

July 23, 2008



QuickLogic Announces Second Quarter Fiscal 2008 Results - CSSP Customer Design Activity Gains Momentum

-- Strong Response to VEE(TM) Technology Launch in Asia Pacific

SUNNYVALE, Calif.--(BUSINESS WIRE)--

QuickLogic Corporation (NASDAQ:QUIK), the lowest power programmable solutions leader, today announced the financial results for its fiscal second quarter ended June 29, 2008.

Total revenue for the second quarter of 2008 was \$8.7 million, down 21 percent from the first quarter of 2008 and up four percent from the second quarter of 2007. The sequential decline in revenue was primarily due to lower end-of-life product revenue. The year-on-year increase in revenue was primarily due to a \$2.0 million increase in new product revenue partially offset by a decline in end-of-life product revenue.

Under generally accepted accounting principles (GAAP), the net loss for the second quarter of 2008 was \$4.7 million, or \$0.16 per share. The second quarter net loss includes previously announced long-lived asset impairment charges of \$2.0 million associated with reduced new product revenue visibility and lower utilization of licensed EDA software, restructuring costs of \$452,000 associated with our operational realignment and \$417,000 for the write-down of our equity investment in Tower Semiconductor Ltd. Collectively these charges totaled \$2.9 million, or \$0.10 per share, and lowered our gross margin by 17.7 percent of revenue. Our second quarter net loss of \$4.7 million compares with a net loss of \$1.4 million, or \$0.05 per share, in the first quarter of 2008 and a net loss of \$2.1 million, or \$0.07 per share, in the second quarter of 2007.

On a non-GAAP basis, the net loss for the second quarter of 2008 was \$929,000, or \$0.03 per share, compared with a net loss of \$712,000, or \$0.02 per share, in the first quarter of 2008 and a net loss of \$1.7 million, or \$0.06 per share, in the second quarter of 2007. Gross margin, on a non-GAAP basis, was 55.7% for the second quarter of 2008 compared with 52.9% for the first quarter of 2008 and 53.3% for the second quarter of 2007.

"Our results were in line with or better than our guidance for the second quarter, and new product revenue was toward the high end of guidance for the quarter," said E. Thomas Hart, chairman, president and CEO. "We are encouraged by the continued growth of customer design activity for our CSSP solutions and the response in Asia Pacific to our Visual Enhancement Engine (VEE) technology launch. During the second quarter we realigned our Company based on expected declines in end-of-life product revenue and limited visibility of new product revenue. This alignment significantly lowers our break-even revenue level while providing us with the capability to use discretionary spending to respond to specific customer opportunities."

Conference Call

QuickLogic will hold a conference call at 2:30 p.m. Pacific Time today, July 23, 2008, to discuss the second quarter financial results. The conference call is being webcast and can be accessed via QuickLogic's website at www.quicklogic.com. To participate, please call (877) 675-4757 by 2:20 p.m. Pacific Time. A recording of the call will be available starting one hour after completion of the call. To access the recording, please call (719) 457-0820 and reference the pass code: 7654670. The call recording will be archived until July 30, 2008 and the webcast will be available for 12 months.

About QuickLogic

QuickLogic Corporation is the inventor and pioneer of innovative, customizable semiconductor solutions for mobile and portable electronics OEMs and ODMs. These silicon plus software solutions are called Customer Specific Standard Products (CSSPs). CSSPs enable our customers to bring their products to market more quickly and remain in the market longer, with the low power, cost and size demanded by the mobile and portable electronics market. For more information about QuickLogic and CSSPs, visit www.quicklogic.com.

Non-GAAP Financial Measures

QuickLogic reports financial information in accordance with GAAP, but believes that non-GAAP financial measures are helpful in evaluating its operating results and comparing its performance to comparable companies. Accordingly, the Company excludes charges related to stock-based compensation, restructuring, long-lived asset impairment, the write-down of the Company's investment in Tower Semiconductor Ltd. and the effect of the write-off of equipment in calculating non-GAAP (i) income (loss) from operations, (ii) net income (loss), (iii) net income (loss) per share, and (iv) gross margin percentage. For a full reconciliation of these GAAP measures to non-GAAP measures, please refer to the schedule on pages 5 and 6 of this press release. The Company provides this non-GAAP information to enable investors to evaluate its operating results in a manner similar to how the Company analyzes its operating results and to provide consistency and comparability with similar companies in the Company's industry.

Management uses the non-GAAP measures, which exclude gains, losses and other charges that are considered by management to be outside of the Company's core operating results, internally to evaluate its operating performance against results in prior periods and its operating plans and forecasts. In addition, the non-GAAP measures are used to plan for the Company's future periods, and serve as a basis for the allocation of Company resources, management of operations and the measurement of profit-dependent cash and equity compensation paid to employees and executive officers.

