The third long term debt obligation is with China Development Industrial bank which is secured by Machinery and Equipment the company owns in Taiwan and has a variable interest rate of 1.3% over the benchmark 90 days from the Secondary Markets Telerate fixing rate and is payable in quarterly installments of principal and monthly of interest in New Taiwan Dollars.

8. Restricted Cash

As part of the acquisition of eCERA, the Company assumed debt obligations that carried with them debt covenants that required the Company to carry a minimum cash balance in support of repayment of the Company's debt and other obligations. As of December 30, 2006 there was $613,000 of cash designated as restricted cash. As of July 1, 2006 there was $950,000 of cash designated as restricted cash. The decrease in restricted cash from prior quarters is the result of decreasing debt outstanding that requires restricted cash through debt covenants.

9. Industry and Segment Information

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" established annual and interim reporting standards for an enterprise's business segments and related disclosures about its products, services, geographical areas and major customers. The Company operates and tracks its results in one reportable segment. The Company designs, develops, manufactures and markets a broad range of interface integrated circuits and frequency control products.

There was one end customer that accounted for 11% and 10% of net revenues in the three months and six months ended December 30, 2006, respectively; and there was one direct customer, an Asian distributor, who accounted for 14% and 12% of net revenues in the three months and six months ended December 30, 2006. At both December 30, 2006 and December 31, 2005, there were no customers that individually accounted for 10% or greater of accounts receivable.

The following table sets forth the Company's net property and equipment by country of location as a percentage of total net property and equipment as of December 30, 2006 and July 1, 2006.

	December 30, 2006	July 1, 2006
Taiwan	77.90%	81.30%
United States	12.70%	12.10%
Other (less than 10% each)	9.40%	6.60%
Total	100.00%	100.00%

The following table sets forth net revenues by country as a percentage of total net revenues for the three-month and six-month periods ended December 30, 2006 and December 31, 2005.

	Three Months Ended		Six Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
China (including Hong Kong)	33.8%	28.3%	32.8%	25.3%
Taiwan	23.0%	30.7%	23.4%	28.9%
United States	13.1%	17.8%	14.6%	19.3%
Singapore	6.7%	9.5%	7.1%	10.5%
Other (less than 10% each)	23.4%	13.7%	22.1%	16.0%
Total	100.0%	100.0%	100.0%	100.0%

10. Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and net unrealized gains (losses) on available-for-sale investments and translation gains (losses) of consolidated subsidiaries. The components of other comprehensive income (loss) and related tax effects were as follows:

	Three Months Ended		Six Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
Net income	$ 2,256	$ 1,412	$ 3,881	$ 2,037
Change in unrealized gain (loss) on securities available for sale	146	(148)	1,158	(237)
Income tax effect	(56)	60	(439)	97
Reclassification adjustment for (loss) on available for sale securities included in net income	16	(29)	12	(39)
Income tax effect	(6)	12	(4)	16
Translation (loss)	188	10	(109)	(18)
Comprehensive income	$ 2,544	$ 1,317	$ 4,499	$ 1,856

11. Stock Repurchase Program

On October 22, 2001 the Company's Board of Directors authorized a stock repurchase program to repurchase up to 2,000,000 shares of Pericom common stock. Purchases may be made in the open market or in privately negotiated transactions from time to time at management's discretion. The Company began repurchasing shares of Pericom stock on July 23, 2002. 102,000 shares were repurchased in the three months ended December 30, 2006 at a cost of approximately $971,000 and 300,000 shares were repurchased at a cost of approximately $2.8 million in the six month period ended December 30, 2006. The Company has purchased a total of 1.7 million shares at a total cost of approximately $14.5 million as of December 30, 2006. Stock repurchases have been funded by current cash balances and the proceeds from stock option exercises and employee stock purchase plan purchases. The Company expects to fund future stock repurchases, if any, from these same sources.

12. Minority Interest

The Company consolidates its subsidiaries Pericom Taiwan Limited (PTL) and eCERA. During the three months ended December 31, 2004, the Company sold 6.82% of PTL to its employees for $315,000 in cash. At December 30, 2006, the carrying value of minority interest in PTL was $94,000. Parties other than Pericom Semiconductor Corporation own approximately 2.71% of the outstanding shares of eCERA Comtek Corporation. As of December 30, 2006, the carrying value of minority interest in eCERA Comtek Corporation was $905,000.

13. Investment In Pericom Technology, Inc.

Pericom Semiconductor Corporation ("The Company") holds a 44.3% ownership in Pericom Technology Inc. ("PTI"), which is accounted for under the equity method. The first investment of $750,000 for 1,500,000 shares of Series A preferred stock at $0.50 per share was made on June 10, 1995. This gave the company an initial ownership position of 18.4% and represented 25% of the Series A preferred financing. The Series A preferred stock was set up as voting stock convertible to common shares with stated liquidation preferences of $0.50 per share over the common stock. Initially, the company realized the PTI gains and losses at 20% of net income, until the accounting guidance changed in 1999, and then recognized the gains and losses at the ownership percentage of 18.4%. From June 1995 through February 2000, the Company had recognized $1,051,410 of accumulated equity accounting losses. On February 28, 2000, the Company made an additional investment in PTI by purchasing $1,000,000 in Series B preferred stock for a total of 909,090 shares at $1.10 per share. The Company's investment in the preferred Series B financing was equal to 39% of the round. From March 2000 through May 2000, the Company recognized $110,000 of accumulated equity accounting losses at the 39%. On June 1, 2000, the Company converted $3,500,000 of debt owned by PTI to PSC into 3,181,818 share of preferred B stock at $1.10 per share in stock outstanding. Subsequently, the Company's investment in the Preferred Series B stock represented 74.4% of the total round Series B of financing. The preferred B round of financing was voting stock and had stated liquidation preferences of $1.10 per share. Commencing in June 2000, the Company accumulated

