QUICKLOGIC CORPORATION
Form 424B5
June 01, 2012
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-161501

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 1, 2012

PROSPECTUS SUPPLEMENT

(to Prospectus dated September 2, 2009)

Shares of Common Stock

Warrants to Purchase up to Shares of Common Stock

We are offering shares of our common stock and warrants to purchase up to shares of our common stock (and the shares of common stock issuable from time to time upon exercise of these warrants) pursuant to this prospectus supplement and the accompanying prospectus. The common stock and warrants will be sold as units, with each unit consisting of one share of common stock and a 60 month warrant that is immediately exercisable to purchase of a share of common stock at an exercise price of $. The shares of common stock and warrants will be issued separately, but can only be purchased together in this offering. There is no established public trading market for the warrants, and we do not expect a market to develop. In addition, we do not intend to apply for listing of the warrants on any national securities exchange or other nationally recognized trading system. Our common stock is listed on The NASDAQ Global Market under the symbol QUIK. On May 31, 2012, the last reported sale price of our common stock on The NASDAQ Global Market was $2.98 per share.

Investing in our securities involves a high degree of risk. Please read Risk Factors beginning on page S-8 of this prospectus supplement and page 9 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	PER UNIT	TOTAL
Public Offering Price	$	$

Underwriting Discounts and Commissions	$	$
Proceeds to QuickLogic, before expenses	$	$

Delivery of the securities is expected to be made on or about June , 2012. We have granted the underwriter an option exercisable one or more times at any time or from time to time, in whole or in part, for a period of 30 days from the date of this prospectus supplement to purchase up to an additional shares of our common stock and/or warrants to purchase up to shares of our common stock from us at the public offering price for each security, less underwriting discounts and commissions, solely to cover overallotments, if any. If the underwriter exercises this option in full, the total underwriting discounts and commissions payable by us will be $ and the total proceeds to us, before expenses, will be $.

Roth Capital Partners

Prospectus Supplement dated June , 2012.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus that we have authorized for use in connection with this offering. We have not, and the underwriter has not, authorized anyone to provide you with different information. We are not, and the underwriter is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and in any free writing prospectus that we have authorized for use in connection with this offering, is accurate only as of the date of those respective documents. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus that we have authorized for use in connection with this offering, in their entirety before making an investment decision. You should also read and consider the information in the documents to which we have referred you in the sections of this prospectus supplement entitled Where You Can Find More Information and Incorporation of Certain Information by Reference.

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About this Prospectus Supplement

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the securities being offered by us, and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part, the accompanying prospectus, including the documents incorporated by reference, provides more general information, some of which may not apply to this offering of securities. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or in any document incorporated by reference that was filed with the Securities and Exchange Commission, or SEC, before the date of this prospectus supplement, on the other hand, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

Unless the context requires otherwise, references in this prospectus supplement and the accompanying prospectus to QuickLogic, the company, we, us and our refer to QuickLogic Corporation.

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 that we filed on August 21, 2009, with the SEC using a shelf registration process with respect to up to $30,000,000 in securities that may be sold thereunder. The shelf registration statement was declared effective by the SEC on September 2, 2009. We filed a registration statement on Form S-3MEF on June 1, 2012 to increase the amount of securities that may be sold under the shelf registration statement by $3,362,600.

Under the shelf registration process, we may offer and sell any combination of securities described in the accompanying prospectus in one or more offerings. The accompanying prospectus provides you with a general description of the securities we may offer. Each time we use the accompanying prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in the prospectus. The purpose of this prospectus supplement is to provide supplemental information regarding us in connection with this offering of common stock.

This prospectus supplement, the accompanying prospectus and the information incorporated herein and thereby by reference include trademarks, servicemarks and tradenames owned by us or other companies. The name QuickLogic and our logo are our trademarks. All trademarks, servicemarks and tradenames included or incorporated by reference in this prospectus supplement or the accompanying prospectus are the property of their respective owners.

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Prospectus Supplement Summary

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all the information you should consider before investing in our securities. You should read and consider carefully the more detailed information in this prospectus supplement and the accompanying prospectus, including the factors described under the heading Risk Factors in this prospectus supplement and the financial and other information incorporated by reference in this prospectus supplement and the accompanying prospectus, as well as the information included in any free writing prospectus that we have authorized for use in connection with this offering, before making an investment decision.

