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 29, 2007

[ ] 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	77-0254621
(State or Other Jurisdiction of Incorporation or Organization)	(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 5, 2008 the Registrant had outstanding 26,193,416 shares of Common Stock.

Pericom Semiconductor Corporation

Form 10-Q for the Quarter Ended December 29, 2007

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

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

	December 29, 2007 (Unaudited)	June 30, 2007 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	$8,664	$29,173
Short-term investments	105,828	42,268
Accounts receivable	25,459	19,621
Inventories	20,461	14,787
Prepaid expenses and other current assets	866	669
Deferred income taxes	3,666	4,280
Total current assets	164,944	110,798
Property and equipment – net	26,874	23,940
Investments in unconsolidated affiliates	9,963	9,619
Deferred income taxes – non-current	5,522	5,572
Long-term investments in marketable securities	17,881	59,574
Goodwill	1,325	1,348
Intangible assets	1,222	1,311
Other assets	2,922	2,073
Total	$230,653	$214,235
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$16,153	$12,553
Accrued liabilities	9,786	8,718
Current portion of long-term debt	-	392
Total current liabilities	25,939	21,663
Long-term debt	-	388
Deferred tax liabilities	797	797
Other long term liabilities	-	3
Minority interest in consolidated subsidiaries	1,018	906
Total liabilities	27,754	23,757
Shareholders' equity:		
Common stock and paid in capital - no par value, 60,000,000 shares authorized; shares issued and outstanding: December 29, 2007, (26,215,000); June 30, 2007, (25,838,000)	138,548	135,887
Retained earnings	63,428	55,149
Accumulated other comprehensive income (loss)	923	(558)
Total shareholders' equity	202,899	190,478
Total	$230,653	$214,235

(1) The information in this column was derived from the Company's audited consolidated financial statements for the year ended June 30, 2007.

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 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
Net revenues	$ 40,726	$ 30,842	$ 79,194	$ 61,668
Cost of revenues	25,694	20,176	50,161	40,570
Gross profit	15,032	10,666	29,033	21,098
Operating expenses:				
Research and development	4,278	4,040	8,360	7,982
Selling, general and administrative	5,786	4,919	11,625	10,714
Total	10,064	8,959	19,985	18,696
Income from operations	4,968	1,707	9,048	2,402
Interest and other income	1,622	1,151	2,992	2,431
Other than temporary decline in value of investment	-	-	-	(1)
Income before income taxes	6,590	2,858	12,040	4,832
Income tax expense	2,344	691	4,035	1,311
Minority interest in income of consolidated subsidiaries	(19)	(21)	(16)	(30)
Equity in net income of unconsolidated affiliates	169	110	290	390
Net income	$ 4,396	$ 2,256	$ 8,279	$ 3,881
Basic income per share	$ 0.17	$ 0.09	$ 0.32	$ 0.15
Diluted income per share	$ 0.16	$ 0.08	$ 0.31	$ 0.15
Shares used in computing basic income per share	25,888	26,113	25,817	26,122
Shares used in computing diluted income per share	26,959	26,783	26,669	26,737

See notes to condensed consolidated financial statements.

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

	Six Months Ended	
	December 29, 2007	December 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 8,279	$ 3,881
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,656	3,094
Stock based compensation	1,158	1,076
Tax benefit related to stock based compensation plan	1,997	-
Excess tax benefit on stock based compensation	(1,084)	(106)
Loss on sale of short-term investments	-	6
Other than temporary decline in investment	-	1
(Gain) loss on disposal of assets	-	(73)
Equity in net income of unconsolidated affiliates	(330)	(390)
Deferred income taxes	676	321
Minority interest in subsidiary's net income	112	30
Changes in assets and liabilities		
Accounts receivable	(5,707)	1,061
Inventories	(5,599)	2,087
Prepaid expenses and other current assets	(195)	(227)
Other assets	(821)	(36)
Long term investment	-	(17)
Accounts payable	3,538	(101)
Other accrued liabilities	(984)	308
Other long term liabilities	(4)	(118)
Net cash provided by operating activities	3,692	10,797
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(5,432)	(2,982)
Net proceeds from sales of property and equipment	-	248
Purchase of short-term investments	(66,209)	(187,276)
Maturities of short-term investments	45,570	184,643
Change in restricted cash balance	-	337
Net cash used in investing activities	(26,071)	(5,030)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Sale of common stock	6,741	2,527
Excess tax benefit on stock based compensation	1,084	106
Proceeds from short-term and long-term debts	-	2,738
Principal payments on long-term debt and capital leases	(784)	(7,137)
Repurchase of common stock	(5,238)	(2,771)
Net cash (used in) provided by financing activities	1,803	(4,537)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	67	(113)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,509)	1,117
CASH AND CASH EQUIVALENTS:		
Beginning of period	29,173	12,577
End of period	$ 8,664	$ 13,694

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 29, 2007, the results of operations for the three and six months ended December 29, 2007 and December 30, 2006 and cash flows for the six months ended December 29, 2007 and December 30, 2006. 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 29, 2007 and December 30, 2006 are not necessarily indicative of the results to be expected for the entire year. The three and six month periods ended December 29, 2007 and December 30, 2006 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, SaRonix-eCERA Corporation ("eCERA") and Pericom Taiwan Limited Corporation ("PTL"). All significant intercompany balances and transactions are eliminated in consolidation. eCERA and its subsidiary Azer Crystal Technology Co. Ltd. ("Azer") was acquired on September 7, 2005 (See Note 2).

2. BUSINESS COMBINATIONS

Acquisition of SaRonix, LLC

On October 1, 2003, the Company purchased SaRonix, LLC. Included in the purchase were certain deferred tax assets. In the initial evaluation of these assets, management concluded the assets could not be utilized so the Company assigned no value to them. During fiscal 2007, the Company determined that certain deferred tax assets acquired in the SaRonix transaction could be utilized. The Company calculated the value of the assets by determining the present value of certain tax savings the Company could realize in the future. The amount the Company assigned to the deferred tax assets was $1.5 million. In accordance with SFAS No. 109, *Accounting for Income Taxes,* the fair value of the deferred tax assets are reported on the consolidated balance sheets at June 30, 2007, with a corresponding offset to intangible assets. The following table illustrates the Company's initial allocation of the purchase price and changes the Company made during fiscal 2007:

(in thousands)	Purchase Price Allocation Revised 2007	Deferred Tax Adjustment	Original 2003
Current assets (includes deferred tax assets)	$ 8,471	$ 1,466	$ 7,005
Property and equipment	1,173	-	1,173
Building held for sale	1,532	-	1,532
Other assets (includes deferred tax assets)	616	-	616
Other intangible assets subject to amortization :			
Customer backlog	320	-	320
Core developed technology	767	(422)	1,189
In process research and development	360	-	360
Supplier relationship	399	(502)	901
Trade name	415	(542)	957
Total assets acquired	14,053	-	14,053
Current liabilities	(4,422)	-	(4,422)
Total liabilities assumed	(4,422)	-	(4,422)
Net assets acquired	$ 9,631	$ -	$ 9,631