Investors should note, however, that the non-GAAP financial measures used by QuickLogic may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as that of other companies. QuickLogic does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures alone or as a substitute for financial information prepared in accordance with GAAP. A reconciliation of GAAP financial measures to non-GAAP financial measures is included on pages 5 and 6 of this press release. Investors are encouraged to review the related GAAP financial measures and the

reconciliation of non-GAAP financial measures with their most directly comparable GAAP financial measures.

Safe Harbor Statement Under The Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements relating to the Company's break-even revenue level, ability to respond to specific customer opportunities and new product design activity and revenue generating potential, which is dependent on the market acceptance of our products and the level of customer orders. Actual results could differ materially from the results described in these forward-looking statements. Factors that could cause actual results to differ materially include: delays in the market acceptance of the Company's new products; the ability to convert design opportunities into customer revenue; our ability to replace revenue from end-of-life products; the level and timing of customer design activity; the market acceptance of our customers' products; the risk that new orders may not result in future revenue; our ability to introduce and produce new products based on advanced wafer technology on a timely basis; our ability to adequately market the low power, competitive pricing and short time-to-market of our new products; intense competition, including the introduction of new products by competitors; our ability to hire and retain qualified personnel; changes in product demand or supply; capacity constraints; and general economic conditions. These factors and others are described in more detail in the Company's public reports filed with the Securities and Exchange Commission, including the risks discussed in the "Risk Factors" section in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and in the Company's prior press releases.

QuickLogic, pASIC, PolarPro, QuickPCI and QuickRAM are registered trademarks of and the QuickLogic logo, ArcticLink, Eclipse and VEE are trademarks of QuickLogic. All other brands or trademarks are the property of their respective holders and should be treated as such.

Note to Editors: Financial Tables Follow

QUICKLOGIC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|-----------------|-------------------|------------------|-----------------|
| | June 29, 2008 | July 1, 2007 | March 30, 2008 | June 29, 2008 | July 1, 2007 |
| Revenue | \$ 8,743 | \$ 8,405 | \$ 11,023 | \$ 19,766 | \$14,647 |
| Cost of revenue, excluding inventory write-down and related charges and long-lived asset impairment | 3,810 | 3,216 | 4,302 | 8,112 | 6,152 |
| Inventory write-down and related charges | 172 | 759 | 956 | 1,128 | 3,224 |
| Long-lived asset impairment | 1,545 | -- | -- | 1,545 | -- |
| Gross profit | 3,216 | 4,430 | 5,765 | 8,981 | 5,271 |
| Operating expenses: | | | | | |

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Research and development | 2,610 | 2,339 | 2,821 | 5,431 | 4,626 |
| Selling, general and administrative | 3,970 | 4,387 | 4,320 | 8,290 | 8,980 |
| Long-lived asset impairment | 468 | -- | -- | 468 | -- |
| Restructuring costs | 452 | -- | -- | 452 | -- |
| | ----- | ----- | ----- | ----- | ----- |
| Total operating expenses | 7,500 | 6,726 | 7,141 | 14,641 | 13,606 |
| | ----- | ----- | ----- | ----- | ----- |
| Loss from operations | (4,284) | (2,296) | (1,376) | (5,660) | (8,335) |
| Write-down of investment in Tower Semiconductor Ltd. | (417) | -- | -- | (417) | |
| Interest expense | (72) | (72) | (71) | (143) | (157) |
| Interest income and other, net | 30 | 317 | 104 | 134 | 563 |
| | ----- | ----- | ----- | ----- | ----- |
| Loss before income taxes | (4,743) | (2,051) | (1,343) | (6,086) | (7,929) |
| Provision for income taxes | -- | 27 | 34 | 34 | 42 |
| | ----- | ----- | ----- | ----- | ----- |
| Net loss | \$ (4,743) | \$ (2,078) | \$ (1,377) | \$ (6,120) | \$ (7,971) |
| | ===== | ===== | ===== | ===== | ===== |
| Net loss per share: | | | | | |
| Basic | \$ (0.16) | \$ (0.07) | \$ (0.05) | \$ (0.21) | \$ (0.28) |
| | ===== | ===== | ===== | ===== | ===== |
| Diluted | \$ (0.16) | \$ (0.07) | \$ (0.05) | \$ (0.21) | \$ (0.28) |
| | ===== | ===== | ===== | ===== | ===== |
| Weighted average shares: | | | | | |
| Basic | 29,589 | 28,966 | 29,406 | 29,498 | 28,890 |
| | ===== | ===== | ===== | ===== | ===== |
| Diluted | 29,589 | 28,966 | 29,406 | 29,498 | 28,890 |
| | ===== | ===== | ===== | ===== | ===== |