Company Overview

We develop and market low power customizable semiconductor solutions that enable customers to add new differentiated features to, extend battery life in, and improve their visual experience with their mobile, consumer and enterprise products. Our targeted mobile market segments include Tablets, Smartphones, Broadband Access Data cards, Secure Access Data cards, and Mobile Enterprise. We are a fabless semiconductor company designing Customer Specific Standard Products, or CSSPs, which are complete, customer-specific solutions that include a combination of silicon solution platforms; Proven System Blocks, or PSBs; customer-specific logic; software drivers; and firmware. Our main platform families, ArcticLink and PolarPro, are standard silicon products. PSBs are developed in numerous categories, including Video and Imaging, Storage, Intelligence, Networking and Security. PSBs that have been developed and that are available to customers include our Visual Enhancement Engine, or VEE, Display Power Optimizer, or DPO, Intelligent Brightness Control, or IBC, and Background Color Compensator, or BCC, technologies; SDHD/eMMC Host Controllers; USB 2.0 On-The-Go with PHY; MIPI Host/Device with DPHY, LVDS, MDDI Client with PHY; High Speed UARTs; Pulse Width Modulators; SPI and I2C hosts, display-specific functions such as RGB-split and Frame Recyclers; and Data Performance Manager, or DPM, for accelerated sideloading times.

The variety of PSBs offered by us allows system designers to combine multiple discrete chips onto a single CSSP, simplifying design and board layout, lowering BOM cost, and accelerating time-to-market. The programmable fabric of the platforms is used for adding differentiated features and also provides flexibility to address hardware-based product requirements quickly.

Utilizing a focused customer engagement model, we market CSSPs to Original Equipment Manufacturers, or OEMs, and Original Design Manufacturers, or ODMs, that offer differentiated mobile products. Our solutions enable OEMs and ODMs to add new features, extend battery life, and improve the visual experience of their handheld mobile devices. In addition to working directly with our customers, we partner with other companies with expertise in certain technologies to develop additional intellectual property, reference platforms and system software to provide application solutions. We also work with mobile processor manufacturers and companies that supply storage, networking or graphics components for embedded systems.

We have close relationships with third party manufacturers for our wafer fabrication, package assembly, testing and programming requirements to help ensure stability in the supply of our products and to allow us to focus our internal efforts on product and solution design and sales. We currently outsource our wafer manufacturing, primarily to TSMC, eSilicon and TowerJazz. TSMC manufactures our pASIC 3, QuickRAM and certain QuickPCI products using a four-layer metal, 0.35 micron complementary metal oxide semiconductor, or CMOS, process. TSMC also manufactures our Eclipse and other mature products using a five-layer metal, 0.25 micron CMOS process on eight-inch wafers. eSilicon manufacturers our ArcticLink III VX products using a 7-layer metal, 65nm CMOS process on twelve-inch wafers. TowerJazz manufactures our new products, using a six-layer metal, 0.18 micron CMOS process. We purchase products from TSMC, eSilicon,andTowerJazz on a purchase order basis. We outsource our product packaging, testing and programming primarily to Amkor Technology, Inc

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and Unisem (M) Berhard. Outsourcing of wafer manufacturing enables us to take advantage of the high volume economies of scale offered by these suppliers. We may establish additional foundry relationships as such arrangements become economically useful or technically necessary.

A number of companies offer products that compete with one or more of our products and solutions. Our existing competitors for CSSPs include: (i) suppliers of ASSPs such as Cypress Semiconductor; (ii) suppliers of mobile and/or application processors, such as MediaTek; and (iii) suppliers of ASICs, such as eASIC and NEC. Our existing competitors for FPGAs include: (a) suppliers of CPLDs, such as Lattice Semiconductor and Altera; and (b) suppliers of FPGAs, such as Altera and Xilinx.

ASSPs offer proven functionality which reduces development time, risk and cost, but it is difficult to offer a differentiated product using standard devices, and ASSPs that meet the system design objectives are not always available. Programmable logic may be used to create custom functions that provide product differentiation or make up for deficiencies in available ASSPs. PLDs require more designer input since the designer has to develop and integrate the IP and may have to develop the software to drive the IP. PLDs are more expensive and consume more power than ASSPs or ASICs, but they offer fast time-to-market and are typically reprogrammable. ASICs have a large development cost and risk and a long time to market. As a result ASICs are generally only used for single designs with very high volumes. CSSPs enable custom functions and system designs with fast time-to-market and longer time-in-market since they are customized by us using our solution platforms that contain programmable logic. In addition, because they are complete solutions, they reduce the system development cost and risk. Finally, CSSPs are very energy efficient as a result of our programmable logic and how we intelligently architect our PSBs. They are very suitable for OEMs or ODMs offering mobile differentiated products.