equity accounting losses at 74.4%, the Company's percentage of preferred Series B financing. On May 29, 2001 the Company invested an additional $5,001,000 for 3,000,000 shares of Preferred Series C at $1.67 per share. After this financing round, the Company owned approximately 44.9% of the outstanding Preferred and Common stock of PTI. The Company accounted for 50% of the Series C financing and the stock was classified as voting with stated liquidation preferences of $1.67 per share. On April 29, 2005, the Company exercised a warrant to purchase 275,000 shares of PTI common stock at $0.70 per share for a total of $192,500. Currently, the Company owns approximately 44.3% of the outstanding voting shares of PTI. In May of 2006, the Company recouped all of the accumulated equity losses for Series B financing at the Series B 74.4% participation level. Subsequently in June 2006, the Company began to recoup losses through PTI income at the 25% level. As of December 30, 2006, the Company has recouped $452,000 of losses of preferred Series A. For the three and six months ended December 30, 2006, the company recognized $110,000 and $390,000 of equity in net income of PTI, respectively.

14. Stock Option Plans

Under the Company's 2004, 2001, 1995, 1990 stock option plans, and SaRonix acquisition stock option plans, incentive and nonqualified stock options to purchase up to 1,774,000 shares of common stock have been reserved at December 30, 2006 for issuance to employees, officers, directors, independent contractors and consultants of the Company.

The options may be granted at not less than the fair value and not less than 85% of the fair value on 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 grant date.

Activity in the Company's option plans is summarized below (in thousands, except per share data):

	Shares	Weighted Average Exercise Price
Balance, July 1, 2006 (4,206 exercisable at a weighted average price of $12.16)	5,277	$ 11.43
Granted (weighted average fair value of $4.19 per share)	360	8.90
Exercised	(350)	5.85
Canceled	(304)	12.32
Balance, December 30, 2006	4,983	$ 11.58

Additional information regarding options outstanding as of December 30, 2006 is as follows:

Range of Exercise Prices	Number Outstanding as of 1230/2006	Weighted Ave. Remaining Contractual Term	Weighted Average Exercise Price	Number Exercisable as of 12/30/06	Weighted Average Exercise Price
$ 2.00 $ 7.87	1,203,000	3.44	$ 4.70	961,000	$ 3.90
$ 7.88 $ 9.19	1,191,000	8.06	$ 8.50	563,000	$ 8.50
$ 9.20 $ 11.50	922,000	6.9	$ 10.80	664,000	$ 11.20
$ 11.56 $ 17.81	1,017,000	4.65	$ 14.40	1,012,000	$ 14.50
$ 17.85 $ 37.22	650,000	3.54	$ 26.70	650,000	$ 26.70
$ 2.00 $ 37.22	4,983,000	5.44 years	$ 11.60	3,850,000	$ 12.40

The intrinsic value of the ending outstanding stock options was $12,362,000, the weighted average exercise price was $11.58, and the weighted average remaining contractual term was 5.44 years. The total ending vested and expected to vest stock options were 4,804,000, the weighted average exercise price was $11.69, the intrinsic value was $11,859,000, and the remaining contractual term was 5.31 years. The total ending exercisable stock options were 3,850,000, the intrinsic value was $9,176,000, the weighted average exercise price was $12.44, and the remaining contractual term was 4.41 years. The intrinsic value of the exercised shares was $1,402,000.

15. Recently Issued Accounting Standards

In June 2006, the FASB issued FASB Interpretation No.48, Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109 (“FIN 48”), which prescribes accounting for and disclosure of uncertainty in tax positions. This interpretation defines the criteria that must be met for the benefits of a tax position to be recognized. The provisions of FIN 48 are effective as of the beginning of the Company’s 2007 fiscal year, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company is currently evaluating the impact of adopting FIN 48 on its financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108 (“SAB 108”), “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.” SAB 108 is effective for fiscal years ending on or after November 15, 2006 and addresses how financial statement errors should be considered from a materiality perspective and corrected. The literature provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. Historically there have been two common approaches used to quantify such errors: (i) the “rollover” approach, which quantifies the error as the amount by which the current year income statement is misstated, and (ii) the “iron curtain” approach, which quantifies the error as the cumulative amount by which the current year balance sheet is misstated. The SEC Staff believes that companies should quantify errors using both approaches and evaluate whether either of these approaches results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. The Company is currently evaluating the impact, if any, of adopting the provisions of SAB 108 on our financial position, results of operations and liquidity.

