

QUICKLOGIC CORPORATION  
Form DEF 14A  
March 17, 2006  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**QUICKLOGIC CORPORATION**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:  
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N/A
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N/A
  - (4) Proposed maximum aggregate value of transaction:  
N/A
  - (5) Total fee paid:  
N/A
- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:  
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  - (2) Form, Schedule or Registration Statement No.:  
N/A
  - (3) Filing Party:  
N/A
  - (4) Date Filed:  
N/A

**QUICKLOGIC CORPORATION**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON TUESDAY, APRIL 25, 2006**

The Annual Meeting of Stockholders of QUICKLOGIC CORPORATION, a Delaware corporation, will be held at QuickLogic's offices located at 1277 Orleans Drive, Sunnyvale, California 94089, on Tuesday, April 25, 2006, at 10:00 a.m., local time, for the following purposes:

1. To elect one (1) Class I director to serve for a term of three years expiring on the date on which our Annual Meeting of Stockholders is held in 2009;
2. To ratify the appointment of PricewaterhouseCoopers LLP as QuickLogic's independent registered public accounting firm for the fiscal year ending December 31, 2006; and
3. To transact such other business as may properly come before the Annual Meeting or at any and all adjournments or postponements thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only stockholders of record at the close of business on February 28, 2006 are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

All stockholders are cordially invited to attend the Annual Meeting in person. **However, to assure your representation at the meeting, you are urged to mark, sign, date and return the enclosed proxy card as promptly as possible in the self-addressed, postage-prepaid envelope enclosed for that purpose.** Your shares will be voted in accordance with the instructions given on the proxy. Stockholders are also able to submit their proxy over the Internet or by telephone. Stockholders attending the meeting may vote in person even if they have returned a proxy. Please note, however, that if your shares are held in a street name by a broker, bank or other nominee and you wish to attend and vote in person at the meeting, you must obtain a proxy issued in your name from that holder.

For the Board of Directors,

E. Thomas Hart  
*Chairman, President and Chief Executive Officer*

Sunnyvale, California  
March 16, 2006

**YOUR VOTE IS IMPORTANT**

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE REQUESTED TO VOTE YOUR PROXY ONLINE OR BY TELEPHONE, OR, IN THE ALTERNATIVE, COMPLETE AND PROMPTLY RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED. PLEASE REFERENCE THE VOTING ELECTRONICALLY VIA THE INTERNET OR BY TELEPHONE SECTION ON PAGE 2 FOR ADDITIONAL INFORMATION.**



**QUICKLOGIC CORPORATION**

**PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS**

**General**

The accompanying proxy is solicited by the Board of Directors of QuickLogic Corporation, a Delaware corporation, for use at the Annual Meeting of Stockholders to be held on Tuesday, April 25, 2006, at 10:00 a.m., local time, or at any and all adjournments or postponements, for the purposes set forth in this Proxy Statement and in the accompanying Notice of Annual Meeting of Stockholders thereof. The meeting will be held at QuickLogic's offices located at 1277 Orleans Drive, Sunnyvale, California 94089. QuickLogic's telephone number at that address is (408) 990-4000. These proxy solicitation materials were mailed on or about March 24, 2006 to all stockholders of record entitled to vote at the Annual Meeting. At the meeting, only stockholders of record at the close of business on February 28, 2006, the record date, will be entitled to vote. On February 28, 2006, QuickLogic's outstanding capital stock consisted of 28,088,929 shares of common stock.

At the meeting, the stockholders will be asked:

1. To elect one (1) Class I director to serve for a term of three years expiring on the date on which our Annual Meeting of Stockholders is held in 2009;
2. To ratify the appointment of PricewaterhouseCoopers LLP as QuickLogic's independent registered public accounting firm for the fiscal year ending December 31, 2006; and
3. To transact such other business as may properly come before the Annual Meeting or at any and all adjournments or postponements thereof.

This Proxy Statement and form of proxy were first sent or given to stockholders entitled to vote at the Annual Meeting on or about March 24, 2006, together with our 2005 Annual Report to Stockholders.

