

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

QUICKLOGIC CORPORATION

CIK: **882508** | IRS No.: **770188504** | State of Incorpor.: **CA** | Fiscal Year End: **1231**
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SIC: **3674** Semiconductors & related devices

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **April 26, 2005**

QuickLogic Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-22671

(Commission File Number)

77-0188504

(IRS Employer Identification No.)

1277 Orleans Drive, Sunnyvale, CA

(Address of principal executive offices)

94089-1138

(Zip Code)

Registrant's telephone number, including area code **(408) 990-4000**

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 1 - Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

On January 27, 2005, the Compensation Committee of the Board (the "Compensation Committee") of QuickLogic Corporation (the "Company") approved an increase to the annual planned compensation of Jeffrey Sexton, Timothy Saxe and Carl Mills equal to 16.0%, 16.7% and 19.0%, respectively, of their planned compensation in effect prior to such increase. The increased compensation for Mr. Mills is retroactive to January 1, 2005, and will be paid beginning in May 2005. The increased compensation for Messrs. Sexton and Saxe is being phased in during 2005; 25% of the increase is retroactive to January 1, 2005 and will be paid beginning in May 2005, and the remainder will be paid based on the attainment by the Company of specified milestones. This is the first increase in the annual planned compensation of these named executive officers since they joined the Company in 2001 and 2002, respectively. Additionally, the Compensation Committee approved the payment of a cash bonus in the amount of \$10,000 to Carl Mills, which bonus will be paid in May 2005.

During 2003 and 2004, the Compensation Committee of the Board of Directors decided to delay the implementation of outside director fees until the Company returned to profitability. On April 26, 2005 the Compensation Committee approved the 2005 cash compensation for non-employee directors, effective beginning January 1, 2005. All directors who are not employees of the Company will receive an annual retainer of \$20,000 for serving as a director of the Company. The chairs of the Audit Committee and Compensation Committee will receive additional annual retainers of \$3,000 and \$2,000, respectively. Members of the Audit Committee and Compensation Committee will 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. Directors who are not employees of the Company will receive a fee of \$1,000 for each Board, Audit Committee or Compensation Committee meeting attended in person, \$500 for each Board meeting attended by phone conference and \$300 for each committee meeting attended by phone conference. In addition to the cash compensation, the Board approved option grants to be made on May 2, 2005 under the Company's 1999 Stock Plan to the directors who are not employees of the Company. Gary H. Tauss, Michael S. Callahan and Arturo Krueger, members of the Company's Audit Committee, each will receive an option to purchase 10,000 shares of the Company's common stock. Donald P. Beadle will receive an option to purchase 7,000 shares of the Company's stock. The options will vest in equal monthly installments over a one-year period.

During 2004, executive officers' planned salary compensation consisted of salaries divided into fixed and variable components (collectively the "planned salary compensation"). The variable component was approximately 30% of the total planned salary compensation for each executive officer. On April 26, 2005 the Compensation Committee approved the QuickLogic Corporation Executive Bonus Plan (the "Plan"), effective beginning January 1, 2005. Under the Plan, executive officers and other key employees, as designated by the Compensation Committee, may be entitled to participate in a cash compensation plan consisting of planned salary compensation and cash bonus awards. Except with respect to Messrs. Sexton, Saxe and Mills, total planned compensation for our executive officers has not changed for 2005; rather, a portion of each participants' planned compensation will now be earned in the form of a cash bonus award and the remainder will be earned in the form of planned salary compensation. The Plan places a portion of 2005 compensation at risk, since participants must achieve certain performance thresholds to earn cash

bonus awards under the Plan. In addition, the Plan increases cash bonus awards when performance exceeds Plan objectives. The Plan is intended to increase shareholder value and the success of the Company by motivating key employees (a) to perform to the best of their abilities, and (b) to achieve the Company's objectives.

Under the Plan, participants will be eligible to earn cash bonus awards based upon the achievement of certain performance goals and objectives relating to the Company and/or each individual participant. The Compensation Committee will establish quarterly and/or annual performance goals and objectives for the Plan. Following the end of each performance period, the Compensation Committee will determine the extent to which the performance goals and objectives were obtained. Based on this assessment, eligible participants in the Plan will earn a bonus award in an amount equal to a percentage of such participant's target bonus.

On April 26, 2005, the Compensation Committee established the 2005 target bonuses and performance goals under the Plan. A portion of each participant's target bonus is based upon the Company's achievement of a revenue objective (the "Plan Revenue Objective"), and a portion of each participant's target bonus is dependent upon the Company's achievement of an operating income objective (the "Plan Profit Objective"). The Company must achieve a certain threshold for participants to earn a bonus against the Plan Revenue Objective, and the Company must achieve a certain threshold for participants to earn a bonus against the Plan Profit Objective. Quarterly bonuses are adjusted for the level of the Company's performance during the quarter in question, and may range from 80% to 100% of the quarterly target

bonus amounts. Annually bonuses are adjusted for the level of the Company's achievement, and may range from 80% to 200% or more of the target bonus amounts. The Chief Executive Officer's target bonus is currently 18% of his annual planned salary compensation and each of the other participating executive officers has a target bonus currently equal to 15% to 20% of their annual planned salary compensation.