Acquisition of eCERA Comtek Corporation

On September 7, 2005 the Company purchased a 99.9% share of eCERA Comtek Corporation. The Company purchased eCERA and its fifty percent-owned subsidiary, Azer, to ensure availability of frequency control products to meet customer demand as well as to drive cost efficiencies. The purchase price for eCERA, including net cash consideration of $14.7 million and assumed liabilities of approximately $19.7 million, totaled approximately $34.4 million including transaction costs. The Company also had the right through March 7, 2006 to purchase the remaining fifty percent of eCERA's crystal blank manufacturing subsidiary, Azer. The Company exercised this right for cash consideration of approximately $1.6 million and assumed debt of approximately $1.8 million on February 6, 2006. eCERA and Azer subsequently merged and eCERA was the surviving entity. eCERA wrote off Azer-related goodwill of $23,000 in the quarter ended December 29, 2007. eCERA changed its name to SaRonix-eCERA (hereafter referred to as "eCERA") after the Company combined the operations of eCERA and SaRonix. eCERA has been a key supplier of quartz crystal blanks and crystal oscillator products for the Company's frequency control product line.

The Company has included the results of operations of eCERA and Azer from the dates of acquisition in the Company's consolidated financial statements. The Company recorded the assets acquired and liabilities assumed at the date of the acquisition at estimated fair values as determined by management. The Company based the fair values of intangible assets acquired using appropriate application of the income, market, and cost approaches and the determined the fair value of tangible assets acquired and liabilities assumed using estimates of current replacement cost, present value of amounts to be collected in the future and other techniques. The Company allocated the purchase price of eCERA as follows:

(in thousands)	Purchase Price Allocation Revised	Deferred Tax Adjustment	Original
Current assets	$ 16,846	$ 998	$ 15,848
Property and equipment	14,646		14,646
Other assets	2,594	1,407	1,187
Goodwill	-	(566)	566
Other intangible assets subject to amortization :			
Trade name	40	(238)	278
Core developed technology	160	(950)	1,110
Customer relations	111	(651)	762
Total assets acquired	34,397	-	34,397
Current liabilities	(12,269)	-	(12,269)
Long-term liabilities	(7,414)	-	(7,414)
Total liabilities assumed	(19,683)	-	(19,683)
Minority interest	(10)	-	(10)
Net assets acquired	$ 14,704	$ -	$ 14,704

3. INTANGIBLE ASSETS

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

(in thousands)	December 29, 2007			June 30, 2007		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Supplier relationships	$ 110	$ (85)	$ 25	$ 111	$ (67)	$ 44
Trade name	40	(13)	27	40	(10)	30
Core developed technology	927	(525)	402	927	(488)	439
SaRonix supplier relationship	398	(45)	353	399	(13)	386
Total amortizable purchased intangible assets	1,475	(668)	807	1,477	(578)	899
SaRonix trade name	415	-	415	415	-	415
Foreign exchange effect	-	-	-	(2)	(1)	(3)
Total purchased intangible assets	$ 1,890	$ (668)	$ 1,222	$ 1,890	$ (579)	$1,311

Amortization expense related to finite-lived purchased intangible assets was approximately $45,000 and $89,000 for the three and six month periods ended December 29, 2007 and $46,000 and $92,000 for the three and six month periods ended December 30, 2006, respectively.

The Company performs an impairment review of its intangible assets at least annually, in conformity with SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"). Based on the results of its most recent impairment review, the Company determined that no impairment of its intangible assets existed as of December 29, 2007. However, future impairment reviews could result in a charge to earnings.

The finite-lived purchased intangible assets consist of supplier relationships, trade names and core developed technology, which have remaining weighted average useful lives of approximately seven years. In fiscal 2007, the Company reviewed the SaRonix supplier relationship, determining that it had a finite life of six years and should be amortized over that expected useful life. We expect our future amortization expense associated with the Company's intangible assets over the next five years to be:

(in thousands)	Next 12 Months	13-24 Months	25-36 Months	37-48 Months	49-60 Months
Expected amortization-eCERA	$53	$28	$28	$28	$19
Expected amortization-SaRonix	117	117	117	117	117
	$170	$145	$145	$145	$136

4. INCOME PER SHARE

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

Basic and diluted income per share for the three and six month periods ended December 29, 2007 and December 30, 2006 are computed as follows (in thousands, except for per share data):

	Three Months Ended		Six Months Ended	
	December 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
Net income	$4,396	$2,256	$8,279	$3,881
Computation of common shares outstanding – basic earnings per share:				
Weighted average shares of common stock	25,888	26,113	25,817	26,122
Basic earnings per share	$0.17	$0.09	$0.32	$0.15
Computation of common shares outstanding – diluted earnings per share:				
Weighted average shares of common stock	25,888	26,113	25,817	26,122
Dilutive options using the treasury stock method	1,071	670	852	615
Shares used in computing diluted earnings per share	26,959	26,783	26,669	26,737
Diluted earnings per share	$0.16	$0.08	$0.31	$0.15

Options to purchase 1,032,000 and 1,854,000 shares of common stock were outstanding as of December 29, 2007, for the three and six months ended respectively, but not included in the computation of diluted earnings per share because the options would be anti-dilutive under the treasury stock method. Likewise, for the three and six month periods ended December 30, 2006, 3,157,000 and 3,212,000 options to purchase common stock were outstanding respectively, but not included in the computation of diluted earnings per share because the options would be anti-dilutive under the treasury stock method.

5. INVENTORIES

Inventories consist of:

(in thousands)	December 29, 2007	June 30, 2007
Raw materials	$ 6,307	$ 4,570
Work in process	4,539	4,057
Finished goods	9,615	6,160
	$ 20,461	$ 14,787

The increased inventory levels are driven by higher sales levels, up 29% as compared with the fourth quarter of fiscal 2007, an increase in supplier lead times, and the need to build ahead for early shipments in the third quarter of fiscal 2008. The Company considers raw material inventory obsolete and writes it off if the raw material has not moved in 365 days. The Company reviews its assembled devices for excess and writes them off if the quantity of assembled devices in inventory is in excess of the greater of the quantity

shipped in the previous twelve months, the quantity in backlog or the quantity forecasted to be shipped in the following twelve months. In certain circumstances, management will determine, based on expected usage or other factors, that inventory considered excess by these guidelines should not be written off. As of December 29, 2007, the Company had $7.7 million of written-off inventory as compared to $8.3 million at June 30, 2007. The Company attributes this overall reduction of approximately $609,000 in obsolete inventory between the six months ended December 29, 2007 and the fiscal year ended June 30, 2007 to sales of inventory previously reserved as well as physically scrapping a portion of the written-off inventory.