**Voting and Discretionary Voting**

Each stockholder is entitled to one vote for each share of common stock held on all matters presented at the meeting.

Properly executed proxies received prior to the meeting, and subsequently not revoked, will be voted in accordance with the instructions on the proxy. Where no instructions are given, proxies will be voted FOR the director nominee described herein, FOR the ratification of the independent registered public accounting firm, and with respect to any other matter that may properly be brought before the Annual Meeting, in accordance with the judgment of the proxy holders.

You are entitled to one vote for each share of common stock held on all matters presented at the Annual Meeting. You do not have the right to cumulate votes in the election of directors. Voting instructions are included on the proxy or voting instruction card.

*Election of Directors*

Holders of all outstanding shares of QuickLogic's common stock, voting together as a single class, have the right to elect one Class I director for a three-year term to the Board of Directors. The director will be elected by a plurality of the votes of the shares of our common stock present in person or represented by proxy at the meeting. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum but have no other legal effect under Delaware law.

*Ratification of Appointment of Independent Registered Public Accounting Firm*

Ratification of the appointment of PricewaterhouseCoopers LLP ( PricewaterhouseCoopers ) as QuickLogic s independent registered public accounting firm will require the affirmative vote of a majority of the total voting power of the shares of our common stock represented in person or by proxy at the meeting and entitled to vote on the proposal, voting together as a single class.

**Voting Electronically via the Internet or by Telephone**

Stockholders whose shares are registered in their own names may vote either via the Internet or by telephone. Specific instructions to be followed by any registered stockholder interested in voting via the Internet or by telephone are set forth on the enclosed proxy card. The Internet and telephone voting procedures are designed to authenticate the stockholder s identity and to allow stockholders to vote their shares and confirm that their voting instructions have been properly recorded.

If your shares are registered in the name of a bank or brokerage firm and you have not elected to receive your Proxy Statement over the Internet, you may be eligible to vote your shares electronically over the Internet or by telephone. A large number of banks and brokerage firms are participating in the ADP Investor Communication Services online program. This program provides eligible stockholders who receive a paper copy of this Proxy Statement the opportunity to vote via the Internet or by telephone. If your bank or brokerage firm is participating in ADP s program, your proxy card will provide instructions. If your proxy card does not reference Internet or telephone information, please complete and return the proxy card in the self-addressed, postage paid envelope provided. Stockholders who elected to receive the Proxy Statement and Annual Report over the Internet will be receiving an e-mail on or about March 24, 2006 with information on how to access stockholder information and instructions for voting.

**Solicitation of Proxies**

This solicitation of proxies is made by the Board of Directors of QuickLogic. All costs associated with soliciting proxies will be borne by QuickLogic. QuickLogic may also reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses incurred in forwarding solicitation materials to the beneficial owners of shares held of record by such persons. It is contemplated that proxies will be solicited principally through the mail, but our directors, officers and regular employees may, without additional compensation, solicit proxies personally or by e-mail (if so requested by the stockholder), telephone or facsimile.

**Revocability of Proxies**

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to our Secretary a written notice of revocation or a duly executed proxy bearing a later date, or by attending the meeting and voting in person. Your presence at the Annual Meeting in and of itself is not sufficient to revoke your proxy.

**Quorum; Abstentions; Broker Non-Votes**

The presence at the Annual Meeting, in person or by proxy, of the holders of one-third of the voting power of our stock outstanding on the record date will constitute a quorum. As of the close of business on the record date, there were 28,088,929 shares of our common stock outstanding. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum. For the purpose of determining whether the stockholders have approved matters other than the election of directors, abstentions are treated as shares present or represented and voting, so abstaining has the same effect as a negative vote. Directors are elected based on a plurality of the votes cast. Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting

instructions from their customers are counted for determining the presence or absence of a quorum for conducting business but are not counted or deemed to be present or represented for the purpose of determining whether stockholders have approved that matter.