QUICKLOGIC CORPORATION
SUPPLEMENTAL RECONCILIATIONS OF GAAP AND NON-GAAP FINANCIAL MEASURES
(In thousands, except per share amounts)
(Unaudited)

| | Three Months Ended | | | Six Months Ended | |
|---|--------------------|--------------|------------|------------------|--------------|
| | ----- | | | ----- | |
| | March | | | | |
| | June 29, 2008 | July 1, 2007 | 30, 2008 | June 29, 2008 | July 1, 2007 |
| | ----- | ----- | ----- | ----- | ----- |
| GAAP loss from operations | \$ (4,284) | \$ (2,296) | \$ (1,376) | \$ (5,660) | \$ (8,335) |
| Adjustment for stock-based compensation within: | | | | | |
| Cost of revenue | 106 | 54 | 65 | 171 | 109 |
| Research and development | 196 | 94 | 158 | 354 | 179 |
| Selling, general and administrative | 615 | 280 | 442 | 1,057 | 521 |
| Adjustment for long-lived asset impairment | | | | | |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| within: | | | | | |
| Cost of revenue | 1,545 | -- | -- | 1,545 | -- |
| Operating expenses | 468 | -- | -- | 468 | -- |
| Adjustment for write-off of equipment | | | | | |
| within: | | | | | |
| Selling, general and administrative | 15 | -- | -- | 15 | -- |
| Adjustment for restructuring costs | 452 | -- | -- | 452 | -- |
| | ----- | ----- | ----- | ----- | ----- |
| Non-GAAP loss from operations | \$ (887) | \$ (1,868) | \$ (711) | \$ (1,598) | \$ (7,526) |
| | ===== | ===== | ===== | ===== | ===== |
| GAAP net loss | \$ (4,743) | \$ (2,078) | \$ (1,377) | \$ (6,120) | \$ (7,971) |
| Adjustment for stock-based compensation | | | | | |
| within: | | | | | |
| Cost of revenue | 106 | 54 | 65 | 171 | 109 |
| Research and development | 196 | 94 | 158 | 354 | 179 |
| Selling, general and administrative | 615 | 280 | 442 | 1,057 | 521 |
| Adjustment for long-lived asset impairment | | | | | |
| within: | | | | | |
| Cost of revenue | 1,545 | -- | -- | 1,545 | -- |
| Operating expenses | 468 | -- | -- | 468 | -- |
| Adjustment for write-off of equipment | | | | | |
| within: | | | | | |
| Selling, general and administrative | 15 | -- | -- | 15 | -- |
| Adjustment for restructuring costs | 452 | -- | -- | 452 | -- |
| Adjustment for write-down of investment in Tower Semiconductor Ltd. | 417 | -- | -- | 417 | -- |
| | ----- | ----- | ----- | ----- | ----- |
| Non-GAAP net loss | \$ (929) | \$ (1,650) | \$ (712) | \$ (1,641) | \$ (7,162) |
| | ===== | ===== | ===== | ===== | ===== |
| GAAP net loss per share | \$ (0.16) | \$ (0.07) | \$ (0.05) | \$ (0.21) | \$ (0.28) |
| Adjustment for stock-based compensation | 0.03 | 0.01 | 0.03 | 0.05 | 0.03 |
| Adjustment for long-lived asset impairment | 0.07 | -- | -- | 0.07 | -- |
| Adjustment for write-off of equipment | -- | -- | -- | -- | -- |
| Adjustment for restructuring costs | 0.02 | -- | -- | 0.02 | -- |
| Adjustment for write-down of investment in Tower Semiconductor Ltd. | 0.01 | -- | -- | 0.01 | -- |
| | ----- | ----- | ----- | ----- | ----- |
| Non-GAAP net loss per share | \$ (0.03) | \$ (0.06) | \$ (0.02) | \$ (0.06) | \$ (0.25) |
| | ===== | ===== | ===== | ===== | ===== |

QUICKLOGIC CORPORATION
SUPPLEMENTAL RECONCILIATIONS OF GAAP AND NON-GAAP FINANCIAL MEASURES
(Continued)
(In thousands, except per share amounts)
(Unaudited)

| | Three Months Ended | | | Six Months Ended | |
|---|---------------------|-----------------|----------------------|---------------------|-----------------|
| | June 29, 2008 | July 1, 2007 | March 30, 2008 | June 29, 2008 | July 1, 2007 |
| GAAP weighted average shares | 29,589 | 28,966 | 29,406 | 29,498 | 28,890 |
| Adjustment for stock-based compensation | -- | -- | -- | -- | -- |
| Adjustment for long-lived asset impairment | -- | -- | -- | -- | -- |
| Adjustment for write-off of equipment | -- | -- | -- | -- | -- |
| Adjustment for restructuring costs | -- | -- | -- | -- | -- |
| Adjustment for write-down of investment in Tower Semiconductor Ltd. | -- | -- | -- | -- | -- |
| Non-GAAP weighted average shares | 29,589 | 28,966 | 29,406 | 29,498 | 28,890 |
| GAAP gross margin percentage | 36.8% | 52.7% | 52.3% | 45.4% | 36.0% |
| Adjustment for stock-based compensation | 1.2% | 0.6% | 0.6% | 0.9% | 0.7% |
| Adjustment for long-lived asset impairment | 17.7% | -- | -- | 7.8% | -- |
| Non-GAAP gross margin percentage | 55.7% | 53.3% | 52.9% | 54.1% | 36.7% |