In September 2006, the FASB issued Statement of Financial Accounting Standards No, 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans-an amendment of FASB Statements No. 87, 88, 106 and 132(R)” (SFAS 158). This statement requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans. Under SFAS 158, actuarial gains and losses, prior service costs or credits, and any remaining transition assets or obligations that have not been recognized under previous accounting standards must be recognized in Accumulated Other Non-Shareowners’ Changes in Equity, net of tax effects, until they are amortized as a component of net periodic benefit cost. The adoption of SFAS 158 is not expected to have a material impact on the financial position or results of operations of the Company.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (SFAS 157) which is effective for fiscal years beginning after November 15, 2007 and for interim periods within those years. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. The Company is currently evaluating the potential impact that SFAS 157 will have on our financial position, results of operations and liquidity.

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

Pericom Semiconductor Corporation

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 July 1, 2006 (the "Form 10-K").

Factors That May Affect Operating Results

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: projections of revenues, expenses, gross profit, gross margin, or other financial items; 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; proposed new products or services; the sufficiency of cash generated from operations and cash balances; the Company's exposure to interest rate risk; future economic conditions or performance; plans to focus on cost control; expectations regarding export sales and net revenues; the expansion of sales efforts; acquisition prospects; the results of our acquisition of eCERA and our other 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 July 1, 2006, 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.

	Three Months Ended		Six Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenues	65.4 %	64.6 %	65.8 %	65.5 %
Gross profit	34.6 %	35.4 %	34.2 %	34.5 %
Operating expenses:				
Research and development	13.1 %	13.9 %	12.9 %	15.2 %
Selling, general and administrative	16.0 %	19.0 %	17.4 %	18.8 %
Restructuring charge	0.0 %	0.0 %	0.0 %	0.1 %
Total	29.1 %	32.9 %	30.3 %	34.1 %
Income (from operations	5.5 %	2.5 %	3.9 %	0.4 %
Interest income	3.7 %	3.5 %	3.9 %	3.7 %
Other than temporary decline in investment	0.0 %	(0.1)%	0.0 %	(0.1)%
Income before income taxes	9.2 %	5.9 %	7.8 %	4.0 %
Income taxe provision	2.2 %	1.7 %	2.1 %	1.2 %
Minority interest in (income) loss of consolidated subsidiaries	(0.1)%	0.1%	0.0%	0.1%
Equity in net income of unconsolidated affiliates	0.4 %	1.1 %	0.6 %	1.3 %
Net income	7.3 %	5.4 %	6.3 %	4.2 %

Net Revenues

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

	Three Months Ended			Six Months Ended		
(In thousands)	December 30, 2006	December 31, 2005	% Change	December 30, 2006	December 31, 2005	% Change
Net revenues	$ 30,842	$ 26,270	17.4%	$ 61,668	$ 48,743	26.5%
% of net sales accounted for by top 5 direct customers (1)	36.2%	35.5%		35.0%	38.5%	
Number of direct customers that each account for more than 10% of net sales	1	1		1	1	
% of net sales accounted for by top 5 end customers (2)	23.8%	25.3%		24.3%	28.1%	
Number of end customers that each account for more than 10% of gross sales	1	0		0	1	

(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.

On September 7, 2005 the Company acquired a 99.9% interest in eCERA Comtek Corporation from Aker Technology Co., Ltd. Beginning with the quarter ended October 1, 2005, the Company's revenues included revenues from eCERA. In the three month periods ended September 30, 2006 and October 1, 2005, net revenues from eCERA product sales were approximately $8.4 million and $2 million, which reflected thirteen weeks of eCERA revenue being included in the Pericom results for the three months ended September 30, 2006, as compared to four weeks of revenue included in the results for the three months ended October 1, 2005.

Net revenues consist of product sales, which are recognized upon shipment, less an estimate for returns and allowances. The increase in net revenues of $4.6 million for the three month period ended December 30, 2006 as compared with the same period in the prior year is primarily attributable to the increase of $2.3 million in IC revenue and an increase of $2.3 million in FCP revenue. The increase in revenues of $12.9 million in the six months ended December 30, 2006 compared with the same period in the prior year is attributable to IC and FCP revenue increases of $3.7 and $9.1 million, respectively. As noted in the prior paragraph, our results for the three months ended September 30, 2006, included thirteen weeks of eCERA FCP revenue while our results for the three months ended October 1, 2005, included only four weeks of such revenue.

The increase in net revenues is generally attributable to customer acceptance of the Company's new product offerings as well as an improved pricing environment for the Company's Digital Switches and Interface Logic product lines. However, the pricing environment could again become more difficult as other companies compete more aggressively for business. Pricing for the Company's higher margin Analog Switch, Clock and Connect products, many of which are proprietary, is more stable and price declines are generally offset by new product introductions and cost reductions.

The following table sets forth net revenues by country as a percentage of total net revenues for the three and six -month periods ended December 30, 2006 and December 31, 2005.

	Three Months Ended		Six Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
China (including Hong Kong)	33.8%	28.3%	32.8%	25.3%
Taiwan	23.0%	30.7%	23.4%	28.9%
United States	13.1%	17.8%	14.6%	19.3%
Singapore	6.7%	9.5%	7.1%	10.5%
Other (less than 10% each)	23.4%	13.7%	22.1%	16.0%
Total	100.0%	100.0%	100.0%	100.0%

For the three and six months ended December 30, 2006, as compared with the same periods in the prior year, the percentage of our net revenues derived from sales to China (including Hong Kong) increased as a result of our acquisition of eCERA as well as a general increase in our core business in China for the period.