### **Stockholder Nominations and Proposals**

The Nominating and Corporate Governance Committee of our Board of Directors has established policies and procedures, available on the investor relations portion of our web site, *www.quicklogic.com*, to consider recommendations for candidates to the Board of Directors from stockholders holding no less than 1,000 shares of the outstanding voting securities of the Company continuously for at least six (6) months prior to the date of the submission of the recommendation. Recommendations received after the date that is 120 days prior to the one year anniversary of the mailing of the previous year's proxy statement, will likely not be considered timely for consideration at that year's annual meeting.

A stockholder that desires to recommend a candidate for election to the Board of Directors shall direct the recommendation in writing to the Nominating and Corporate Governance Committee, care of the Chief Financial Officer, 1277 Orleans Drive, Sunnyvale, California, 94089, and must include the candidate's name, home and business contact information, detailed biographical data and qualifications and an explanation of the reasons why the stockholder believes this candidate is qualified for service on the Company's Board of Directors. The stockholder must also provide such other information about the candidate that would be required by the Securities and Exchange Commission (SEC) rules to be included in a proxy statement. In addition, the stockholder must include the consent of the candidate and describe any arrangements or undertakings between the stockholder and the candidate regarding the nomination. The stockholder must submit proof of Company stockholdings.

A stockholder that instead desires to nominate a person directly for election to the Board of Directors must meet the deadlines and other requirements set forth in Section 2.4 of the Company's Bylaws and the rules and regulations of the SEC.

### **Deadlines for Submission of Stockholder Proposals**

Stockholders are entitled to present proposals for consideration at forthcoming stockholder meetings provided that they comply with the proxy rules promulgated by the SEC and our Bylaws.

Stockholders wishing to present a proposal for inclusion in the proxy statement relating to our 2007 Annual Stockholder Meeting must submit such proposal to us by the date that is 120 days prior to the one year anniversary of the date on which this proxy is first mailed, in order to be considered timely for stockholder proposals or nominations to be included in such proxy statement.

If a stockholder intends to present a proposal at our 2007 Annual Meeting of Stockholders, but does not intend to have it included in our 2007 Proxy Statement, the proposal must be delivered to us by February 7, 2007. If the stockholder does not also comply with the requirements of Rule 14a-4(c)(2) under the Securities Exchange Act of 1934, as amended, we may exercise discretionary voting authority under proxies that we solicit to vote in accordance with our best judgment on any such stockholder proposal or nomination.

### **Householding**

Householding is a cost-cutting procedure used by us and approved by the SEC. Under the householding procedure, we send only one Annual Report and Proxy Statement to stockholders of record who share the same address and last name, unless one of those stockholders notifies us that the stockholder would like a separate Annual Report and Proxy Statement. A stockholder may notify us that the stockholder would like a separate Annual Report and Proxy Statement by telephone at (408) 990-4000

or at the following mailing address: 1277 Orleans Drive, Sunnyvale, California 94089, Attention: Investor Relations. If we receive such notification that the stockholder wishes to receive a separate Annual Report and Proxy Statement, we will promptly deliver such Annual Report and Proxy Statement. A separate proxy card is included in the materials for each stockholder of record. If you wish to update your participation in householding, you may contact your broker or the mailing agent, ADP Investor Communication Services, at 800-542-1061.

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**PROPOSAL ONE:**

**ELECTION OF DIRECTORS**

QuickLogic's Board of Directors is currently comprised of five (5) members, divided into three classes with overlapping three-year terms. As a result, a portion of our Board of Directors will be elected each year. Michael J. Callahan has been designated a Class I director whose term expires at the 2006 Annual Meeting of Stockholders. Arturo Krueger and Gary H. Tauss have been designated Class II directors whose terms expire at the 2007 Annual Meeting of Stockholders. E. Thomas Hart and Christine Russell have been designated Class III directors whose terms expire at the 2008 Annual Meeting of Stockholders. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of an equal number of directors. There are no family relationships between any of our directors or executive officers.

