



FormFactor, Inc.

Corporate Governance Guidelines

1. **Introduction.** The Board of Directors (the “Board”) of FormFactor, Inc. (the “Company”) has established the following guidelines which, along with the Company’s Certificate of Incorporation, by-laws and the charters of the Board committees, provide the Company’s framework for governance. The Board will periodically review these guidelines and reserves the right to amend or modify them from time-to-time as the Board deems necessary or appropriate.
2. **Composition of the Board.**
 - a. **Size of the Board.** The number of directors on the Board shall be fixed from time to time by resolution of the Board of Directors.
 - b. **Mix of Inside and Outside Directors.** The Board believes as a matter of policy that there should be at least a majority of independent directors on the Board. In addition, each member of the Company’s Audit Committee, Compensation Committee and Governance Committee shall be an independent director.
 - c. **Board Definition of Independence for Outside Directors.** The Company defines “independent directors” pursuant to the rules of the US Securities and Exchange Commission and of the Nasdaq Global Market (the “Independence Rules”), and such definition in this policy shall change as and when the definition in such Independence Rules change.
 - d. **Term Limits.** There is currently no limitation on the number of terms a director may serve. While term limits could promote a diversity of viewpoints available to the Board, they hold the disadvantage of causing the loss of the contribution of directors who have developed, over a period of time, deep insight into the Company and its needs and operations.
 - e. **Limit on Other Boards.** No director shall serve as (i) a member of the Board of Directors of more than four public companies, including the Company Board, or (ii) a member of more than three public companies, including the Company Board, if the director is also CEO of a public company, unless the Governance Committee of the Company Board pre-approves the position after concluding that the Board member will remain an active and effective member of the Company’s Board. Any Director who proposes to join the board of another company, public or private, should give notice of this intention to the Governance Committee.
 - f. **Retirement Policy.** The Company does not have a mandatory retirement age for directors.

g. Separation of the positions of Chairperson and CEO. The Board's current policy is that the positions of Chairperson (or Executive Chairperson) of the Board and Chief Executive Officer are to be held by separate persons. In addition to his or her duties as Chairperson, the Chairperson, if the Chairperson is an independent director as defined in Section 2.c, then the Chairperson shall act as the lead independent director, responsible for coordinating the activities of the other independent directors. If the Chairperson is not an independent director, then the Board shall appoint an independent director as lead independent director, who shall be responsible for coordinating the activities of the other independent directors. This guideline will be reviewed periodically by the Board and may be amended or modified from time to time.

3. Impact of Director Changes.

a. Change in Position. Each director will tender his or her resignation to the Chairperson of the Board and to the Chairperson of the Governance Committee upon a change in position or responsibility in his or her principal occupation. Such committee shall review the circumstances to determine whether continued Board membership is appropriate and recommend to the Board acceptance or rejection of the resignation.

b. Former Executive Officer's Board Membership. When a Chief Executive Officer or any other employee director resigns from such position, he or she should offer to resign from the Board at the same time. Whether or not the individual continues to serve on the Board is a matter for Board discussion.

c. Directors Emeritus; Chairperson Emeritus. The Board may, by resolution adopted by a majority of the whole Board, appoint a director or former director who has served the Company with distinction as a director emeritus or chairperson emeritus. Such appointment shall in each case be for a term expiring at the next annual meeting of stockholders but shall be subject to renewal, by the same vote, at the meeting of the Board immediately following the annual meeting. A director emeritus or chairperson emeritus shall not be considered a member of the Board of Directors, but shall be a consultant to the Board and, in such capacity, shall be invited to attend all meetings of the Board and such meetings of the committees of the Board as the Chairperson of the Board shall determine to be appropriate. For his or her services, a director emeritus or chairperson emeritus shall be entitled to receive the same compensation for meetings actually attended as members of the Board of Directors if he/she so desires, but shall not be entitled to receive any annual or other periodic fee or retainer paid to members of the Board.

4. New Directors.

a. Board Membership Criteria. The Governance Committee will review with the Board at least annually the appropriateness of the current make-up of the Board and the appropriate skills and characteristics required of Board members. Factors considered by the Board in its review include demonstrated outstanding achievement in the prospective Board member's personal career; breadth of experience;

soundness of judgment; ability to make independent, analytical inquiries; diversity of viewpoints and experience; and willingness to devote adequate time.

b. Selection of New Director Candidates. The Board is responsible for identifying and evaluating nominees for appointment to the Board, including for the proposed slate of director nominees submitted for election at the Company's annual meeting of stockholders. Only independent directors will act on Board nominees. If the Board has appointed a director either to fill a vacancy or to fill a new position, then such director shall stand for election at the following annual meeting of stockholders (or, if proxy materials for such meeting have already been distributed, at the next succeeding annual meeting).

5. Conduct of Board Meetings. Meetings of the Board of Directors shall be presided over by the Chairperson of the Board, or in such person's absence, first by the lead independent director if that person is not the Chairperson, and then by the Chief Executive Officer, or in such person's absence, by a chairperson chosen at the meeting. The conduct of meetings of the Board will be governed as follows:

a. Selection of Agenda Items for Board Meetings. The Chairperson of the Board, in consultation with the Chief Executive Officer, will establish the agenda for each Board meeting and distribute it in advance to the Board. Each Board member shall be free to suggest the inclusion of items on the agenda, request the presence of or a report by any member of the Company's management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

b. Board Materials Made Available in Advance. Advance distribution of materials conserves Board meeting time and allows discussion time to be focused on questions that members of the Board have about the material. Accordingly, there will be distributed or otherwise made available in advance of each meeting of the Board appropriate written material relating to substantive agenda items. Each director is expected to review the materials prior to the Board meeting. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance of the meeting.

c. Regular Attendance of Non-Directors at Board Meetings. The Board welcomes the regular attendance at each Board meeting (for the regular or open session, but not for the executive or closed session) of non-Board members who are in responsible senior management or advisory positions at the Company.