The Plan also continues the Company's variable pay program. The variable pay program ties a portion of the participants' salary compensation to the Company's achievement of quarterly and/or annual revenue and operating income targets established by the Compensation Committee. Under the program, if the Company achieves 100% of both targets, the participant will receive 100% of his planned salary compensation. If the Company achieves less than 100% of the targets, then the participant's planned salary compensation is decreased accordingly, by a maximum amount equal to the variable portion of his or her planned salary compensation. If, on an annual basis, the Company exceeds 100% of revenue or operating income targets, the participant will receive a corresponding variable pay bonus on top of his or her planned salary compensation in an amount equal to 0% to 100% or more of his or her planned variable pay.

On April 26, 2005, the Compensation Committee established the 2005 variable pay amounts and performance goals under the Plan. A portion of each participant's planned salary compensation is based upon the Company's achievement of a revenue target, and a

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portion of each participant's planned salary compensation is dependent upon the Company's achievement of an operating income target. The Chief Executive Officer's variable pay is currently 18% of his annual planned salary compensation, and variable pay currently represents 15% to 20% of annual planned salary compensation for each other participating executive officer.

The foregoing description of the Plan does not purport to be complete and is qualified in its entirety by reference to the Plan, a copy of which is attached hereto as Exhibit 10.19 and incorporated herein by reference.

Section 9 – Financial Statements and Exhibits

Item 9.01(c) Exhibits.

10.19 2005 Executive Bonus Plan

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 2, 2005

QuickLogic Corporation

/s/ Carl M. Mills

Carl M. Mills

Vice President, Finance and Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number

Description

QUICKLOGIC CORPORATION

2005 EXECUTIVE BONUS PLAN

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QUICKLOGIC CORPORATION

2005 EXECUTIVE BONUS PLAN

SECTION 1

BACKGROUND, PURPOSE AND DURATION

1.1 Effective Date. The Compensation Committee of the Board adopted the Plan effective as of January 1, 2005.

1.2 Purpose of the Plan. The Plan is intended to increase shareholder value and the success of the Company by motivating key employees (a) to perform to the best of their abilities, and (b) to achieve the Company' s objectives.

SECTION 2

DEFINITIONS

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

2.1 “Actual Award” means as to any Performance Period, the actual award (if any) payable to a Participant for the Performance Period, subject to the Committee’s authority under Section 3.3 to modify the award.

2.2 “Affiliate” means any corporation or other entity (including, but not limited to, partnerships and joint ventures) controlled by the Company.

2.3 “Board” means the Board of Directors of the Company.

2.4 “Code” means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated thereunder, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

2.5 “Committee” means the committee appointed by the Board (pursuant to Section 6.1) to administer the Plan. Until otherwise determined by the Board, (a) the Company’s Compensation Committee shall constitute the Committee, and (b) for administrative convenience, the independent, non-employee members of the Board also may act as the Committee from time to time.

2.6 “Company” means QuickLogic Corporation, a Delaware corporation, or any successor thereto.

2.7 “Disability” means a permanent and total disability determined in accordance with uniform and nondiscriminatory standards adopted by the Committee from time to time.

2.8 “Employee” means any employee of the Company or of an Affiliate at the level of Vice President or above, whether such individual is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

2.9 “Participant” means as to any Performance Period, an Employee who has been selected by the Committee for participation in the Plan for that Performance Period.

2.10 “Performance Period” means any fiscal year of the Company or such other shorter period of time as determined by the Committee.

2.11 “Plan” means the QuickLogic Corporation 2005 Executive Bonus Plan, as set forth in this instrument and as hereafter amended from time to time.

2.12 “Target Award” means the target award payable under the Plan to a Participant for the Performance Period, as determined by the Committee in accordance with Section 3.2.

2.13 “Termination of Service” means a cessation of the employee-employer relationship between an Employee and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, retirement, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous reemployment by the Company or an Affiliate.

SECTION 3

SELECTION OF PARTICIPANTS AND DETERMINATION OF AWARDS

3.1 Selection of Participants. The Committee, in its sole discretion, shall select the Employees who shall be Participants for any Performance Period. Participation in the Plan is in the sole discretion of the Committee, on a Performance Period by Performance Period basis. Accordingly, an Employee who is a Participant for a given Performance Period in no way is guaranteed or assured of being selected for participation in any subsequent Performance Period or Periods.

3.2 Determination of Target Awards. The Committee, in its sole discretion, shall establish a Target Award for each Participant.

3.3 Discretion to Modify Awards. Notwithstanding any contrary provision of the Plan, the Committee may, in its sole discretion and at any time increase, reduce or eliminate a Participant’s Actual Award. The Committee may determine the amount of any

reduction on the basis of such factors as it deems relevant, and shall not be required to establish any allocation or weighting with respect to the factors it considers.