**Nominee for Class I Director**

One Class I director is to be elected at the Annual Meeting of Stockholders for a three-year term ending in 2009. Pursuant to action by the Nominating and Corporate Governance Committee, the Board of Directors has nominated Michael J. Callahan to be that Class I director. Unless otherwise instructed, the persons named in the enclosed proxy intend to vote proxies received by them for the re-election of Michael J. Callahan. QuickLogic expects that Mr. Callahan will accept such nomination. In the event that Mr. Callahan is unable or declines to serve as a director at the time of the Annual Meeting, proxies will be voted for a substitute nominee or nominees designated by the Nominating and Corporate Governance Committee of the Board of Directors. The term of office of the person elected as director will continue until such director's term expires in 2009 or until such director's successor has been elected and qualified or until his earlier death, resignation or removal.

**Required Vote**

The nominee receiving a plurality, or the highest number of affirmative votes of the shares present or represented and entitled to be voted for them shall be elected as a director. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum for the transaction of business, but have no other legal effect in the election of directors under Delaware law.

**Recommendation of the Board of Directors**

**QUICKLOGIC'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A  
VOTE FOR MICHAEL J. CALLAHAN AS DIRECTOR.**

**Directors and Nominee for Director**

The following table sets forth information concerning the nominee for director, whose current term expires in 2006 and who is a Class I director.

Name	Age	Position
Michael J. Callahan	70	Director

*Michael J. Callahan* has served as a member of our Board of Directors since July 1997. Since January 2004, Mr. Callahan has been the Chairman of Teknovus, Inc., a privately held company specializing in communications chipsets for subscriber access networks. From March 1990 through his semi-retirement in September 2000, Mr. Callahan served as Chairman of the Board, President and Chief Executive Officer of WaferScale Integration, Inc., a producer of peripheral integrated circuits. From 1987 to March 1990, Mr. Callahan was President of Monolithic Memories, Inc., a semiconductor manufacturing

company. During this period Monolithic Memories became a subsidiary of Advanced Micro Devices, Inc., a semiconductor manufacturing company, where Mr. Callahan was Senior Vice President of Programmable Products. From 1978 to 1987, Mr. Callahan was employed by Monolithic Memories in various positions including Vice President of Operations and Chief Operating Officer. Prior to joining Monolithic Memories, he worked at Motorola Semiconductor for 16 years where he was Director of Research and Development as well as Director of Linear Operations. Mr. Callahan also serves on the board of Micrel, Incorporated, which files reports pursuant to the Securities Exchange Act of 1934, or the Exchange Act, and is a provider of analog power, mixed-signal and digital semiconductor devices. Mr. Callahan holds a B.S.E.E. degree from the Massachusetts Institute of Technology.

#### Incumbent Class II Directors Whose Terms Expire in 2007

Name	Age	Position
Arturo Krueger	66	Director
Gary H. Tauss	51	Director

*Arturo Krueger* has served as a member of our Board of Directors since September 2004. Mr. Krueger has more than 40 years of experience in systems architecture, semiconductor design and development, operations, marketing and technical as well as general management. Since February 2001, Mr. Krueger has been a consultant to OEM automobile manufacturers and to semiconductor companies serving the automotive and telecom markets. Mr. Krueger was Corporate Vice President and General Manager of Motorola's Semiconductor Products Sector for Europe, Middle East and Africa (EMEA) from January 1998 until February 2001. Mr. Krueger was the Strategic and Technology/Systems advisor to the President of Motorola's Semiconductor Products Sector from 1996 until January 1998. In addition, Mr. Krueger was the Director of the Advanced Architectural and Design Automation Lab at Motorola. Mr. Krueger is a director of Marvell Technology Group Ltd., which files reports pursuant to the Exchange Act. Marvell is a semiconductor provider of high-performance analog, mixed-signal, digital signal processing and embedded microprocessor integrated circuits. He holds an M.S. degree in Electrical Engineering from the Institute of Technology in Switzerland, and has studied Advanced Computer Science at the University of Minnesota.