While the semiconductor industry has generally recovered from the significant industry downturn that began in fiscal 2001, order rates are still down, and have caused a corresponding drop in backlog, and have caused the percentage of net sales represented by orders placed and shipped in the same quarter to grow. These orders are called “turns” orders. This near-term order pattern has persisted through the present due to the uncertain growth rate of the world economy and distribution channel’s reluctance to build inventory levels again. This keeps longer-term visibility limited, making it difficult to predict near term demand.

Gross Profit

	Three Months Ended			Six Months Ended		
(In thousands)	December 30, 2006	December 31, 2005	% Change	December 30, 2006	December 31, 2005	% Change
Net revenues	$ 30,842	$ 26,270	17.4%	$ 61,668	$ 48,743	26.5%
Gross profit	10,666	9,312	14.5%	21,098	16,818	25.4%
Gross profit as a percentage of net revenues (gross margin)	34.6%	35.4%		34.2%	34.5%	

The gross profit of $10.7 million in the three-month period ended December 30, 2006, as compared with the same period in the prior year increased due to an increase in the unit sales volume of our core integrated circuit products that resulted from improved end-market demand and improved gross margins on core products. The increase in gross margin for the six-month period ended December 30, 2006, as compared to the same period in the prior year, can be primarily attributable to higher margins from the Company’s focus IC products caused by improved product mix and a generally favorable pricing environment; these factors were partially off-set by the negative impact of the addition of lower margin eCERA revenue.

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 SaRonix and eCERA 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.

During the three and six months ended December 30, 2006, gross profit and gross margin benefited as a result of the sale of inventory of $356,000 and $886,000, respectively, that had been previously identified as excess and written-down to zero.

Research and Development

(In thousands)	Three Months Ended December 30, 2006	Three Months Ended December 31, 2005	% Change	Six Months Ended December 30, 2006	Six Months Ended December 31, 2005	% Change
Net revenues	$30,842	$26,270	17.4%	$61,668	$48,743	26.5%
Research and development	4,040	3,640	11.0%	7,982	7,393	8.0%
R&D as a percentage of net revenues	13.1%	13.9%		12.9%	15.2%	

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 expense increase of $400,000 for the three-month period ended December 30, 2006 as compared to the same period in the previous year is due to an increase of $137,000 in stock-based compensation and other personnel expenses. The increase of approximately $589,000 for the six-month period ended December 30, 2006 as compared to the same period in the previous year is partially due to a full six months or twenty-six weeks of eCERA expenses in the current period compared to seventeen weeks of expenses, as well as, increased stock-based compensation expense of $235,000 and increased personnel expenses.

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, consequently, 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

(In thousands)	Three Months Ended December 30, 2006	Three Months Ended December 31, 2005	% Change	Six Months Ended December 30, 2006	Six Months Ended December 31, 2005	% Change
Net revenues	$ 30,842	$ 26,270	17.4%	$ 61,668	$ 48,743	26.5%
Selling, general and administration	4,919	4,993	-1.5%	10,714	9,175	16.8%
S, G&A as a percentage of net revenues	15.9%	19.0%		17.4%	18.8%	

Selling, general and administrative expenses consist primarily of personnel and related overhead costs for sales, marketing, finance, administration, human resources and general management. The selling, general and administrative expenses in the three month period ended December 30, 2006 as compared to the same period in the prior year were essentially flat. The increase of $1.5 million in selling, general and administrative expenses in the six-month period ended December 30, 2006, as compared to the same period in the prior year, is due to the inclusion of a full 26 weeks of eCERA expenses in the current year compared to only 17 weeks in the comparable period in the prior year. In addition Sarbanes Oxley 404 compliance and audit fees increased approximately $500,000, due to the company switching the method of recognizing such expense from an accrual method to an incurred method, along with increases in stock-based compensation of approximately $245,000 and personnel expense.

The Company anticipates that selling, general and administrative expenses 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 to the extent the Company achieves higher sales levels. In the short term, costs associated with Sarbanes Oxley 404 compliance efforts will increase selling, general and administrative expenses due to the inclusion in scope of eCERA in the current year. The Company intends to continue to 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 Income

(In thousands)	Three Months Ended		%	Six Months Ended		%
	December 30, 2006	December 31, 2005	Change	December 30, 2006	December 31, 2005	Change
Interest income, net	$1,151	$912	26.2%	$2,431	$1,810	34.3%

The increase in interest income for the three-month and six-month periods ended December 30, 2006, as compared to the comparable prior year periods, was primarily due to increased interest rates.

Provision for Income Taxes

(In thousands)	Three Months Ended		Six Months Ended	
	December 30, 2006	December 31, 2005	December 30, 2006	December 31, 2005
Pre-tax income (loss)	$2,858	$1,558	$4,832	$1,972
Income tax (benefit)	691	467	1311	604
Effective tax rate	24%	30%	27%	31%

Our effective tax rate differs from the federal statutory rate primarily due to state income taxes, the utilization of research and development tax credits, stock-based compensation from incentive stock options, changes in the deferred tax asset valuation allowance, and differing tax rates in income-earning foreign jurisdictions.