QUICKLOGIC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

| | June 29, 2008 | December 30, 2007 (1) |
|---|------------------|-----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 19,000 | \$ 20,868 |
| Short-term investment in Tower Semiconductor Ltd. | 769 | 1,279 |
| Accounts receivable, net | 2,383 | 2,634 |
| Inventories | 2,991 | 5,770 |
| Other current assets | 1,320 | 1,607 |
| Total current assets | 26,463 | 32,158 |
| Property and equipment, net | 4,400 | 5,877 |

| | | |
|--|-----------|-----------|
| Investment in Tower Semiconductor Ltd. | 387 | 644 |
| Other assets | 1,152 | 2,745 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 32,402 | \$ 41,424 |
| | ===== | ===== |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|--|-----------|-----------|
| Current liabilities: | | |
| Trade payables | \$ 1,430 | \$ 4,207 |
| Accrued liabilities | 2,219 | 2,228 |
| Deferred income on shipments to distributors | 516 | 516 |
| Deferred royalty revenue | 221 | 431 |
| Current portion of debt and capital lease obligations | 2,284 | 2,497 |
| | ----- | ----- |
| Total current liabilities | 6,670 | 9,879 |
| | ----- | ----- |
| Long-term liabilities: | | |
| Debt and capital lease obligations, less current portion | 1,493 | 2,527 |
| | ----- | ----- |
| Total liabilities | 8,163 | 12,406 |
| | ----- | ----- |
| Stockholders' equity: | | |
| Common stock, at par value | 30 | 29 |
| Additional paid-in capital | 168,988 | 167,298 |
| Accumulated other comprehensive income | -- | 350 |
| Accumulated deficit | (144,779) | (138,659) |
| | ----- | ----- |
| Total stockholders' equity | 24,239 | 29,018 |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 32,402 | \$ 41,424 |
| | ===== | ===== |

(1) Derived from the December 30, 2007 audited balance sheet included in the 2007 Annual Report on Form 10-K of QuickLogic Corporation.

QUICKLOGIC CORPORATION SUPPLEMENTAL DATA (Unaudited)

| Percentage of Revenue | | | Change in Revenue | |
|-----------------------|------|------|-------------------|------|
| ----- | | | ----- | |
| | | | Q2 | Q1 |
| | | | 2007 | 2008 |
| | | | to | to |
| Q2 | Q2 | Q1 | Q2 | Q2 |
| 2008 | 2007 | 2008 | 2008 | 2008 |
| ---- | ---- | ---- | ---- | ---- |

COMPOSITION OF REVENUE

| | | | | | |
|-------------------------|-----|-----|-----|-------|-------|
| Revenue by product (1): | | | | | |
| New products | 29% | 7% | 24% | 320% | (1%) |
| Mature products | 53% | 52% | 39% | 5% | 6% |
| End-of-life products | 18% | 41% | 37% | (54%) | (61%) |

Revenue by geography:

| | | | | | |
|---------------|-----|-----|-----|-------|-------|
| North America | 38% | 60% | 45% | (35%) | (33%) |
| Europe | 15% | 20% | 16% | (19%) | (22%) |
| Asia Pacific | 39% | 11% | 31% | 284% | (3%) |
| Japan | 8% | 9% | 8% | (9%) | (22%) |

Revenue by end-customer segment:

| | | | | | |
|--------------------------------|-----|-----|-----|-------|-------|
| Instrumentation and test | 65% | 32% | 52% | 113% | (1%) |
| Military and aerospace systems | 9% | 19% | 9% | (49%) | (19%) |
| Datacom and telecom | 8% | 26% | 23% | (69%) | (72%) |
| Graphics and imaging | 17% | 20% | 14% | (13%) | (6%) |
| Computing | 1% | 3% | 2% | (52%) | (48%) |

(1) The Company changed the definition of its product families in the third quarter of 2007 and has adjusted prior periods to conform to the new definitions. New products include ArcticLink(TM), PolarPro(R), Eclipse(TM) II and QuickPCI(R) II products. Mature products include QuickRAM(R), pASIC(R) 3, Eclipse, QuickDSP and QuickFC products, as well as royalty revenue, programming hardware and software. End-of-life products include pASIC 1, pASIC 2, V3, QuickPCI and QuickMIPS products.

Code: QUIK-E

Source: QuickLogic Corporation