Our future success will depend to a large extent on our ability to rapidly develop, enhance and introduce CSSPs that meet emerging industry standards and satisfy changing customer requirements. We have made and expect to continue to make substantial investments in research and development. Our research and development expenses in 2011, 2010 and 2009 were $9.8 million (47% of revenue), $7.5 million (29% of revenue) and $6.2 million (41% of revenue), respectively. As of the end of 2011, our research and development staff consisted of 28 employees located in California, India, and Canada.

We continue to transition from being a broad-based supplier of FPGA devices to being a supplier of CSSPs. In order to grow our revenue from its current level, we will be dependent upon increased revenue from our new products including existing new product platforms and platforms still in development. We expect our business growth to be driven by CSSPs and our CSSP revenue growth needs to be strong enough to enable us to sustain profitability while we continue to invest in the development, sales, and marketing of our new solution platforms, PSBs and CSSPs. The gross margin associated with our CSSPs is generally lower than the gross margin of our FPGA products, due primarily to the price sensitive nature of the higher volume mobile consumer opportunities that we are pursuing with CSSPs.

During the first quarter of 2012, we generated total revenue of $4.1 million, which represents a 26% decrease from the first quarter of 2011. Our new product revenue was $1.6 million, which represents a 34% increase while our mature product revenue was $2.5 million, which represents a 42% decrease year over year. In the first quarter of 2012, we shipped our new products into three out of our five target mobile market segments: Smartphones, Broadband Access Data Cards and Mobile Enterprise. Demand for our mature products declined in fiscal 2011 and remained flat in the first quarter of 2012. We anticipate that our revenue from mature products will not increase to former levels, but will continue to decline over time. Overall, we reported a net loss of $3.7 million for the first quarter of 2012.

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Corporate Information

We were founded in 1988 and reincorporated in Delaware in 1999. Our principal executive offices are located at 1277 Orleans Drive, Sunnyvale, California 94089-1138. Our telephone number is (408) 990-4000 and our website is www.quicklogic.com. The information available on or accessible through our website does not constitute a part of this prospectus supplement or the accompanying prospectus and should not be relied upon.

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The Offering

Common stock offered by us	**shares**
Common stock outstanding before this offering	**shares** [(1)]
Common stock to be outstanding after this offering	**shares**

(1) The number of shares of common stock to be outstanding immediately before and after this offering as shown above is based on 38,697,218 shares of common stock outstanding as of May 1, 2012 and excludes an aggregate of 7,104,046 shares of common stock subject to outstanding options and restricted stock awards, 3,257,526 shares of common stock reserved for issuance under our equity incentive plans, and 1,936,344 shares of common stock issuable upon exercise of outstanding warrants.

Warrants

We are offering warrants to purchase up to shares of common stock, which will be exercisable during the period commencing on the date of original issuance and ending 60 months from such date at an exercise price of $ per share of common stock. This prospectus supplement also relates to the offering of the shares of common stock issuable upon exercise of the warrants. There is no established public trading market for the warrants, and we do not expect a market to develop. In addition, we do not intend to apply for listing of the warrants on any national securities exchange or other nationally recognized trading system.

Overallotment Option

We have granted the underwriter an option to purchase up to additional shares of our common stock and/or warrants to purchase up to shares of our common stock to cover overallotments, if any. This option is exercisable one or more times at any time or from time to time, in whole or in part, for a period of 30 days from the date of this prospectus supplement.

Use of Proceeds

We expect to use the net proceeds from this offering for working capital and other general corporate purposes. We may also use a portion of the net proceeds for licensing or acquiring intellectual property or technologies to incorporate in our products, capital expenditures, to fund possible investments in and acquisitions of complimentary businesses, partnerships, minority investments or to repay debts. See Use of Proceeds.

NASDAQ Global Market Listing

Our common stock is listed on The NASDAQ Global Market under the symbol QUIK.