Equity in Net Income (Loss) of Investees

(In thousands)	Three Months Ended			Six Months Ended		
	December 30, 2006	December 31, 2005	Change	December 30, 2006	December 31, 2005	Change
Equity in net income of investees	$110	$283	($173)	$390	$608	($218)

Equity in net income of investees is primarily the Company's allocated portion of the net income or losses of Pericom Technology, Inc. ("PTI"), a British Virgin Islands corporation based in Shanghai, People's Republic of China. PTI was formed by Pericom and certain Pericom shareholders in 1994 to develop and market semiconductors in China and certain other Asian countries. The Company adopted Emerging Issue Task Force ("EITF") Issue No. 02-14 in the quarter ended December 31, 2004. This adoption did not cause the Company to cease recognizing its allocated portion of the net income or losses of PTI. The Company's allocated portion of PTI's results decreased to income of $110,000 for the three month period ended December 30, 2006 from income of $390,000 for the comparable period in the prior year. This year over year decrease is directly attributable to a change in the rate at which Pericom recognizes income from PTI's operations. For the three and six months ended December 31, 2005, Pericom was realizing 74.4% of PTI's income until all losses realized under PTI's Series C Preferred Stock round of financing had been recouped. For the six months ending December 31, 2006, the Company's allocated portion of PTI's results decreased to income of $390,000, which was based on recouping losses at a 25% level. For the comparable period in the prior year, the company's allocated portion of PTI's results were $608,000. Pericom will now realize 25% of PTI's net income until all losses realized under the PTI Series A Preferred Stock Round of financing have been recouped. After the Series A Preferred Stock Round of financing has been recouped, the Company will then realize revenue at the percentage ownership the Company owns of PTI. As of December 30, 2006 the percentage of ownership the Company owns of PTI is 44.3%.

Liquidity and Capital Resources

As of December 30, 2006, the Company's principal sources of liquidity included cash, cash equivalents and short-term and long-term investments of approximately $127.2 million as compared with $122.6 million on July 1, 2006.

As of December 30, 2006, $13.7 million is classified as cash and cash equivalents compared with $12.6 million as of July 1, 2006.

The Company's net cash provided by operating activities of $10.8 million in the six months ended December 30, 2006 was primarily a result of net income of $3.9 million, a reduction in net inventories of $2.1 million, depreciation and amortization of approximately $3.1 million and non-cash stock based compensation expense of $1.1 million. In the six months ended December 31, 2005, the Company's net cash provided by operating activities of $5.7 million was primarily due to a net income of $2.0 million, a reduction in net inventories of $2.0 million, depreciation and amortization of $2.4 million, and a decrease in accounts payable of $914,000. These factors were partially offset by an increase in accounts receivable of $2.7 million. The reduction in net inventories during the six-month period ended December 31, 2005 was primarily due to the tightening of supply and a continued effort to reduce inventory levels to a lower level during fiscal 2006. The increase in accounts receivable during this period was primarily due to increasing sales and the addition of receivables from the eCERA acquisition.

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 six month period ended December 30, 2006, the Company spent approximately $3.0 million on property and equipment compared to $1.1 million for the six month period ended December 31, 2005. The Company generated approximately $2.4 million of net interest income for the six-month period ended December 30, 2006, an approximate $600,000 increase over the $1.8 million of net interest income for the six month period ended December 31, 2005. Higher interest rates on invested capital contributed to the increase in net interest income, despite a similar level of capital available for investment of $127.2 million for the six month period ended December 30, 2006 and $122.6 million for the six month period ended December 31, 2005. In the longer term the Company may generate less interest income if its total invested balance decreases and these decreases are not offset by rising interest rates or increased cash generated from operations or other sources.

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 $5.0 million for the six months ended December 30, 2006 was primarily due to the Company's purchase of short term investments exceeding maturities of short-term investments by approximately $2.6 million as well as additions of property and equipment of approximately $3.0 million. For the six months ended December 31, 2005 the Company's cash used in investing activities of $9.8 million was primarily due to the Company's acquisition of eCERA Comtek Corporation for which the Company used $13.1 million in net cash to complete the purchase on September 7, 2005.

The Company's cash used in financing activities in the six months ended December 30, 2006 of $4.5 million was primarily due to principal payments on short-term, long-term debts and capital leases of eCERA of approximately $7.1 million as well as repurchases of common stock of $2.8 million, which were offset in part by $2.7 million in proceeds from short and long term debt and approximately $2.5 million in proceeds generated from the sale of common stock from the Company's employee stock plans. In the six months ended December 31, 2005, the Company's cash used by financing activities of $2.8 million was primarily due to payment of principal of eCERA debt of $8.8 million, repurchases of common stock of $2.5 million which were offset in part by proceeds of approximately $7.9 million in sale of short-term and

long-term debt instruments, also $616,000 was received from the sale of common stock from the Company's employee stock plans.

The Company's Board of Directors has approved the repurchase of up to 2,000,000 shares of the Company's common stock. As of December 30, 2006, the Company has repurchased an aggregate of 1.7 million shares at a cost of approximately $14.5 million. The Company repurchased 299,000 shares during the six months ended December 30, 2006 at an approximate cost of $2.8 million. The Company intends to continue repurchasing shares under this program over time depending upon price and share availability. Stock repurchases have been funded by current cash balances and the proceeds from stock option exercises and employee stock purchase plan purchases. The Company expects to fund future stock repurchases from these same sources.

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.

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 including eCERA's debt obligations at December 30, 2006 are as follows (in thousands):

		Payments Due by Period			
	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	Thereafter
Operating leases	$7,711	$1,209	$2,166	$2,104	$2,232
Notes payable	4,758	2,592	2,166	---	---
Operating lease obligations	$12,469	$3,801	$4,332	$2,104	$2,232

Off-Balance Sheet Arrangements

The Company has no off balance sheet arrangements, as 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.

