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Ralph Marimon, CFO, speaking:
Thank you and good afternoon.

Before we get started, let me take a moment to read our Safe Harbor statement.

During this call we will make statements that are forward-looking. These forward-looking statements involve risks and uncertainties including but not limited to stated expectations relating to revenue from our new and mature products, statements pertaining to our design activity and our ability to convert new design opportunities into production shipments, market acceptance of our customers' products, our expected results, and our financial expectations for revenue, gross margin, operating expenses, profitability and cash. QuickLogic's future results could differ materially from the results described in these forward-looking statements. We refer you to the risk factors listed in our annual report on Form 10-K, quarterly reports on Form 10-Q and prior press releases for a description of these and other risk factors. QuickLogic assumes no obligation to update any such forward-looking statements. This conference call is open to all and is being webcast live.

For the second quarter of 2014, total revenue was $6.8 million which was above the midpoint of our guidance range.

New product revenue totaled approximately $4.5 million, and was at the midpoint our guidance. Mature product revenue totaled approximately $2.3 million, which was above our guidance range due to higher than expected bookings.

Samsung accounted for 40% of total revenue during the second quarter as compared to 70% of total revenue during the first quarter.

Our non-GAAP gross profit margin for Q2 was 45% and was above our guidance. The increase in gross margin is primarily due to the mix of products shipped during the quarter.

Non-GAAP operating expenses for Q2 totaled $5.4 million which was just below the midpoint of our guidance.

On a non-GAAP basis, the total for other income, expense and taxes was a charge of $9 thousand. This resulted in a non-GAAP loss of $2.3 million or $0.04 per share.

We ended the quarter with approximately $34.3 million in cash. Cash declined by approximately $2.8 million which was better than our guidance due to timing of working capital commitments.

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Our Q2 GAAP net loss was $2.9 million or $.05 per share. Our GAAP results include stock based compensation charges of approximately $566 thousand.

Please see today's press release for a detailed reconciliation of our GAAP to non-GAAP results.

Now I'll turn it over to Andy who will update you on the status of our strategic efforts.

Andy Pease, CEO, speaking:
I have some exciting updates to share with you about the progress we've made towards realizing our long-term strategic objectives, but first I want to cover the tactical initiatives that continue to drive our near-term results during this transitional year.

The branded Android and iOS tablet market continues to face declining unit volume. In Samsung's preliminary Q2 release, it attributed the decline in tablet sales to two factors – longer upgrade cycles relative to smartphones, and higher sales of large-display smartphones which have lessened demand for seven to eight inch tablets. Due to this market environment, we are forecasting a substantial sequential decline in display bridge revenue for Q3.

This is disappointing, and below what our customers were forecasting a few months ago. However, we continue to win new display bridge designs with Chinese IDHs for tablets, and other customers for industrial and enterprise applications. We expect these trends to continue. We also expect to initiate production shipments to a tier one consumer electronics company during Q4 to support a display bridge requirement in a high-end digital still camera.

Although our tablet business with Samsung has declined sharply, we have ongoing engagements at Samsung that we anticipate will enter production later this year and during the first half of 2015.

We continue to expand our market share and presence in the PHS market with two new production wins. One of these is with Kyocera which uses two CSSPs to support a wide variety of smart connectivity functions. The other is with Japan Radio Corporation or JRC, which has the second highest PHS market share in Japan. We initiated production shipments to support both of these designs during Q2.

Last quarter I stated that a tier one mobile OEM granted technical approval for our new PolarPro 3 CSSP. We have identified an opportunity with this customer and have an

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ongoing engagement. Upon acceptance of our product, we will gain production approval and be positioned for major production volume with this mobile OEM.

In addition, we are engaged with a tier one mobile OEM on a smart connectivity design for a high-end smartphone specifically designed for the Chinese market. We expect to initiate production shipments to support this design during Q4.

We introduced and began sampling our first sensor hub platform, the ArcticLink 3 S1 during Q4 of 2013. During our last conference call, I outlined our roadmap and engagement model. This go-to-market strategy is resonating with OEMs and ecosystem partners, resulting in a large number of ongoing engagements.

One of these engagements is for a wearable product that will be introduced by a top ten smartphone supplier during Q1. This is a particularly exciting design win. This customer has high brand recognition and all of the algorithms used in the design were developed by QuickLogic.

Last week, we initiated sampling of our second sensor hub platform, the ArcticLink 3 S2, which is a pin for pin compatible evolutionary step in our roadmap. The S2 doubles the computational capability, cuts the power consumption by approximately two thirds, reduces our manufacturing cost, and opens sufficient programmable fabric to support the smart connectivity functions that many tier-one OEMs are implementing in mobile FPGAs. During the coming months we will be announcing several catalog CSSPs based on the ArcticLink 3 S2.

