



# QUICKLOGIC CORPORATION

## CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

### **PURPOSE:**

The purpose of the Audit Committee of the Board of Directors of QuickLogic Corporation (the "Company") shall be:

- To provide oversight and monitoring of Company management and the independent registered public accounting firm and their activities with respect to the Company's financial reporting process;
- To provide the Company's Board of Directors with the results of its monitoring and recommendations derived therefrom;
- To select the independent registered public accounting firm to audit the Company's financial statements and where appropriate to nominate such independent registered public accounting firm for approval by the shareholders in any proxy statement; and
- To provide to the Board of Directors such additional information and materials as it may deem necessary to make the Board of Directors aware of significant financial matters that require the attention of the Board of Directors.

The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors may from time to time prescribe.

### **MEMBERSHIP:**

The Audit Committee members will be appointed by, and will serve at the discretion of, the Board of Directors and will consist of at least three members of the Board of Directors. The members will meet the following criteria:

- Each member will be an independent director, in accordance with the applicable rules of the Nasdaq National Market ("Nasdaq") and the Securities and Exchange Commission ("SEC");
- Each member shall be able to read and understand fundamental financial statements applicable to the Company, at the time of their appointment, in accordance with the applicable rules of Nasdaq and federal laws;
- No member may have participated in the preparation of the financial statements of the Company or any of the Company's current subsidiaries at any time during the past three years; and
- At least one member shall be, in the judgment of the Board of Directors, an Audit Committee Financial Expert, in accordance with the applicable rules of the SEC and at least one member

shall have accounting or related financial management expertise in accordance with the applicable rules of Nasdaq.

### **RESPONSIBILITIES:**

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the Committee or the Board of Directors may amend them as appropriate. The responsibilities of the Audit Committee shall include:

- Providing oversight and monitoring of Company management and the independent registered public accounting firm and their activities with respect to the Company's financial reporting process;
- Reviewing with management and the independent registered public accounting firm on a continuing basis significant accounting policies and practices, disclosure controls and procedures, the adequacy of the Company's system of internal controls, including any significant deficiencies or other matters reported to the Audit Committee by management or the independent registered public accounting firm;
- Discussing with management and the independent registered public accounting firm judgments made in preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles;
- Direct responsibility for appointing, compensating, retaining, overseeing and terminating when appropriate the work of the independent registered public accounting firm (including resolving disagreements between management and the independent registered public accounting firm regarding financial reporting);
- Reviewing the independent registered public accounting firm's proposed audit scope, approach and independence;
- Pre-approving all audit and non-audit services provided to the Company by the independent registered public accounting firm (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary and permissible) and the fees related to these services;
- Reviewing the performance of the independent registered public accounting firm, who shall report directly to the Audit Committee;
- Requesting from the independent registered public accounting firm a formal written statement delineating all relationships between the independent registered public accounting firm and the Company, consistent with Independent Standards Board Standard No. 1, and engaging in a dialogue with the independent registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the firm;
- Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent registered public accounting firm;

- Directing the Company's independent registered public accounting firm to review, before filing with the SEC, the Company's interim financial statements included in Quarterly Reports on Form 10-Q using professional standards and procedures for conducting such reviews;
- Discussing with the Company's independent registered public accounting firm the matters required to be discussed by Statement on Accounting Standard No. 61 and Statement on Accounting Standard No. 71, as modified or supplemented;
- Reviewing with management and the auditors, before release, the audited financial statements and Management's Discussion and Analysis in the Company's Annual Report on Form 10-K and the unaudited interim financial statements in the Company's Quarterly Report on Form 10-Q (management may facilitate the communication between the Audit Committee and the auditors). The Audit Committee shall make a recommendation to the Board of Directors as to whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K;
- Reviewing with management, before release, the Company's earnings release and financial information and earnings guidance;
- Reviewing management's monitoring of compliance with the Company's standards of business conduct and with the Foreign Corrupt Practices Act;
- Reviewing, in conjunction with counsel, legal compliance matters, including corporate securities lending policies, and any legal matters that could have a significant impact on the Company's financial statements;
- Providing oversight and review at least annually of the Company's risk management policies, including an annual review of its investment policies;
- Instituting special investigations, if necessary, with full access to all books, records, facilities and personnel of the Company and, as appropriate, obtaining advice and assistance from independent outside legal, accounting or other advisors. The Audit Committee shall have the sole authority to retain and terminate any such advisor, including the sole authority to approve fees and other retention terms. The Audit Committee shall also have authority to obtain advice and assistance from any officer or employee of the Company;
- Reviewing and approving in advance any related party transactions;
- Establishing procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- Providing a report in the Company's Proxy Statement in accordance with the requirements of Item 306 of Regulation S-K and Item 7(e)(3) of Schedule 14A;
- Overseeing compliance with the requirements of the SEC for disclosure of the independent registered public accounting firm's services and Audit Committee members, member qualifications and activities;

- Establishing a policy that pertains to hiring the independent registered public accounting firm's employees or former employees;
- Reviewing the Audit Committee's own charter, structure, processes and membership requirements at least annually; and
- Performing such other duties as may be requested by the Board of Directors.

**MEETINGS:**

The Audit Committee will meet at least quarterly. The Audit Committee may establish its own schedule of regular meetings, which it will provide to the Board of Directors. The Audit Committee will meet separately with the independent registered public accounting firm at least quarterly as well as members of the Company's management as it deems appropriate.

**MINUTES:**

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

**REPORTS:**

Apart from the report prepared pursuant to Item 306 of Regulation S-K and Item 7(e)(3) of Schedule 14A, the Audit Committee will summarize its examinations and recommendations to the Board from time to time as may be appropriate.

**COMPENSATION:**

Members of the Audit Committee shall receive such fees, if any, for their service as Audit Committee members as may be determined by the Board of Directors in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board of Directors. Members of the Audit Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board of Directors or any committee thereof.

**DELEGATION OF AUTHORITY:**

The Audit Committee may, to the extent permitted by applicable law, the Nasdaq, the SEC, and the Company's Certificate of Incorporation and Bylaws, delegate their responsibilities to one or more Committee members. The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Audit Committee at its scheduled meetings.

**LIMITATIONS:**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent registered public accounting firm.