The methods, estimates and judgments the Company uses in applying its most critical accounting policies have a significant impact on the results the Company reports in its 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 the 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, the Company's 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; impairment of goodwill, other intangible assets and investments, which impacts goodwill, intangible assets and investments; and stock-based compensation, which impacts costs of goods sold, research and development and selling, general and administrative expenses. These policies and the estimates and judgments involved are discussed further below.

We consider the following accounting policies to be "critical" as defined by the Securities and Exchange Commission, in that they are both highly important to the portrayal of our financial condition and results, and require us to make difficult judgments and assumptions about matters that are inherently uncertain.

REVENUE RECOGNITION –The Company recognizes revenue from the sale of its products upon shipment, provided title and risk of loss has passed to the customer, the fee is fixed or determinable and collection of the revenue is reasonably assured. A provision for estimated future returns and other charges against revenue is recorded at the time of shipment. For the six months ended December 30, 2006 approximately 40% of the Company's revenues were to distributors.

The Company sells products to large, domestic distributors at the price listed in its price book for that distributor. The Company recognizes revenue at the time of shipment. At the time of sale the Company books a sales reserve for ship from stock and debits ("SSD"s), stock rotations, return material authorizations ("RMA"s), authorized price protection programs, and any special programs approved by management. The sales reserve is offset against revenues, which then leads to the net revenue amount reported.

The market price for the Company's products can be significantly different than the book price at which the product was sold to the distributor. When the market price, as compared with the book price, of a particular sales opportunity from the distributor to their customer would result in low or negative margins to our distributor, a ship from stock and debit is negotiated with the distributor. SSD history is analyzed and used to develop SSD rates that form the basis of the SSD sales reserve booked each period. The Company captures these historical SSD rates from its historical records to estimate the ultimate net sales price to the distributor.

The Company's 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 the Company's 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 the Company's benefit as well as theirs, the Company grants Asian distributors stock rotation privileges between 1% and 5% even though the Company is not contractually obligated to do so. Each month a sales reserve is recorded for the estimated stock rotation privilege earned by the distributors that month. This reserve is the sum of product of each distributor's net sales for the month and their stock rotation percentage.

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. These requests are reviewed by management and when approved result in a return material authorization ("RMA") being established. The Company is only obligated to accept returns of defective parts. For customer convenience, the Company may approve a particular return request, even though it is not obligated to do so. Each month a sales reserve is recorded for the approved RMAs that have not yet been returned. The Company does not keep 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 parts can frequently be re-sold to other customers for use in other applications.

Price protection is granted solely at the discretion of Pericom management. The purpose of price protection is to reduce the distributor's cost of inventory as market prices fall thus reducing SSD rates. Pericom sales management prepares price protection proposals for individual products located at individual distributors. Pericom general management reviews these proposals and if a particular price protection arrangement is approved, then the dollar impact will be estimated 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. A sales reserve is then recorded 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 Pericom management, the Company 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 the Company charges its distributor customers. The rebate is recorded at the time of shipment.

Customers are typically granted payment terms of between 30 and 60 days and they generally pay within those terms. Relatively few customers have been granted terms with cash discounts. Distributors are invoiced for shipments at book price. When they pay those invoices, they claim debits for SSDs, stock rotations, cash discounts, RMAs and price protection when appropriate. Once claimed, these debits are then processed against the approvals.

The revenue the Company records for sales to its distributors is net of estimated provisions for these programs. When determining this net revenue, the Company must make significant judgments and estimates. The Company's estimates are based 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 the Company's estimates. Our financial condition and operating results depend on its ability to make reliable estimates and believe that such estimates are reasonable.

PRODUCT WARRANTY --- The Company offers a standard one-year product replacement warranty. In the past the company has not had to accrue for a general warranty reserve, but assesses the level and materiality of RMAs and determines whether it is appropriate to accrue for estimated returns of defective products at the time revenue is recognized. On occasion, management may determine to accept product returns beyond the standard one-year warranty period. In those instances, the Company accrues for the estimated cost at the time the decision to accept the return is made. As a consequence of the Company's standardized manufacturing processes and product testing procedures, returns of defective product are infrequent and the quantities have not been significant. Accordingly, historical warranty costs have not been material.

SHIPPING COSTS --- Shipping costs are charged to cost of revenues as incurred.

INVENTORIES. Inventories are recorded 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 of time. Raw material inventory is considered obsolete and written off if it has not moved in 365 days. By part number, the quantity of assembled devices in inventory that is in excess of the greater of the quantity shipped in the previous twelve months, the quantity in backlog or the quantity forecast to ship in the subsequent twelve months are considered obsolete and written off. In certain circumstances, management will determine, based on expected usage or other factors, that inventory considered obsolete by these guidelines should not be written off. The semiconductor markets that we serve are volatile and actual results may vary from our forecast or other assumptions, potentially impacting our assessment of excess and obsolete inventory resulting in material effects on our gross margin.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS. As required by Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", which the

Company adopted in fiscal 2002, the Company ceased amortizing goodwill with a net carrying value of $1.3 million that resulted from our investment in Pericom Technology, Inc. In addition, the Company also has other indefinite-lived intangible assets resulting from the acquisition of Saronix which includes trade name, and customer relations and eCERA goodwill. Accordingly, SFAS No. 142 requires that goodwill and indefinite-lived intangible assets be tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company also reviews their intangible assets for impairment when events or changes in circumstances indicate that the assets might be impaired. The Company determined that no impairment of goodwill or other intangible assets existed in the six-month period ended December 30, 2006.