*Gary H. Tauss* has served as a member of our Board of Directors since June 2002. Since May 2005, Mr. Tauss has been President, CEO and a director of InfiniRoute Networks Inc., which provides fully managed Voice over Internet Protocol, or VoIP, peering services for wireline and wireless carriers. From October 2002 until April 2005, Mr. Tauss served as President and CEO of LongBoard, Inc., or LongBoard, a company specializing in fixed to mobile convergence application software for leading carriers and service providers. From August 1998 until June 2002, Mr. Tauss was President, Chief Executive Officer and a director of TollBridge Technologies, Inc., or TollBridge, a developer of voice-over-broadband products. Prior to co-founding TollBridge, Mr. Tauss was Vice President and General Manager of Ramp Networks, Inc., a provider of Internet security and broadband access products, with responsibility for engineering, customer support and marketing. Mr. Tauss is a director of LongBoard. Mr. Tauss earned both a B.S. and an M.B.A. degree at the University of Illinois.

#### Incumbent Class III Directors Whose Terms Expire in 2008

Name	Age	Position
E. Thomas Hart	64	Chairman, President and Chief Executive Officer
Christine Russell	56	Director

*E. Thomas Hart* has served as our President, Chief Executive Officer and a member of our Board of Directors since June 1994, and as our Chairman since April 2001. Prior to joining QuickLogic, Mr. Hart



was Vice President and General Manager of the Advanced Networks Division at National Semiconductor Corporation, a semiconductor manufacturing company, where he worked from September 1992 to June 1994. Prior to joining National Semiconductor, Mr. Hart was a private consultant from February 1986 to September 1992 with Hart Weston International, a technology-based management consulting firm. Prior experience includes senior level management responsibilities in semiconductor operations, engineering, sales and marketing with several companies including Motorola, Inc., an electronics provider, and National Semiconductor. Mr. Hart holds a B.S.E.E. degree from the University of Washington.

*Christine Russell* has served as a member of our Board of Directors since June 2005. Ms. Russell served as Senior Vice President and Chief Financial Officer of OuterBay Technologies, Inc., a privately held software company enabling information lifecycle management for enterprise applications, from May 2005 until February 2006, when OuterBay was acquired by Hewlett-Packard Company. From October 2003 to May 2005, Ms. Russell served as the Chief Financial Officer of Ceva, Inc., a company specializing in semiconductor intellectual property offering digital signal processing cores and application software, which files reports pursuant to the Exchange Act. From October 1997 to October 2003, Ms. Russell served as the Chief Financial Officer of Persistence Software, Inc., a company specializing in enterprise software providing infrastructure for distributed computing, which files reports pursuant to the Exchange Act. Prior to 1997, Ms. Russell served for more than twenty years in senior financial management positions with a variety of technology companies. Ms. Russell is a director of Peak International, Inc., which files reports pursuant to the Exchange Act. Peak is a supplier of precision-engineered packaging products for storage, transportation and automated handling of high technology products. Ms. Russell holds a B.A. degree and an M.B.A. degree from the University of Santa Clara.

#### **Director Resignations**

**Donald P. Beadle**, whose term would have expired at the 2006 Annual Meeting, retired from the Board of Directors effective January 26, 2006, as previously disclosed on a Form 8-K.

#### **Lead Independent Director**

Mr. Callahan has served as our Lead Independent Director since April 26, 2005.

#### **Board Meetings, Committees and Corporate Governance**

The Board of Directors held a total of six meetings during fiscal 2005 and acted by unanimous written consent once. The Board of Directors has determined that the Company's current directors, with the exception of Mr. Hart, meet the independence requirements of the Nasdaq National Market.

It is the policy of the Board of Directors to have a separate meeting time for independent directors. During the last fiscal year, six sessions of the independent directors were held.

The standing committees of the Board of Directors include an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

We have written charters for the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee, copies of each are available on our website, free of charge, at [www.quicklogic.com/investors](http://www.quicklogic.com/investors). You can also obtain copies of the charters, free of charge, by writing to us at 1277 Orleans Drive, Sunnyvale, California 94089.

#### *Audit Committee*

The Audit Committee, which currently consists of Michael J. Callahan, Christine Russell and Gary H. Tauss, held seven meetings in fiscal 2005. Mr. Callahan was appointed Chairman of the Audit Committee in October 2004. Each of the directors on the Audit Committee meets the independence requirements of



the Nasdaq National Market. The Board of Directors has determined that Christine Russell is an Audit Committee Financial Expert, or ACFE, as defined by Item 401(h) of Regulation S-K. Ms. Russell is independent, as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended.