During the three months ended December 29, 2007 and December 30, 2006, gross profit benefited as a result of the sale of inventory of $328,000 and $356,000, respectively, that had been previously identified as excess and written down to zero. In addition, during the six month periods ended December 29, 2007 and December 30, 2006 gross profit benefited as a result from the sale of inventory of $590,000 and $866,000, respectively, that had been previously identified as excess and written down to zero.

6. ACCRUED LIABILITIES

Accrued liabilities consist of:

(in thousands)	December 29, 2007	June 30, 2007
Accrued compensation	$5,337	$4,515
Accrued income tax	2,124	2,159
External sales representative commissions	409	832
Other accrued expenses	1,916	1,212
	$9,786	$8,718

7. DEBT

As part of the acquisition of eCERA discussed in Note 2, the debt obligations assumed by the Company in the transaction totaled $14.9 million and consisted of long-term debt and short-term lines of credit. The Company repaid the lines of credit during 2007 and the balance of the long-term debt in the quarter ended December 29, 2007. The Company has no debt outstanding as of December 29, 2007.

8. 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.

One direct customer, a worldwide distributor, accounted for 13% of net revenues in the three and six months ended December 29, 2007, and one direct customer, an Asian distributor, accounted for 14% and 12% of net revenues in the three and six months ended December 30, 2006, respectively. At December 29, 2007 and December 30, 2006, no customers 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 29, 2007 and June 30, 2007:

	December 29, 2007	June 30, 2007
Taiwan	74%	68%
United States	21%	24%
Other countries	5%	8%
Total	100%	100%

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 29, 2007 and December 30, 2006:

	Three Months Ended		Six Months Ended	
	December 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
China (including Hong Kong)	38.1%	33.8%	38.7%	32.8%
Taiwan	29.7%	23.0%	29.4%	23.4%
United States	8.7%	13.1%	9.4%	14.6%
Singapore	5.9%	6.7%	5.4%	7.1%
Other (less than 10% each)	17.6%	23.4%	17.1%	22.1%
Total	100.0%	100.0%	100.0%	100.0%

9. STOCK REPURCHASE PROGRAM

In October 2001, the Board of Directors authorized the repurchase of up to 2,000,000 shares of the Company's common stock. The Company was authorized to repurchase the shares from time to time in the open market or private transactions, at the discretion of the Company's management. The Company began repurchasing shares in July 2002. In fiscal year 2007, the Company repurchased 628,000 shares and by March 30, 2007, the Company had fulfilled the Board of Directors original authorization of the repurchase of 2,000,000 shares at a cost of approximately $17.8 million.

On April 26, 2007, the Company's Board of Directors authorized the repurchase of an additional 2.0 million shares. Under the currently active authority, the Company repurchased 471,000 shares in the six months ended December 29, 2007 for an aggregate cost of $5.2 million. The Company has purchased a total of 773,000 shares under the current authority. Current cash balances and the proceeds from stock option exercises and purchases in the stock purchase plan have funded stock repurchases in the past, and the Company expects to fund future stock repurchases from these same sources.

10. 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. This minority interest was approximately 7.48% of the outstanding shares at June 30, 2007. At December 29, 2007, the value of the minority interest in PTL was negligible. Parties other than Pericom Semiconductor Corporation own approximately 2.71% of the outstanding shares of eCERA. As of December 29, 2007, the minority interest in eCERA was valued at $1,018,000.

11. SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

PREFERRED STOCK

The Company's shareholders have authorized the Board of Directors to issue 5,000,000 shares of preferred stock from time to time in one or more series and to fix the rights, privileges and restrictions of each series. As of December 29, 2007, the Company has issued no shares of preferred stock.

STOCK OPTION PLANS

At December 29, 2007 the Company had four stock option plans and one employee stock purchase plan, consisting of the 1995 Stock Option Plan, 2001 Stock Option Plan, SaRonix Acquisition Stock Option Plan, 2004 Stock Incentive Plan and the 2000 Employee Stock Purchase Plan.

Under the four stock option plans, the Company has reserved an aggregate of 5.6 million shares of common stock as of December 29, 2007 for issuance to employees, officers, directors, independent contractors and consultants of the Company in the form of incentive or nonqualified stock options.

The Company may grant options at the fair value and not less than 85% of the fair value on the grant date for incentive stock options and nonqualified stock options, respectively. Options vest over periods of up to 72 months as determined by the Board of Directors. Options granted under the Plans expire 10 years from the grant date.

The Company estimates the fair value of each employee option on the date of grant using the Black-Scholes option valuation model and expenses that value as compensation using a straight-line method over the option's vesting period, which corresponds to the requisite employee service period. The Company estimates expected stock price volatility based on actual historical volatility for periods that the Company believes represent predictors of future volatility. The Company uses historical data to estimate option exercises, expected option holding periods and option forfeitures. The Company bases the risk-free interest rate for periods within the contractual life of the option on the U.S. Treasury yield corresponding to the expected life of the underlying option.

The value of the Company's stock options granted under its stock option plans during the three months ended December 29, 2007 and December 30, 2006 was estimated at the date of grant using the following weighted average assumptions:

	Three Months Ended	
	December 29, 2007	December 30, 2006
Expected Life	5.0 years	4.9 years
Risk-free interest rate	3.91%	4.74%
Volatility	44%	47%
Dividend Yield	0.00%	0.00%

The weighted average fair value of options granted during the three months ended December 29, 2007 and December 30, 2006 were $6.97 and $4.62, respectively.

The following table summarizes the Company's stock option plans as of July 1, 2006 and changes during the following fiscal year and the six months ended December 29, 2007:

	Outstanding Options		
Options	**Shares**	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value**
	(in thousands)		(in millions)
Options outstanding at July 1, 2006	5,277	$ 11.43	$ 16.5
Options granted (weighted average grant date fair value of $4.40)	516	9.43	
Options exercised	(561)	5.62	
Options forfeited or expired	(414)	11.97	
Options outstanding at June 30, 2007	4,818	11.84	$ 10.2
Options granted (weighted average grant date fair value of $5.76)	524	13.08	
Options exercised	(777)	8.03	
Options forfeited or expired	(251)	13.56	
Options outstanding at December 29, 2007	4,314	$ 12.57	$ 30.7

At December 29, 2007, 1,300,000 shares were available for future issuance under the option plans. The aggregate intrinsic value of options exercised during the three and six months ended December 29, 2007 was $5.3 million and $5.8 million, respectively. The status of options vested and expected to vest and options that are currently exercisable as of December 29, 2007 is as follows:

	Options Vested and Expected to Vest	Options Currently Exercisable
Shares (million)	4.0	3.1
Aggregate Intrinsic Value (million $)	$ 28.3	$ 21.3
Wtd. Avg. Contractual Term (years)	5.0	3.9
Wtd. Avg. Exercise Price	$ 12.74	$ 13.34

At December 29, 2007 the Company has unamortized stock-based compensation expense related to options of $4.7 million, which will be amortized to expense over a weighted average period of 2.9 years.