A key element of our strategy was to provide customers with a pin-for-pin compatible extension of the S1, so that they could seamlessly transfer their S1 designs to the S2 platform. In fact, this strategy enabled a top ten smartphone OEM to move quickly from our S1 to our S2 platform. We believe we will initiate production shipments of the ArcticLink 3 S2 to support this design during Q4 2014.

This migration strategy is also enabling a Japanese OEM to use our sensor hub design in an innovative wearable product. They initially started the design using our S1, and are scheduled to enter production during Q4 using our S2 platform.

The next platform in our sensor hub roadmap strategy, the ArcticLink 4 S3, is expected to sample during mid-2015. As with our current platforms, the S3 is being developed in close collaboration with mobile OEMs and ecosystem partners, and will allow customers to migrate the intellectual property they develop on the S1 and S2 to the S3 platform. I

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look forward to briefing you on that revolutionary platform during future conference calls.

Success in the sensor hub market requires suppliers to provide complete solutions that include silicon platforms, software algorithms, system level drivers and development systems. Suppliers also need to support a broad spectrum of engagement models – from catalog to full custom solutions. These requirements are very similar to the engagement model we developed years ago to support our core CSSP strategy. We believe this experience provides us with a competitive advantage in the sensor hub market.

We have taken numerous steps to broaden the value proposition we can offer our sensor hub customers. During the last year, we have substantially expanded the size and scope of our dedicated software group to support our sensor hub strategy. This includes algorithm development, software drivers, and system integration tools for both Android and various Real Time Operating Systems. This strategy has resonated with our customers.

Additionally, we implemented a formal Qualified Vendor List or QVL program for sensors. This assures our customers that we have tested and qualified specific sensor devices for use with our platforms. Our engineering team has already qualified sensors from Analog Devices, Bosch, Invensense and STMicro.

Finally, as we announced last month, Steve Whalley has been appointed to our Advisory Board. Steve spent most of his career in various management and executive roles at Intel, and is now the Chief Strategy Officer for the MEMS Industry Group. I'm thrilled Steve has agreed to join us to assist in expanding the value propositions we deliver in the rapidly growing, mobile sensor hub market.

I'll turn the call back over to Ralph for our guidance, and rejoin you briefly before the Q&A session with my closing remarks.

Ralph Marimon, CFO, speaking:
For the third quarter of 2014, we are forecasting total revenue of approximately $4 million, plus or minus 10%.

The $4 million in total revenue is expected to be comprised of approximately $2 million of new product revenue and $2 million of mature product revenue. The decline in new

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product revenue reflects reduced shipments of our display solutions into the tablet segment, as discussed earlier by Andy.

We are forecasting a slight decrease in mature product revenue due to the expected booking rate from our aerospace, test and instrumentation customers.

As in prior quarters, our actual results may vary significantly due to schedule variations from our customers which are beyond our control. Schedule changes for existing opportunities, and projected production start dates for new opportunities, could push or pull shipments between Q3 and Q4 and impact our actual results significantly.

On a non-GAAP basis, we expect gross margin to be approximately 45% plus or minus 3 percent. Gross margin is driven primarily due to the mix of customers and products shipped.

We are currently forecasting non-GAAP operating expenses to be $6 million plus or minus $300 thousand.

Non-GAAP R&D expenses are forecasted to be approximately $3.6 million. The increase in engineering expenses is due to outside service costs related to new chip development and new hires within the engineering organization.

Our non-GAAP SG&A expenses are forecasted to be approximately $2.4 million.

Our other income, expense and taxes will be a charge of up to $60 thousand.

At the midpoint of our guidance, our non-GAAP loss is expected to be approximately $0.08 per share.

Our stock based compensation expense during the third quarter is expected to be approximately $500 thousand.

We expect to use approximately $3 - 3.5 million in cash. The forecasted cash usage is primarily due to the increase in operating expenses related to new chip development which includes higher headcount and outside services expenses as well as capital expenditures.

Before we move to the question and answer section of today's call, let me turn the call back over to Andy for his closing remarks.

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Andy Pease, CEO, speaking:
Given the unexpected decline in display bridge revenue we are forecasting, and the customer production timing of our smart connectivity and sensor hub solutions, I believe it will be difficult for us to report a significant new product revenue increase year on year.

However, we continue to develop traction in smart connectivity and sensor hub applications, and I believe we are well positioned to establish ourselves as a leading supplier in the rapidly growing, mobile sensor hub market.

Due to the quality of our team, the depth of our roadmap, and our engagements at top tier mobile OEMs, I remain very optimistic about QuickLogic's future.

We will now open up the call for questions.

After Q&A:
We thank you for your continued support and look forward to reporting our strategic progress on the next earnings call which is scheduled for Wednesday, October 29th.