Risk Factors

Investing in our securities involves a high degree of risk. See Risk Factors beginning on page S-8 of this prospectus supplement and on page 9 of the accompanying prospectus, and beginning on page 12 of our Annual Report on Form 10-K for the year ended January 1, 2012, which Annual Report is incorporated herein by reference.

Outstanding Shares

The number of shares of common stock to be outstanding immediately after this offering is based on 38,697,218 shares outstanding as of May 1, 2012 and excludes as of this date:

- 7,102,446 shares of common stock issuable upon the exercise of stock options outstanding as of May 1, 2012 with a weighted-average exercise price of $2.52 per share;

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- 1,600 unvested restricted stock units as of May 1, 2012; and

- 3,257,526 shares of common stock reserved for future issuance under our equity incentive plans as of May 1, 2012.

- 1,936,344 shares of common stock issuable upon exercise of outstanding warrants.

Except as otherwise indicated, all information in this prospectus assumes no exercise by the underwriter of its overallotment option.

Certain of our executive officers and directors, including our Executive Chairman of the Board, have plans meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which may lead to the sale of a *de minimis* number of shares of our common stock during the 90 days following the date of this prospectus supplement.

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Summary Financial Data

The table below presents summary statements of operations and balance sheet data. The summary financial data for the years ended January 3, 2010 through January 1, 2012 are derived from our audited financial statements for those periods. We derived the summary financial data as of April 3, 2011 and April 1, 2012 and for the three months ended April 3, 2011 and April 1, 2012 from our unaudited financial statements. The unaudited financial statement data includes, in our opinion, all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair presentation of our financial position and results of operations for these periods. This information is only a summary. You should read this data in conjunction with our historical financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our annual report, quarterly reports and other information on file with the SEC that is incorporated by reference in this prospectus supplement and the accompanying prospectus. For more details on how you can obtain our SEC reports and other information, you should read the section of this prospectus supplement entitled Where You Can Find More Information. Our results of operations are for historical periods and are not necessarily indicative of results of operations for future periods.

Consolidated Statements of Operations Data

	Year Ended			Three Months Ended	
	January 3, 2010	**January 2, 2011**	**January 1, 2012**	**April 3, 2011**	**April 1, 2012**
Revenue	$ 15,074	$ 26,199	$ 20,969	$ 5,547	$ 4,130
Cost of revenue, excluding inventory write-down and related charges	7,715	9,609	8,517	1,821	2,042
Inventory write-down and related charges				118	329
Long-lived asset impairment	150				
Gross profit	7,209	16,590	12,452	3,608	1,759
Operating expenses:					
Research and development	6,203	7,458	9,836	1,803	2,802
Selling, general and administrative	10,617	10,073	9,965	2,607	2,697
Restructuring costs	59				
Income (loss) from operations	(9,670)	(941)	(7,349)	(802)	(3,740)
Interest expense	(93)	(67)	(36)	(8)	(13)
Interest income and other (expense), net	(54)	947	(159)	(4)	(13)
Income (loss) before income taxes	(9,817)	(61)	(7,544)	(814)	(3,766)
Provision for (benefit from) income taxes	(63)	(184)	50	64	(45)
Net income (loss)	$ (9,754)	$ 123	$ (7,594)	$ (878)	$ (3,721)
Net income (loss) per share:					
Basic	$ (0.32)	$ 0.00	$ (0.21)	$ (0.02)	$ (0.10)
Diluted	$ (0.32)	$ 0.00	$ (0.21)	$ (0.02)	$ (0.10)
Weighted average shares:					
Basic	30,739	35,729	36,792	36,495	38,495
Diluted	30,739	39,038	36,792	36,495	38,495

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Consolidated Balance Sheet Data:

		As of			As of
	January 3, 2010	**January 2, 2011**	**January 1, 2012**	**April 3, 2011**	**April 1, 2012**
ASSETS					
Current assets:					
Cash and cash equivalents	$ 18,195	$ 21,956	$ 20,203	$ 22,498	$ 17,223
Short-term investment in TowerJazz Semiconductor Ltd.	868	909	406	870	567
Accounts receivable, net	2,457	4,143	1,585	3,690	1,660
Inventories	2,119	3,344	3,764	3,962	3,117
Other current assets	536	772	613	814	1,049
Total current assets	24,175	31,124	26,571	31,834	23,616
Property and equipment, net					