Additional information regarding options outstanding and exercisable as of December 29, 2007 is as follows:

Range of Exercise Prices		Options Outstanding			Exercisable Options	
		Number Outstanding as of 12/29/07	Weighted Ave. Remaining Contractual Term, years	Weighted Average Exercise Price	Number Exercisable as of 12/29/07	Weighted Average Exercise Price
$ 2.34	$ 8.03	991,000	4.11	$ 5.93	747,000	$ 5.27
$ 8.10	$ 10.50	928,000	7.08	$ 9.06	572,000	$ 9.07
$ 10.53	$ 13.40	866,000	6.79	$ 11.26	483,000	$ 11.63
$ 13.44	$ 17.25	863,000	4.90	$ 15.00	669,000	$ 14.70
$ 17.45	$ 37.22	666,000	2.66	$ 25.93	666,000	$ 25.93
$ 2.34	$ 37.22	4,314,000	5.22	$ 12.57	3,137,000	$ 13.34

2000 EMPLOYEE STOCK PURCHASE PLAN

The Company approved the 2000 Employee Stock Purchase Plan (the “Stock Purchase Plan”) to replace the earlier 1997 Employee Stock Purchase Plan (together, “the Plans”). The Stock Purchase Plan allows eligible employees of the Company to purchase shares of Common Stock through payroll deductions. The Company reserved 2.1 million shares of the Company’s Common Stock for issuance under the Plans, of which 591,000 remain available at December 29, 2007 and which may be released at the Board of Directors’ discretion. The Stock Purchase Plan permits eligible employees to purchase Common Stock at a discount through payroll deductions during 24-month purchase periods. The Company divides each purchase period into eight consecutive three-month accrual periods. Participants in the Stock Purchase Plan may purchase stock at 85% of the lower of the stock’s fair market value on the first day of the purchase period or the last day of the accrual period. The maximum number of shares of Common Stock that any employee may purchase under the Stock Purchase Plan during any three-month accrual period is 1,000 shares. During fiscal years 2007 and 2006, the Company issued 146,000 and 141,000 shares of common stock under the Stock Purchase Plan at weighted average prices of $6.83 and $6.79, respectively. The weighted average fair value of the fiscal 2007 and 2006 awards were $2.49 and $2.11 per share, respectively.

The Company estimates the fair value of stock purchase rights granted under the Company’s Stock Purchase Plan on the date of grant using the Black-Scholes option valuation model. The Company bases volatility on the expected volatility of the Company’s stock during the accrual period. The Company uses

historical data to estimate the expected holding period and expected forfeitures and the U.S. Treasury yield for the risk-free interest rate for the contractual period.

The following table lists the values of the assumptions the Company used to calculate stock compensation in the Stock Purchase Plan:

	Three Months Ended	
	December 29, 2007	December 30, 2006
Expected Life	13.5 months	13.5 months
Risk-free interest rate	4.29%	4.99%
Volatility	47%	41%
Dividend Yield	0.00%	0.00%

The following table summarizes activity in the Company's employee stock purchase plan during the six months ended December 29, 2007:

	Shares	**Weighted Average Purchase Price**
Beginning Available	663,910	
Purchases	(73,216)	$6.96
Ending Available	590,694	

At December 29, 2007, the Company had $546,000 in unamortized stock-based compensation related to its employee stock purchase plan. The Company estimates this expense will be amortized and recognized in the consolidated statement of operations over the next 1.3 years.

SHARE-BASED COMPENSATION

Effective July 3, 2005, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), *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 vesting period). The Company previously applied Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, ("APB 25") 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). Under this transition method, stock-based compensation cost recognized subsequent to July 3, 2005 includes: (a) compensation cost for all share-based awards granted prior to but not yet vested as of July 2, 2005, based on the grant-date fair value estimated in accordance with SFAS 123, and (b) compensation cost for all share-based awards granted subsequent to July 2, 2005, based on the grant-date fair value estimated in accordance with SFAS 123(R). In accordance with the modified prospective method of adoption, the Company's results of operations and financial position for prior periods have not been restated.

REPORTING STOCK-BASED COMPENSATION

The following table shows total stock-based compensation expense classified by Consolidated Statement of Operations reporting caption for the three and six months ended December 29, 2007 and December 30, 2006 generated from the plans mentioned above:

(In Thousands)	Three Months Ended December 29, 2007	Three Months Ended December 30, 2006	Six Months Ended December 29, 2007	Six Months Ended December 30, 2006
Cost of goods sold	$ 44	$ 39	$ 73	$ 67
Research and development	201	242	351	461
Selling, general and administrative	405	279	734	548
Pre-tax stock-based compensation expense	650	560	1,158	1,076
Income tax	196	135	351	297
Net stock-based compensation expense	$ 454	$ 425	$ 807	$ 779

The amount of share-based compensation expense in inventory at December 29, 2007 and June 30, 2007 is immaterial.

12. INCOME TAXES

Accounting for Uncertainty in Income Taxes

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

As a result of the implementation of FIN No. 48, the Company recognized no change in the liability for unrecognized tax benefits related to tax positions taken in prior periods. All positions taken in its US and foreign returns with respect to any book-tax adjustments were highly certain, and accordingly the Company did not record any valuation adjustments against those positions. Upon adoption of FIN No. 48, the Company's policy to include interest and penalties related to unrecognized tax benefits within the Company's provision for income taxes did not change. As of December 29, 2007, the Company had not accrued any reserve for payment of interest and penalties related to unrecognized tax benefits as any adjustments would be offset by additional credits and unused net operating loss carryforwards. The Company's total amounts of unrecognized tax benefits as of December 29, 2007 amount to $974,000. All of this amount would affect the corporation's tax rate if recognized. The tax years 2002 to 2006 remain open in the United States.

Income Tax Expense

Income tax expense for the six months ended December 29, 2007 and December 30, 2006 was $4.0 million and $1.3 million, respectively, and was comprised of domestic federal and state income tax and foreign income and withholding tax.

13. INVESTMENT IN AFFILIATES

The Company has an approximate 44% ownership interest in Pericom Technology, Inc. ("PTI"). Pericom accounts for its investment in PTI using the equity method due to the Company's significant influence over its operations. In addition, certain of the directors of the Company are directors of PTI, and certain shareholders of the Company are shareholders of PTI. PTI was incorporated in 1994 and in 1995 established a design center and sales office to pursue opportunities and participate in joint ventures in the People's Republic of China ("China"). Condensed operating results of PTI were as follows:

	Three Months Ended		Six Months Ended	
	December 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
Revenue	$ 3,502	$ 2,601	$ 6,322	$ 6,001
Gross profit	1,737	1,230	3,088	3,067
Operating income	428	175	567	939
Net income	494	486	711	1,597

The Company also holds interests in various other privately held companies.