INVESTMENTS. We have made investments including loans, bridge loans convertible to equity or asset purchases as well as direct equity investments. These loans and investments are made with strategic intentions and have been in privately held technology companies, which by their nature are high risk. These investments are included in other assets in the balance sheet and are carried 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 a decline in value is deemed to be other than temporary.

DEFERRED TAX ASSETS. The Company’s 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 the Company 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, the Company experiences losses for a sustained period of time, the Company may not be able to conclude that it is more likely than not that the Company will be able to generate sufficient future taxable income to realize our deferred tax assets. If this occurs, the Company may be required to increase the valuation allowance against the deferred tax assets resulting in additional income tax expense.

STOCK BASED COMPENSATION. Effective July 3, 2005, the Company adopted the provisions of SFAS No. 123(R), “Share-Based Payment” (“SFAS 123(R)”). SFAS 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity’s equity instruments or that may be settled by the issuance of those equity instruments. Accordingly, stock-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized as expense over the employee’s requisite service period. The measurement of stock based compensation cost is based on several criteria including, but not limited to, the valuation model used and associated input factors such as expected term of the award, stock price volatility, dividend rate, risk free interest rate, and award cancellation rate. The input factors to use in the valuation model are based on subjective future expectations combined with management judgment. If there is a difference between the forfeiture assumptions used in determining stock based compensation costs and the actual forfeitures which become known over time, the Company may change the input factors used in determining stock based compensation costs. These changes may materially impact the Company’s results of operations in the period such changes are made.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

At December 30, 2006 our investment portfolio consisted of investment-grade fixed income securities, excluding those classified as cash equivalents, of $113 million. These securities are subject to interest rate risk and will decline in value if market interest rates increase. For example, if market interest rates were to increase immediately and uniformly by 10% per annum from levels as of December 30, 2006, the fair market value of the portfolio would decrease. 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 not have a material impact on our financial position or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO) of the effectiveness of our disclosure controls and procedures. Disclosure controls and procedures include controls to ensure that information that the Company is required to disclose in reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and is accumulated and communicated to the Company's management, including the CEO and CFO of the Company, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer has concluded that our disclosure controls and procedures were effective as of December 30, 2006.

Changes in Internal Control over Financial Reporting

Management did not make any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended December 30, 2006 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

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.

A wide variety of factors affect our operating results. These factors might 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;
- currency fluctuation that effect our foreign subsidiaries;
- changes in our product mix;
- a decline in the gross margins of our products;
- the operating results of SaRonix and eCERA product line, which we acquired on October 1, 2003 and September 7, 2005 respectively;
- expenses incurred respectively 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 market 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 frequency control products 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., Philips, Tundra Semiconductor Corp., 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.

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.

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.

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 acquisition of eCERA, and other potential future acquisitions may not be successful.

On September 7, 2005, we acquired from Aker Technology of Taiwan its eCERA frequency control products subsidiary (“eCERA”). eCERA has been a key supplier of our frequency control products business unit for several years. In general, we have not previously manufactured our products but have instead depended upon third party manufacturers, such as eCERA, to manufacture them. Thus, since we have not previously operated a manufacturing operation, there can be no assurance that we will be able to operate it successfully.

The eCERA acquisition and other 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
- 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 other acquisition prospects, in addition to eCERA, 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 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 Accounting Standards ("SFAS") No. 123(R) "Share-Based Payments" 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 determined that we had a material weakness in our internal control over financial reporting as of July 2, 2005, October 1, 2005, and at December 31, 2005, all of which we have implemented procedures to remediate. As a result, we had to implement supplemental compensating procedures to determine that our financial statements are fairly stated in all material respects. The existence of one or more material weaknesses could result in a loss of investor confidence in our financial reports and have an adverse impact on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, beginning with our Annual Report on Form 10-K for the fiscal year ended July 2, 2005, we are required to furnish a report by our management on our internal control over financial reporting. Such report must contain, among other matters, a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. Such report must also contain a statement that our auditors have issued an attestation report on management's assessment of such internal controls.

We have performed the system and process documentation and evaluation needed to comply with section 404 of the Sarbanes-Oxley Act of 2002, which is both costly and challenging. Through such evaluation the Company has previously identified material weaknesses in its internal control over financial reporting. On July 2, 2005, it identified a material weakness relating to the accounting for certain research and development costs. On October 1, 2005, it identified a material weakness relating to procedures for inventory review. On December 31, 2005, it identified material weaknesses relating to the controls over the process of consolidating the results of its subsidiaries.

The Company believes that it has implemented measures that remediate all of the material weaknesses but there can be no assurance, however, that other material weaknesses will not be identified in the future.