The Audit Committee has sole and direct authority to select, evaluate and compensate our independent registered public accounting firm, and it reviews and approves in advance all audit, audit-related and non-audit services, and the related fees, provided by the independent registered public accounting firm (to the extent those services are permitted by the Securities Exchange Act of 1934, as amended). The Audit Committee meets with our management and appropriate financial personnel regularly to consider the adequacy of our internal controls and financial reporting process and the reliability of our financial reports to the public. The Audit Committee also meets with the independent registered public accounting firm regarding these matters. The Audit Committee has established a Financial Information Integrity Policy, pursuant to which QuickLogic can receive, retain and treat employee complaints concerning questionable accounting, internal control, or auditing matters, or the reporting of fraudulent financial information. The Audit Committee examines the independence and performance of our independent registered public accounting firm. In addition, among its other responsibilities, the Audit Committee reviews our critical accounting policies, our annual and quarterly reports on Forms 10-K and 10-Q, and our earnings releases before they are published. The Audit Committee has a written charter, a copy of which is available on our website, free of charge, at [www.quicklogic.com/investors](http://www.quicklogic.com/investors).

#### *Compensation Committee*

The Compensation Committee, which currently consists of Arturo Krueger and Gary H. Tauss, held five meetings in fiscal 2005 and acted by unanimous written consent once during the year. Each of the directors on the Compensation Committee meets the independence requirements of the Nasdaq National Market. The purpose of the Compensation Committee is (i) to discharge the responsibilities of the Board of Directors relating to compensation of the Company's directors, Chief Executive Officer and executive officers, (ii) to review and recommend to the Board of Directors compensation plans, policies and benefit programs, as well as approve individual executive officer compensation packages, and (iii) to approve the report on executive compensation required to be included in the Company's annual proxy statement. The Compensation Committee's duties also include administering QuickLogic's stock option plans and employee stock purchase plan. The Compensation Committee has a written charter, which is available on our website, free of charge, at [www.quicklogic.com/investors](http://www.quicklogic.com/investors).

#### *Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee, which currently consists of Michael J. Callahan, Arturo Krueger, Gary H. Tauss and Christine Russell, was formed on January 21, 2004, and held two meetings in fiscal 2005. Mr. Krueger and Ms. Russell joined the Nominating and Corporate Governance Committee in January 2005 and October 2005, respectively. Each of the directors on the Nominating and Corporate Governance Committee meets the independence requirements of the Nasdaq National Market. The purpose of the Nominating and Corporate Governance Committee is to (i) assist the Board of Directors by identifying, evaluating and recommending to the Board of Directors, or approving as appropriate, individuals qualified to be directors of QuickLogic for either appointment to the Board of Directors or to stand for election at a meeting of the stockholders; (ii) review the composition and evaluate the performance of the Board of Directors; (iii) review the composition and evaluate the performance of committees of the Board of Directors and recommend persons to be members of such committees; (iv) review conflicts of interest of members of the Board of Directors and corporate officers; and (v) review and recommend to the Board of Directors corporate governance principles. Other duties of the committee

include overseeing the evaluation of management, succession planning and reviewing and monitoring the Company's Code of Conduct and Ethics. The Nominating and Corporate Governance Committee has a written charter, which is available on our website, free of charge, at [www.quicklogic.com/investors](http://www.quicklogic.com/investors). The Nominating and Corporate Governance Committee adopted our Corporate Governance Guidelines in December 2004, a copy of which is available on our website, free of charge, at [www.quicklogic.com/investors](http://www.quicklogic.com/investors).