14. COMPREHENSIVE INCOME

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

	Three Months Ended		Six Months Ended	
(In Thousands)	December 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
Net income	$ 4,396	$ 2,256	$ 8,279	$ 3,881
Change in unrealized gain (loss) on securities available for sale	459	146	1,114	1,158
Income tax effect	-	(56)	-	(439)
Reclassification adjustment for gains on available	-		-	
for sale securities included in net income	-	16	-	12
Income tax effect	-	(6)	-	(4)
Translation (loss)	165	188	367	(109)
Comprehensive income	$ 5,020	$ 2,544	$ 9,760	$ 4,499

15. RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") 141 (R), *Business Combinations.* This statement replaces SFAS 141, "Business Combinations." This statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the *purchase method*) be used for all business combinations and for an acquirer to be identified for each business combination. This statement also establishes principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141 (R) will apply prospectively to business combinations for which the acquisition date is on or after the Company's fiscal year beginning June 28, 2009. The Company has not yet evaluated this statement for the impact, if any, that SFAS 141 (R) will have on its consolidated financial statements.

In December 2007, the FASB issued SFAS 160, *Noncontrolling Interest in Consolidated Financial Statements* ("SFAS 160"). This Statement amends Accounting Research Bulletin 51 to establish accounting and reporting standards for the noncontrolling (minority) interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The Company has not yet determined the impact that SFAS 160 will have on its consolidated financial statements. SFAS 160 is effective for the Company's fiscal year beginning June 28, 2009.

In February 2007, the FASB issued SFAS 159*, The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. The standard requires that unrealized gains and losses on items for which the Company elects the fair value option be reported in earnings. The Company is required to adopt the provision of SFAS 159 for the Company's fiscal year beginning June 29, 2008, although the FASB

permits earlier adoption. The Company's management is currently evaluating the impact that SFAS 159 will have on the consolidated balance sheet and the consolidated statements of operations and cash flows.

In September 2006, the FASB issued SFAS 157, *Fair Value Measurements* ("SFAS 157") which is effective for the Company's fiscal year beginning June 29, 2008 and for interim periods within that year. SFAS 157 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 its financial position, results of operations and liquidity.

16. SUBSEQUENT EVENT

On January 26, 2008, Pericom Semiconductor Corporation (the "Company") entered into a Cooperation Agreement with the Jinan Hi-Tech Industries Development Zone Commission (the "Commission") in the People's Republic of China (the "PRC") for the Company's investment in the Jinan Hi-Tech Industries Development Zone (the "Zone") that is located in Shandong Province, PRC. Under the Cooperation Agreement, the Company will, through a wholly-owned Hong Kong subsidiary, build a factory in the Zone for the development and manufacturing of frequency control products. It is expected that the Company's total investment, over a period of years, will be approximately $35 million. The Company will acquire land use rights for 75 acres of land in the Zone and will construct a factory with an anticipated 13 surface mount device production lines. In support of the Company's investment, the Commission has agreed to assist the Company to acquire tax incentives and preferential policies to the maximum extent permitted under PRC national and provincial laws and regulations. The Commission also will provide financial support to the Company based on the Company's achievement of specified milestones, such as the completion of the factory's construction and achievement of certain sales volumes. The Commission has also agreed to assist the Company with obtaining various governmental approvals, such as those relating to the establishment of the subsidiary and the construction and operation of the subsidiary.

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 June 30, 2007 (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; expectations regarding the demand for our products; the expansion of sales efforts; acquisition prospects; expectations regarding our R&D and SG&A expenses; and our possible future acquisitions and assumptions underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although the Company believes that the expectations reflected in the forward-looking statements contained herein are reasonable, there can be no assurance that such expectations or any of the forward-looking statements will prove to be correct, and actual results could differ materially from those projected or assumed in the forward-looking statements. The Company's future financial condition and results of operations, as well as any forward-looking statements, are subject to risks and uncertainties, including but not limited to the factors set forth (i) in Item 1A, Risk Factors, of Part II of this Form 10-Q, (ii) in Item 1A, Risk Factors, of Part I of the Company's Form 10-K for the year ended June 30, 2007, 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 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenues	63.1 %	65.4 %	63.3 %	65.8 %
Gross profit	36.9 %	34.6 %	36.7 %	34.2 %
Operating expenses:				
Research and development	10.5 %	13.1 %	10.6 %	12.9 %
Selling, general and administrative	14.2 %	16.0 %	14.7 %	17.4 %
Total	24.7 %	29.1 %	25.3 %	30.3 %
Income from operations	12.2 %	5.5 %	11.4 %	3.9 %
Interest and other income	4.0 %	3.7 %	3.8 %	3.9 %
Income before income taxes	16.2 %	9.2 %	15.2 %	7.8 %
Income taxes	5.8 %	2.2 %	5.1 %	2.1 %
Equity in net income of investees	0.4 %	0.3 %	0.4 %	0.6 %
Net income	10.8 %	7.3 %	10.5 %	6.3 %

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 29, 2007	December 30, 2006	% Change	December 29, 2007	December 30, 2006	% Change
Net revenues	$ 40,726	$ 30,842	32.0%	$ 79,194	$ 61,668	28.4%
% of net sales accounted for by top 5 direct customers (1)	36.6%	36.2%		36.4%	35.0%	
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)	21.8%	23.8%		21.9%	24.3%	
Number of end customers that each account for more than 10% of gross sales	0	1		0	0	

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

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

The Company holds a 97.29% interest in eCERA Comtek Corporation ("eCERA"). In the three month periods ended December 29, 2007 and December 30, 2006, net revenues from eCERA product sales were approximately $10.9 million and $8.2 million, respectively, while in the six month periods ended December 29, 2007 and December 30, 2006, net revenues from eCERA product sales were approximately $20.3 million and $16.6 million, respectively.

Net revenues consist of product sales, which are recognized upon shipment, less an estimate for returns and allowances. The increase in net revenues for the three month period ended December 29, 2007 compared with the same period of the prior year was primarily due to an 86% increase in the sales of analog switch products to $11.3 million and a 28% increase in sales of our FCP product family to $16.7 million. The

increase in net revenues for the six month period ended December 29, 2007 compared with the same period of the prior year follows a similar pattern, with analog switch sales increasing 94% to $22.5 million and FCP product family sales increasing 22% to $32.0 million. Pricing for our higher margin analog switch, clock and connect products, many of which include proprietary technology, is more stable and we can generally offset price declines by introducing new products and reducing manufacturing costs.

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 29, 2007 and December 30, 2006:

	Three Months Ended		Six Months Ended	
	December 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
China (including Hong Kong)	38.1%	33.8%	38.7%	32.8%
Taiwan	29.7%	23.0%	29.4%	23.4%
United States	8.7%	13.1%	9.4%	14.6%
Singapore	5.9%	6.7%	5.4%	7.1%
Other (less than 10% each)	17.6%	23.4%	17.1%	22.1%
Total	100.0%	100.0%	100.0%	100.0%

For the three and six months ended December 29, 2007, as compared with the same periods of the prior year, the percentage of our net revenues derived from sales to China (including Hong Kong) and Taiwan increased as a result of an increasing demand for technological devices and a continuing concentration of contract manufacturing in those regions.