If further material weaknesses in our internal control are identified, this could cause investors to lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

Customer demand for the Company’s 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 the Company’s products. The volatility of customer demand limits the Company’s 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 of the Company’s products relative to demand. In this event, the Company’s operating results might be adversely affected as a result of charges to reduce the carrying value of the Company’s 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, such as lead free initiatives, 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. For example, the European Union bans the use of lead and other heavy metals in electrical and electronic equipment after July 1, 2006. As a result some of our customers selling products in Europe have begun demanding product from component manufacturers that do not contain these banned substances. Because most of our existing assembly processes (as well as those of most other manufacturers) utilize a tin-lead alloy as a soldering material in the manufacturing process, we must redesign many of our products if we are to meet customer demand. This redesign may result in increased research and development and manufacturing and quality control costs. In addition, the products that we manufacture that comply with the 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 the 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. in particular, to meet our manufacturing requirements would delay our production and product shipments and harm our business.

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 are 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.

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 106 patents covering certain aspects of our product designs and have at least 17 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 have deferred tax assets that we may not be able to use under certain circumstances.

If the company is unable to generate sufficient future taxable income in certain jurisdictions, or if there is a significant change in the actual effective tax rates or the time period within which the underlying temporary differences become taxable or deductible, the Company could be required to increase its valuation allowances against its deferred tax assets resulting in an increase in its effective tax rate and an adverse impact on future operating results.

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 are 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 eCERA we are directly involved in the manufacture of our FCP products. As we have not previously operated a manufacturing facility, we may not be successful in operating the FCP facility, and as a consequence, there may be manufacturing related problems that affect our FCP products. See Item 1A “Risk Factors– Our Acquisition of eCERA And Other Potential Future Acquisitions May Not Be Successful.”

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 eCERA Comtek Corporation, the concentration of our largest customers has been reduced, as the largest customers of eCERA Comtek Corporation are somewhat different than those of our core integrated circuit business and existing FCP business. There was one direct customer, an Asian distributor that individually accounted for more than 10% of net revenues during the fiscal year ended July 1, 2006.

For the fiscal year ended July 2, 2005, there were two direct customers that individually accounted for more than 10% of net revenues. For the fiscal year ended June 26, 2004, there was one direct customer that individually accounted for more than 10% of net revenues. As a percentage of net revenues, sales to our top five direct customers for the fiscal year ended July 1, 2006 totaled 36%, the year ended July 2, 2005 totaled 46%, and was 41% for the fiscal year ended June 26, 2004.

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 fiscal year ended July 1, 2006 sales to our distributors were approximately 39% of net revenues as compared to approximately 51% of net revenues in the fiscal year ended July 2, 2005, and 58% for the fiscal year ended June 26, 2004. The decrease in the percentage of sales to our distributors as compared with the prior periods was due in part to lower sales to domestic distributor customers. The loss of one or more significant customers, or the decision by a significant distributor to carry the product lines of our competitors, could decrease our revenues.

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

Almost all of our wafer suppliers and assembly subcontractors are located in Southeast Asia, which exposes us to risks associated with international business operations, including the following:

- disruptions or delays in shipments;
- changes in economic conditions in the countries where these 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 fiscal year 2006, approximately 63% of our net revenues derived from sales in Asia and approximately 17% from net sales outside of Asia and the United States. In fiscal year 2005, approximately 68% of our net revenues derived from sales in Asia and approximately 6% from net sales in Europe. In fiscal year 2004, approximately 61% of our net revenues derived from sales in Asia and approximately 6% from net sales in Europe. We expect that export sales will continue to represent a significant portion of net revenues. We intend to expand 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 of 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

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
10/31/06 to 11/3/06	101,588	9.56	1,671,361	328,639
Total	101,588	$9.56		

In October, 2001, the Company's Board of Directors approved the repurchase of up to 2,000,000 shares of the Company's common stock. As of December 30, 2006, the Company has repurchased an aggregate of 1.7 million shares at a cost of approximately $14.5 million. The Company repurchased 102,000 shares during the three months ended December 30, 2006 at an approximate cost of $1.0 million.

Item 4. Submission of Matters to Vote of Security Holders

The annual Meeting of Shareholders was held on December 14, 2006 in San Jose, California. The proposals presented at the meeting were all approved by the Company's shareholders and the results were as follows:

1. Election of six directors of the Company to serve for the ensuing year and until their successors are elected and qualified.

Name of Director	Votes For	Votes Withheld
Alex Chi-Ming Hui	24,824,290	588,675
Chi-Hung (John) Hui, Ph.D.	24,998,876	414,089
Hau L. Lee, Ph.D.	24,434,842	978,123
Millard (Mel) Phelps	23,608,571	1,804,394
Gary L. Fischer	23,609,352	1,803,613
Simon Wong, Ph.D.	25,019,095	393,870

	Votes For	Votes Against	Votes Abstained
2. To ratify and approve the appointment of Burr, Pilger & Mayer LLP as the independent auditors for the Company for the fiscal year ending June 30, 2007.	25,368,490	38,515	5,960

Item 6. Exhibits.

Exhibit Number	Description
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: February 7, 2007

By: /s/ Alex C. Hui
Alex C. Hui
Chief Executive Officer

By: /s/ Angela Chen
Angela Chen
Chief Financial Officer

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 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 Ace 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: February 7, 2007

/s/ Alex C. Hui
Alex C. Hui
Chief Executive Officer
Pericom Semiconductor Corporation

EXHIBIT 31.2

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 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 Ace 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: February 7, 2007

/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 for the three months ended December 30, 2006 (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.

February 7, 2007

By: /s/ Alex C. Hui
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 for the three months ended December 30, 2006 (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.

February 7, 2007

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