The Nominating and Corporate Governance Committee will regularly review the size and composition of the full Board of Directors and will consider the recommendations properly presented by qualified stockholders as well as recommendations from management, other directors and potentially search firms to attract top candidates to serve on the Board of Directors. Except as may be required by rules promulgated by the Nasdaq National Market or the SEC, there are no specific, minimum qualifications that must be met by each candidate for the Board of Directors, nor are there specific qualities or skills that are necessary for one or more of the members of the Board of Directors to possess. In evaluating the qualifications of the candidates, the committee will consider many factors, including character, judgment, independence, age, expertise, diversity of experience, length of service and other commitments, among others. The committee will evaluate such factors and will not assign any particular weighting or priority to any of these factors. While the committee has not established specific minimum qualifications for director candidates, the committee believes that candidates and nominees must reflect a Board of Directors that is predominantly independent and is comprised of directors who (i) are of high integrity, (ii) have qualifications that will increase the overall effectiveness of the Board of Directors and (iii) meet other requirements as may be required by applicable rules, such as financial literacy or financial expertise with respect to Audit Committee members.

It is the policy of the Nominating and Corporate Governance Committee to consider recommendations for candidates to the Board of Directors from stockholders holding no less than 1,000 shares of QuickLogic's outstanding voting securities continuously for at least six (6) months prior to the date of the submission of the recommendation. Stockholders may suggest qualified candidates for director by writing to the Nominating and Corporate Governance Committee, care of the Chief Financial Officer, 1277 Orleans Drive, Sunnyvale, California, 94089 and must include the candidate's name, home and business contact information, detailed biographical data and qualifications and an explanation of the reasons why the stockholder believes this candidate is qualified for service on QuickLogic's Board of Directors. The stockholder must also provide such other information about the candidate that would be required by the SEC rules to be included in a Proxy Statement. In addition, the stockholder must include the consent of the candidate and describe any arrangements or undertakings between the stockholder and the candidate regarding the nomination. The Nominating and Corporate Governance Committee will evaluate all stockholder-recommended candidates on the same basis as any other candidate. Our Nominating and Corporate Governance Committee Policies and Procedures for Director Candidates are posted on our website at [www.quicklogic.com/investors](http://www.quicklogic.com/investors).

#### *Other Committees and Participation*

The Board of Directors has delegated to E. Thomas Hart, as the sole member of our Stock Option Committee, the authority to approve the grant to non-executive officer employees and other individuals of stock options in amounts less than or equal to 40,000 shares per grant, and to allocate options to purchase common stock to non-executive employees once these grants have been authorized in total by the Board of Directors or the Compensation Committee.

The Settlement Committee, which currently consists of Gary H. Tauss and Christine Russell, was established by the Board of Directors with the sole and full corporate power and authority to review the proposed settlement of the litigation entitled: *In re Initial Public Offering Securities Litigation* 21 MC 92 (SAS); *In re QuickLogic Corporation Initial Public Offering Sec. Litig.* (01 Civ. 9503), (the "Action"), and to

decide whether the Company should enter into the proposed settlement. The Settlement Committee will remain in effect until the Action has been settled in its entirety.

During fiscal year 2005, no incumbent director attended fewer than 75% of the aggregate of (i) the total number of meetings of the Board of Directors held during their term as a director and (ii) the total number of meetings held by all committees of the Board of Directors on which such director served during their term on such committee, except that Ms. Russell attended two out of four meetings of the Board of Directors held during her term as a director.

QuickLogic expects its directors to attend its annual meetings absent a valid reason, such as a schedule conflict. The April 2005 Annual Meeting of Stockholders was attended by all directors.

#### **Compensation Committee Interlocks and Insider Participation**

No member of our Compensation Committee serves on or has served on the board of directors or compensation committee of another entity that has one or more members serving on our Board of Directors or Compensation Committee.

#### *Stockholder Communications with the Board of Directors*

The Nominating and Corporate Governance Committee has established a policy for stockholder communication with our Board of Directors. This policy, which is available on the investor relations portion of our web site, provides a process for stockholders to send communications to the Board of Directors. Stockholders may contact QuickLogic's Board of Directors or any individual thereof, by writing, whether by mail or express mail, to: QuickLogic Corporation Board of Directors, 1277 Orleans Drive, Sunnyvale, California, 94089. Stockholders who wish to contact the Board of Directors or any member of the Audit Committee to report questionable accounting or auditing matters may do so by using this address and designating the communication as Compliance Confidential.