The semiconductor industry experienced an upturn in demand for its products during the quarter ended December 29, 2007 but customer demand for semiconductors can change quickly and unexpectedly. Our net revenue levels have been highly dependent on the number of new orders that are received for products to be delivered to the customer within the same quarter, also called "turns" orders. Because of our lack of visibility into demand when turns orders are high, it is difficult to predict which products to build to match future demand. We believe the current high level of turns orders will continue indefinitely. The sustainability of customer demand is uncertain and our markets are highly dependent on worldwide economic conditions. The high level of turns orders together with the uncertainty of product mix and pricing makes it difficult to predict future levels of sales and may require us to carry higher levels of inventory.

Gross Profit

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

	Three Months Ended			Six Months Ended		
(In thousands)	December 29, 2007	December 30, 2006	% Change	December 29, 2007	December 30, 2006	% Change
Net revenues	$ 40,726	$ 30,842	32.0%	$ 79,194	$ 61,668	28.4%
Gross profit	15,032	10,666	40.9%	29,033	21,098	37.6%
Gross profit as a percentage of net revenues (gross margin)	36.9%	34.6%		36.7%	34.2%	

The increase in gross profit for the three and six month periods ended December 29, 2007 compared with the same periods of the prior year was primarily due to significant increases in our sales of analog switches which carry above average margins. Sales of analog switches increased 86% and 94% for the three and six month periods ended December 29, 2007, respectively, from the same periods of the prior year. The increase in gross margin for the three and six month periods ended December 29, 2007 compared with the same periods of 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 offset by increased sales of lower margin FCP products.

Future gross profit and gross margin are highly dependent on the level and product mix of net revenues. This includes the mix of sales between lower margin FCP products and our higher margin integrated circuit (IC) 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 29, 2007, gross profit and gross margin benefited as a result of the sale of inventory of $328,000 and $590,000, respectively, that we had previously identified as excess and written down to zero value, as compared with $356,000 and $886,000, respectively, for the same periods of the prior year.

Research and Development

	Three Months Ended			Six Months Ended		
(In thousands)	December 29, 2007	December 30, 2006	% Change	December 29, 2007	December 30, 2006	% Change
Net revenues	$40,726	$30,842	32.0%	$79,194	$61,668	28.4%
Research and development	4,278	4,040	5.9%	8,360	7,982	4.7%
R&D as a percentage of net revenues	10.5%	13.1%		10.6%	12.9%	

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 for the three month period ended December 29, 2007 as compared to the same period of the prior year is attributable to increased salary and bonus costs of $256,000. The expense increase for the six month period ended December 29, 2007 as compared to the same period of the prior year is attributable to $497,000 of salary costs partially offset by reduced stock compensation (FAS123R) expense which decreased $110,000 as compared with the same period of the prior year.

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

Selling, General and Administrative ("SG&A")

	Three Months Ended			Six Months Ended		
(In thousands)	December 29, 2007	December 30, 2006	% Change	December 29, 2007	December 30, 2006	% Change
Net revenues	$ 40,726	$ 30,842	32.0%	$ 79,194	$ 61,668	28.4%
Selling, general and administration	5,786	4,919	17.6%	11,625	10,714	8.5%
SG&A as a percentage of net revenues	14.2%	16.0%		14.7%	17.4%	

Selling, general and administrative expenses consist primarily of personnel and related overhead costs for sales, marketing, finance, administration, human resources and general management. The expense increase of $867,000 for the three month period ended December 29, 2007 as compared to the same period of the prior year is attributable to increased salary and bonus costs of $287,000, increased FAS 123R expense of $135,000, increased recruiting costs of $64,000, temporary labor increases of $107,000, and increased professional services fees of $126,000. The increases are primarily related to increased personnel and related expenses, both to support increased sales levels and to remediate previously reported deficiencies in disclosure controls (as discussed further in Part I Item 4). The expense increase of $911,000 for the six month period ended December 29, 2007 as compared to the same period of the prior year is attributable to increased salary costs of $599,000, increased FAS 123R expense of $187,000, and a temporary labor increase of $171,000. As a partial offset, professional service fees decreased $158,000 from the same period of fiscal 2007.

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. The Company intends to

continue its focus on controlling costs. If business conditions deteriorate or the rate of improvement does not meet our expectations, the Company may implement cost-cutting actions.

Interest and Other Income

	Three Months Ended			Six Months Ended		
(In thousands)	**December 29, 2007**	**December 30, 2006**	**% Change**	**December 29, 2007**	**December 30, 2006**	**% Change**
Interest and other income	$ 1,622	$ 1,151	40.9%	$ 2,992	$ 2,431	23.1%

The increase in interest and other income for the three and six month periods ended December 29, 2007 as compared with the same periods of the prior year was in part due to higher invested balances, but primarily the result of higher rates of interest available for invested funds in fiscal 2008. For this reason the Company was able to generate approximately $1.6 and $3.0 million of net interest income for the three and six month periods ended December 29, 2007 as compared with $1.2 and $2.4 million for the same periods of the prior year.

Income Tax Expense

	Three Months Ended			Six Months Ended		
(In thousands)	**December 29, 2007**	**December 30, 2006**	**% Change**	**December 29, 2007**	**December 30, 2006**	**% Change**
Pre-tax income	$6,590	$2,858	130.6%	$12,040	$4,832	149.2%
Income tax	2,344	691	239.2%	4,035	1,311	207.8%
Effective tax rate	36%	24%		34%	27%	

The increase in income tax expense for the three and six months ended December 29, 2007 over the same period of the prior year is due to the significant increases in income before income taxes as well as an increase in the effective tax rate. The increased effective tax rate is due primarily to the mix of earnings between tax jurisdictions as well as a decrease in the anticipated benefit the Company receives from the Federal research and development credit due to the expiration of the credit as of December 31, 2007.

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, and differing tax rates in income-earning jurisdictions.

Equity in Net Income of Unconsolidated Affiliates

	Three Months Ended			Six Months Ended		
(In thousands)	**December 29, 2007**	**December 30, 2006**	**Change**	**December 29, 2007**	**December 30, 2006**	**Change**
Equity in net income of unconsolidated affiliates	$169	$110	$59	$290	$390	($100)

Equity in net income of unconsolidated affiliates is primarily the Company's allocated portion of the net income of Pericom Technology, Inc. ("PTI"), a British Virgin Islands corporation based in Shanghai, People's Republic of China, as well as income or losses realized from other investments accounted for under the equity method of accounting.. 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, *Whether an Investor Should Apply the Equity Method of Accounting to Investments Other Than Common Stock,* ("EITF 02-14") in the quarter ended December 31, 2004. EITF 02-14 requires us to account for our investment in securities, other than common stock, of PTI using the equity method of accounting. We have invested in PTI using several different transactions over a period of years. Initially, PTI generated losses which were attributable to each of the various rounds of financing and we accounted for those losses using our percentage of each round of financing until our investment was exhausted. Currently, we are accounting for our equity in PTI following our 25% ownership of PTI's Series A Preferred Stock. After all losses attributable to the Series A Preferred Stock round of financing have been recouped, the Company will begin to realize its share of PTI's earnings at the Company's overall percentage ownership of PTI. As of December 29, 2007 that

percentage ownership is 44.2%. The Company's allocated portion of income of unconsolidated affiliates increased to $166,000 for the three months ended December 29, 2007 from $110,000 for the comparable period of the prior year. For the six months ended December 29, 2007, the Company's allocated portion of unconsolidated affiliate income was $290,000 as compared with $390,000 for the same period of the prior year, with the decrease due primarily to reduced sales and net income at PTI in the first quarter of fiscal 2008.