3.4 Discretion to Determine Criteria. Notwithstanding any contrary provision of the Plan, the Committee shall, in its sole discretion, determine the performance requirements applicable to any Target Award. The requirements may be on the basis of any factors the Committee determines relevant, and may be on an individual, divisional, business unit or Company-wide basis. Failure to meet the requirements will result in a failure to earn the Target Award, except as provided in Section 3.3.

SECTION 4 PAYMENT OF AWARDS

4.1 Right to Receive Payment. Each Actual Award shall be paid solely from the general assets of the Company. Nothing in this Plan shall be construed to create a trust or to establish or evidence any Participant's claim of any right other than as an unsecured general creditor with respect to any payment to which he or she may be entitled.

4.2 Timing of Payment. Payment of each Actual Award shall be made as soon as practicable as determined by the Committee after the end of the Performance Period during which the Actual Award was earned, but in no event later than two and a half months after the end of the Performance Period. Unless otherwise determined by the Committee, a Participant must be employed by the Company or any Affiliate on the last day of the Performance Period to receive a payment under the Plan.

4.3 Form of Payment. Each Actual Award shall be paid in cash (or its equivalent) in a single lump sum.

4.4 Payment in the Event of Death or Disability. If a Participant dies or becomes Disabled prior to the payment of an Actual Award earned by him or her prior to death or Disability for a prior Performance Period, the Actual Award shall be paid to his or her estate or to the Participant, as the case may be, subject to the Committee's discretion to reduce or eliminate any Actual Award otherwise payable.

SECTION 5 VARIABLE PAY PROGRAM

At its discretion, the Committee may also establish a variable pay program under the Plan. The program may result in (i) an increase or decrease in an eligible employee's planned salary compensation and/or (ii) a bonus payment, based on the Company's achievement of performance objectives to be established by the Committee.

SECTION 6 ADMINISTRATION

6.1 Committee is the Administrator. The Plan shall be administered by the Committee. The Committee shall consist of not less than two (2) independent members of the Board. The

members of the Committee shall be appointed from time to time by, and serve at the pleasure of, the Board.

6.2 Committee Authority. It shall be the duty of the Committee to administer the Plan in accordance with the Plan's provisions. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (a) determine which Employees shall be granted awards, (b) prescribe the terms and conditions of awards (including the provisions of the variable pay program), (c) interpret the Plan and the awards, (d) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside of the United States, (e) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (f) interpret, amend or revoke any such rules.

6.3 Decisions Binding. All determinations and decisions made by the Committee, the Board, and any delegate of the Committee pursuant to the provisions of the Plan shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law.

6.4 Delegation by the Committee. The Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or part of its authority and powers under the Plan to one or more independent directors and/or one or more officers of the Company.

SECTION 7 GENERAL PROVISIONS

7.1 Tax Withholding. The Company shall withhold all applicable taxes from any Actual Award, including any federal, state and local taxes (including, but not limited to, the Participant's FICA and SDI obligations).

7.2 No Effect on Employment or Service. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Affiliates (or between Affiliates) shall not be deemed a Termination of Service. Employment with the Company and its Affiliates is on an at-will basis only. The Company expressly reserves the right, which may be exercised at any time and without regard to when during a Performance Period such exercise occurs, to terminate any individual's employment with or without cause, and to treat him or her without regard to the effect that such treatment might have upon him or her as a Participant.

7.3 Participation. No Employee shall have the right to be selected to receive an award under this Plan, or, having been so selected, to be selected to receive a future award.

7.4 Successors. All obligations of the Company under the Plan, with respect to awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

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7.5 Beneficiary Designations. If permitted by the Committee, a Participant under the Plan may name a beneficiary or beneficiaries to whom any vested but unpaid award shall be paid in the event of the Participant's death. Each such designation shall revoke all prior designations by the Participant and shall be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

7.6 Nontransferability of Awards. No award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, or to the limited extent provided in Section 7.5. All rights with respect to an award granted to a Participant shall be available during his or her lifetime only to the Participant.

SECTION 8 AMENDMENT, TERMINATION AND DURATION

8.1 Amendment, Suspension or Termination. The Board, in its sole discretion, may amend or terminate the Plan, or any part thereof, at any time and for any reason. The amendment, suspension or termination of the Plan shall not, without the consent of the Participant, alter or impair any rights or obligations under any Actual Award theretofore earned by such Participant. No award may be granted during any period of suspension or after termination of the Plan.

8.2 Duration of the Plan. The Plan shall commence on the date specified herein, and subject to Section 8.1 (regarding the Board's right to amend or terminate the Plan), shall remain in effect thereafter.

SECTION 9 LEGAL CONSTRUCTION

9.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

9.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

9.3 Requirements of Law. The granting of awards under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

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9.4 Governing Law. The Plan and all awards shall be construed in accordance with and governed by the laws of the State of California, but without regard to its conflict of law provisions.

9.5 Captions. Captions are provided herein for convenience only, and shall not serve as a basis for interpretation or construction of the Plan.

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