#### *Code of Conduct and Ethics*

QuickLogic adopted a Code of Conduct and Ethics applicable to all directors, officers and employees on February 12, 2004. The Code covers topics including, but not limited to, financial reporting, conflicts of interest, confidentiality of information, compliance with laws and regulations and the code of ethics for our Chief Executive Officer, Chief Financial Officer and controllers. A copy of the Code of Conduct and Ethics is posted on our website at [www.quicklogic.com/investors](http://www.quicklogic.com/investors). To date, there have been no waivers under our Code of Conduct and Ethics. We will post any waivers, if and when granted, on our website at [www.quicklogic.com/investors](http://www.quicklogic.com/investors).

#### **Director Compensation**

All directors who are not employees of the Company receive an annual retainer of \$20,000 for serving as a director of the Company. The chairman of the Audit Committee, chairman of the Compensation Committee and our ACFE receive additional annual retainers of \$3,000, \$2,000 and \$3,000, respectively. Members of the Audit Committee and Compensation Committee receive additional annual retainers of \$1,500. Retainers are paid quarterly. The Company also reimburses all directors for travel, lodging and related expenses incurred in attending board and committee meetings. Non-employee directors receive a fee of \$1,000 for each Board of Director, Audit Committee or Compensation Committee meeting attended in person, \$500 for each Board of Director meeting attended by phone conference and \$300 for each Audit Committee or Compensation Committee meeting attended by phone conference, with a maximum of one meeting fee per day. In March 2006, the Board of Directors increased the meeting fee to \$2,500 for meetings attended in person by independent directors who reside internationally. In addition, the Board of

Directors approved the following option grants under the Company's 1999 Stock Plan to non-employee directors:

Name	Number of Securities Underlying Options Granted	Exercise Price Per Share	Expiration Date
Donald P. Beadle(1)	7,000	\$ 3.48	May 1, 2015
Michael J. Callahan	10,000	3.48	May 1, 2015
Arturo Krueger	10,000	3.48	May 1, 2015
Christine Russell	35,000	4.36	June 1, 2015
Gary H. Tauss	10,000	3.48	May 1, 2015

(1) Mr. Beadle retired from the Board of Directors on January 26, 2006. Mr. Beadle remains with QuickLogic as a member of its advisory committee, and will continue to vest in the option grants noted above.

The options granted to Messrs. Callahan, Krueger and Tauss included 3,000 shares for their service on our Audit Committee.

The options granted to new non-employee directors generally vest 25% one year after the vesting commencement date and 1/48th per full month of service thereafter. The options granted to incumbent directors generally vest monthly over a one-year period. The exercise price is equal to the closing price of QuickLogic's common stock as listed on the Nasdaq National Market on the date of grant.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, officers and beneficial owners of more than 10% of our common stock to file with the SEC initial reports of ownership on Form 3 and reports of changes in ownership of our common stock and other equity securities on Form 4 or 5. Based solely on our review of the copies of such reports received by us or written representations from reporting persons, we believe that during the fiscal year ended December 31, 2005, our officers, directors and holders of more than 10% of our common stock complied with all Section 16(a) filing requirements.

**PROPOSAL TWO:**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed PricewaterhouseCoopers, an independent registered public accounting firm, to audit QuickLogic's consolidated financial statements for the fiscal year ending December 31, 2006 and, as a matter of good corporate governance, seeks ratification of such appointment. In the event of a negative vote on such ratification, the Audit Committee will reconsider its appointment.

Representatives of PricewaterhouseCoopers are expected to be present at the 2006 Annual Meeting of Stockholders, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

**Fees billed to QuickLogic by PricewaterhouseCoopers during Fiscal 2005**

PricewaterhouseCoopers, the Company's independent registered public accounting firm, billed QuickLogic for the following professional services:

	<b>Years Ended December 31,</b>	
	<b>2005</b>	<b>2004</b>
Audit fees	\$ 528,700	\$ 539,100
Tax fees	\$ 67,700	\$ 77,200