Liquidity and Capital Resources

As of December 29, 2007, the Company's principal sources of liquidity included cash, cash equivalents and short-term and long-term investments of approximately $132.4 million as compared with $131.0 million on June 30, 2007.

As of December 29, 2007, $8.7 million was classified as cash and cash equivalents compared with $29.2 million as of June 30, 2007. 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 29, 2007, the Company spent approximately $5.7 million on property and equipment compared to $3.0 million for the six month period ended December 30, 2006. The Company generated approximately $3.0 million of net interest income for the six month period ended December 29, 2007, an approximate $600,000 increase over the $2.4 million of net interest income for the six month period ended December 30, 2006. The increase in interest income was in part due to higher invested balances, but primarily the result of higher rates of interest available for invested funds in fiscal 2008. 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.

The Company's net cash provided by operating activities of $3.7 million for the six months ended December 29, 2007 was primarily the result of net income of $8.3 million, an increase in accounts payable of $3.5 million, and depreciation and amortization of approximately $2.7 million. These contributions to cash were partially offset by increases of accounts receivable and inventory of $5.7 million and $5.6 million, respectively. 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.

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 $26.1 million for the six months ended December 29, 2007 was primarily due to the Company's purchases of short term investments exceeding maturities of short-term investments by approximately $20.6 million as well as additions to property and equipment of approximately $5.4 million. 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.

The Company's cash generated in financing activities for the six months ended December 29, 2007 of $1.8 million was the result of $6.7 million in proceeds generated from the issuance of common stock in the Company's employee stock plans and $1.1 million excess tax benefit on stock-based compensation, partially offset by repurchases of the Company's common stock at a cost of $5.2 million and $780,000 of principal payments on short-term and long-term debt. 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 and long-term debt and capital leases of eCERA of approximately $7.1 million as well as repurchases of common stock of $2.8 million, 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 October 2001, the Board of Directors authorized the repurchase of up to 2,000,000 shares of the Company's common stock. The Company was authorized to repurchase the shares from time to time in open market or private transactions, at the discretion of the Company's management. The Company began repurchasing shares in July 2002. In fiscal year 2007, the Company repurchased 628,000 shares and by March 30, 2007, the Company had fulfilled the Board of Directors authorization of the repurchase of 2,000,000 shares at a cost of approximately $17.8 million.

On April 26, 2007, the Company's Board of Directors authorized the repurchase of an additional 2,000,000 shares. Under this authority, the Company repurchased 471,000 shares in the six months ended December 29, 2007 for an aggregate cost of $5.2 million. The Company has purchased a total of 773,000 shares under the current authority. Current cash balances and the proceeds from stock option exercises and purchases in the employee stock purchase plan have funded stock repurchases in the past, and 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 at December 29, 2007 are as follows (in thousands):

		Payments Due by Period			
(In thousands)	**Total**	**Less than 1 Year**	**1 – 3 Years**	**3 – 5 Years**	**Thereafter**
Operating leases	$6,856	$1,255	$2,301	$2,167	$1,133
Total obligations	$6,856	$1,255	$2,301	$2,167	$1,133

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

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

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 and net income; impairment of goodwill, other intangible assets and investments, which impacts the goodwill, intangible asset and investment accounts; and stock-based compensation, which impacts costs of goods sold and operating expenses. These policies and the estimates and judgments involved are discussed further below.

REVENUE RECOGNITION –The Company recognizes revenue from the sale of its products upon shipment, provided title and risk of loss has passed to the customer, the price 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 29, 2007 the majority of the Company's revenues were from sales 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 from 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 the 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, 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 the 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. The Company's financial condition and operating results depend on its ability to make reliable estimates and management believes 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. The Company reviews its assembled devices for excess and writes them off if the quantity of assembled devices in inventory is in excess of the greater of the quantity shipped in the previous twelve months, the quantity in backlog or the quantity forecasted to be shipped in the following twelve months. 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 and resulting in material effects on our gross margin.

IMPAIRMENT OF INTANGIBLE ASSETS. As required by Statement of Financial Accounting Standards ("SFAS") 142, *Goodwill and Other Intangible Assets*, which the Company adopted in fiscal 2002, the Company ceased amortizing its indefinite-lived intangible assets acquired in the acquisition of Saronix which consists of the SaRonix trade name. Accordingly, SFAS 142 requires that 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 other 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 other intangible assets existed in the three month period ended December 29, 2007.

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 carryforwards. 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 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 or forfeiture 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, for example, 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 29, 2007 our investment portfolio consisted of investment-grade fixed income securities, excluding those classified as cash equivalents, of $124 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 29, 2007, 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 have a material impact on our financial position or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended ("the Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer, Mr. Alex C. Hui, and our Chief Financial Officer, Ms. Angela Chen, as appropriate, to allow for timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 of the Exchange Act as of December 29, 2007. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of such date due to the fact that management had not fully remediated the material weakness described in our annual report on Form 10-K for the year ended June 30, 2007 by December 29, 2007.

Changes in Internal Control over Financial Reporting

As previously disclosed in our annual report on Form 10-K for the year ended June 30, 2007, we determined that we did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training in the application of generally accepted accounting principles commensurate with our financial reporting requirements.

We have begun to remediate this material weakness by reviewing our current processes and procedures, changing certain procedures where necessary and in certain areas, supplementing them with new procedures. We have evaluated our current staff and the tasks assigned to them, changing those assignments as appropriate under the current circumstances. During the quarter ended December 29, 2007, we added two new employees to our accounting staff. We continue to search for additional qualified candidates to bolster our staff and to improve our ability to understand and comply with generally accepted accounting principles.

We consider the remediation of our material weakness in our internal control over financial reporting which we identified in the fiscal year ended June 30, 2007 a significant priority in the operation of the Company. We will continue our efforts in this regard and believe that we will achieve full remediation in the near future.

Except for the changes described above, there have been no changes during the Company’s fiscal quarter ended December 29, 2007 in our internal control over financial reporting 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. The listing below includes any material changes to and supersedes the description of the risk factors affecting our business previously disclosed in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended June 30, 2007.

FACTORS THAT MAY AFFECT OPERATING RESULTS`

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 fluctuations that effect our foreign subsidiaries;
- changes in our product mix;
- a decline in the gross margins of our products;
- the operating results of the FCP product line, which normally has a lower profit margin than IC products;
- expenses incurred in obtaining, enforcing, and defending intellectual property rights;
- the timing of new product introductions and announcements by us and by our competitors;
- customer acceptance of new products introduced by us;
- delay or decline in orders received from distributors;
- growth or reduction in the size of the 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., 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 the 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 potential future acquisitions may not be successful.

Our potential future acquisitions could result in the following:

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

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

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

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

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

Implementation of 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 June 30, 2007. As a result, we are currently implementing supplemental procedures to ensure that our financial statements are fairly stated in all material respects. This process may take more time than we originally planned. 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 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. As of June 30, 2007, the Company identified it did not maintain a sufficient complement of personnel with an appropriate level of accounting knowledge, experience and training in the application of generally accepted accounting principles commensurate with our financial reporting requirements. Because of this lack of sufficient staff, there were a number of internal control deficiencies. In addition, our external auditors proposed audit adjustments. Because of the number and nature of these significant deficiencies, when aggregated, we concluded we had a material weakness in internal control over financial reporting at June 30, 2007. In the aggregate, these control deficiencies could result in a misstatement in our account balances or disclosures which could cause a material misstatement in the consolidated financial statements that would not be prevented or detected. We intend to remediate this material weakness by implementing a plan to review and supplement our processes and procedures, including the recruitment of additional staff with the appropriate level of depth and skill in the application of generally accepted accounting principles, reviewing our training and oversight policies and re-examining our documentation and review procedures, as soon as is reasonably practical.

The Company believes that the new measures being developed will remediate all of the significant deficiencies 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, investors could 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. Redesigning our products to comply with new regulations may result in increased research and development and manufacturing and quality control costs. In addition, the products we manufacture that comply with new regulatory standards may not perform as well as our current products. Moreover, if we are unable to successfully and timely redesign existing products and introduce new products that meet new standards set by environmental regulation and our customers, sales of our products could decline, which could materially adversely affect our business, financial condition and results of operations.

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

In fiscal 2007, 2006 and 2005 we purchased approximately 52%, 41% and 43%, respectively, of our wafers from MagnaChip. In addition, in fiscal 2007, 2006 and 2005 we purchased approximately 39%, 43% and 43% respectively, of our wafers from Chartered. In fiscal 2007, six other suppliers manufactured the remainder of our wafers. In fiscal 2006, three other suppliers manufactured the remainder of our wafers. In fiscal 2005, five other suppliers manufactured the remainder of our wafers. 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 111 patents covering certain aspects of our product designs and have 13 additional patent applications pending. Copyrights, mask work protection, trade secrets and confidential technological know-how are also key to our business. Additional patents may not be issued to us or our patents or other intellectual property may not provide meaningful protection. We may be subject to, or initiate, interference proceedings in the U.S. Patent and Trademark Office. These proceedings can consume significant financial and management resources. We may become involved in litigation relating to alleged infringement by us of others' patents or other intellectual property rights. This type of litigation is frequently expensive to both the winning party and the losing party and takes up significant amounts of management's time and attention. In addition, if we lose such a lawsuit, a court could require us to pay substantial damages and/or royalties or prohibit us from using essential technologies. For these and other reasons, this type of litigation could seriously harm our business. Also, although we may seek to obtain a license under a third party's intellectual property rights in order to bring an end to certain claims or actions asserted against us, we may not be able to obtain such a license on reasonable terms or at all.

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

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

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

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

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

We are subject to risks related to taxes.

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

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

The manufacture and assembly of our products 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; Factors That May Affect Operating Results – Our 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, the concentration of our largest customers has been reduced, as the largest customers of eCERA are somewhat different than those of our core integrated circuit business and existing FCP business. We had one direct customer that accounted for more than 10% of net revenues during the six months ended December 29, 2007. As a percentage of gross revenues, sales to our top five direct customers during the six months ended December 29, 2007 totaled 36%.

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 June 30, 2007, sales to our distributors were approximately 40% of net revenues as compared to approximately 39% of net revenues in the fiscal year ended July 1, 2006 and 51% for the fiscal year ended July 2, 2005. 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 2007, we derived approximately 82% of our net revenues from sales in Asia and approximately 4% from net sales outside of Asia and the United States. In fiscal year 2006, we generated approximately 64% of our net revenues from sales in Asia and approximately 17% from 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. 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 for 15% or more of our common stock is announced or commenced. After such event, our other stockholders may purchase additional shares of our common stock at 50% off of the then-current market price. The rights will cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our Board of Directors. The rights should not interfere with any merger or other business combination approved by our Board of Directors since the rights may be redeemed by us at $0.001 per right at any time before any person or group acquire 15% or more of our outstanding common stock. These rights expire in March 2012.

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

Our headquarters and some of our major suppliers' manufacturing facilities are located near major earthquake faults. One of the foundries we use is located in Taiwan, which suffered a severe earthquake during fiscal 2000. We did not experience significant disruption to our operations as a result of that

earthquake. However, if a major earthquake or other natural disaster were to affect our suppliers, our sources of supply could be interrupted, which would seriously harm our business.

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

In October 2001, our Board of Directors approved the repurchase of up to 2,000,000 shares of our common stock. As of March 30, 2007, we had completed the repurchase of 2,000,000 shares at a cost of approximately $17.8 million, pursuant to the 2001 Board of Directors' authorization.

On April 26, 2007, our Board of Directors approved the repurchase of an additional 2,000,000 shares. Current cash balances and the proceeds from stock option exercises and employee stock purchase plan purchases have funded stock repurchases in the past, and we expect to fund future stock repurchases from these same sources. Pursuant to the 2007 Board of Directors' authorization, we repurchased 471,000 shares in the six months ended December 29, 2007, at an approximate cost of $5.2 million. We have purchased a total of 773,000 shares under the current authority.

Repurchases of our common stock under the latest Board of Directors' authorization is represented in the following table:

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
August 10 to August 16, 2007	174,000	$10.52	475,832	1,524,168
August 29 to September 14, 2007	280,000	11.18	755,832	1,244,168
November 27 to December 7, 2007	17,334	16.14	773,166	1,226,834
Total	471,334	$11.12	773,166	1,226,834

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

The annual Meeting of Shareholders was held on December 12, 2007 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 five 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 Chiming Hui	22,799,815	1,317,792
Chi-Hung (John) Hui, Ph.D	20,913,017	3,204,590
Hau L. Lee, Ph.D.	22,094,116	2,023,491
Millard (Mel) Phelps	21,269,841	2,847,766
Siu-Weng Simon Wong, Ph.D.	23,382,536	735,071

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 28, 2008.

Votes For	Votes Against	Votes Abstained
23,943,460	161,174	12,973

Item 6. Exhibits.

Exhibit Number	Exhibit Description
3.1	Amended and Restated Bylaws of the Registrant (as amended by an amendment adopted on October 31, 2007).
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, 2008

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 Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2008

/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 Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally acceptable accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   c) 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

   d) 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, 2008

/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 29, 2007 (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, 2008

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 29, 2007 (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, 2008

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