6. Ethical Compliance Standard. The Board expects its directors, as well as officers and employees, to act ethically. Directors are expected to adhere to the Company's Corporate Code of Business Conduct.

7. Access to Employees, Independent Advisors and Board Presentations. The Board has complete access to contact and meet with any Company employee. Notwithstanding this, Board members should use their judgment to be sure that contact with management is not distracting to the operation of the Company and that such contact be coordinated, to the extent reasonably practicable, with the Chief Executive Officer or the Chairperson of the Board or Corporate Secretary.

The Board encourages management to schedule senior manager level (and above) individuals to present at Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas, and are persons that management believes should be given exposure to the Board. The Board also may retain at Company expense such outside legal, accounting and other advisors as the Board or its committees may deem necessary or appropriate in order to carry out its functions and responsibilities.

8. **Executive Sessions of Independent Directors.** The independent directors of the Board should meet separately as a group as part of each regular Board meeting. The format of these meetings may include a discussion with the Chief Executive Officer on each occasion.
9. **Board Compensation and Review.** The form and amount of fees paid to independent directors for serving on the Board and its committees should be competitive in light of industry practices and the obligations imposed by such service. In order to align the long-term interests of the directors with those of stockholders, a portion of director compensation should be provided in equity-based compensation (which shall be held consistent with any then-applicable Company stock ownership guidelines).

Employee directors will not be paid for Board membership in addition to their regular employee compensation. Changes in Board compensation, if any, should come at the recommendation of the Compensation Committee, but with discussion and concurrence by the full Board.

10. Performance Evaluations.

- a. **Assessing the Board's Performance.** The Governance Committee is responsible for evaluating, at least annually, the performance of the Board and the Board committees, and overseeing the Board and committee performance evaluation process. The Governance Committee shall administer, and report to the Board as to the results of a self-evaluation on an annual basis, which shall cover the Board, each standing committee and the individual performance of each director.
- b. **Formal Evaluation of Chief Executive Officer.** The independent directors, in conjunction with the company's review process for employees, will perform an annual evaluation of the Chief Executive Officer.
- c. **Succession Planning and Management Development.** The Chief Executive Officer reviews succession planning and management development with the Board on a regular basis.

11. **Committees of the Board.** The committee structure of the Board shall consist at least of an Audit Committee and a Compensation Committee, the members of both such committees shall consist entirely of independent directors, and a Governance Committee. The Board shall establish other committees, as it deems appropriate.

- a. **Assignment of Committee Members.** The Governance Committee is responsible for evaluating and making recommendations to the Board concerning the appointment of directors to Board committees and the selection of Board committee chairpersons. This evaluation process is performed in consultation with the Chairperson of the Board and the Chief Executive Officer, and with consideration of the desires of individual Board members.
 - b. **Frequency of Committee Meetings.** The Compensation Committee and Governance Committee shall meet at least three times during the Company's fiscal year and more frequently if and as the respective Committee determines appropriate. The Audit Committee shall hold such regular or special meetings as its members or the chairperson shall deem necessary or appropriate, and in all events meet at least once each quarter. The Audit Committee shall meet at least once each quarter with the independent auditors out of the presence of management to discuss internal controls, the fullness and accuracy of the Company's financial statements and any other matters that the Audit Committee or these groups believe should be addressed privately with the Audit Committee. The Audit Committee members, or the Chairperson of the Audit Committee on behalf of all of the Audit Committee members, shall communicate with management and the independent auditors at least once per quarter in connection with their review of the Company's financial statements.
 - c. **Committee Charter.** Each Committee, unless otherwise directed by the Board, shall adopt a charter which shall be subject to periodic review by the Board.
- 12. Director Education and Orientation.** The Chief Executive Officer in conjunction with management is responsible for new-director orientation programs and for director continuing education programs. New Board members shall participate in an orientation program that includes written materials, meetings with key management personnel and, as appropriate, visits to Company facilities. The program, which shall be updated and revised as appropriate, shall be designed to familiarize new directors with the Company's businesses, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. Directors are also encouraged to participate in continuing educational programs in order to maintain the necessary level of expertise to perform their responsibilities. The Company shall pay a pro-rata share of tuition and expenses associated with attending such programs. The proportion to be shared by the Company shall be based on the number of other public company boards on which the director serves.
- 13. Board Interaction with Outside Parties.** The Board believes that management speaks for the Company and that as a general matter independent directors should not communicate on behalf of the Company with stockholders, customers or other constituencies except at the request of and in coordination with management. The Company's directors should not accept any gift of value, which indicates intent to influence improperly the normal business relationship between the Company and any supplier, customer or competitor.

14. Equity Ownership Guidelines. Each non-employee member of the Board should hold at least the greater of (a) 5,000 shares or (b) shares equal in value to three times the annual cash retainer for service as a director. The chief executive officer of the company shall hold at least the greater of (a) 10,000 shares or (b) shares equal in value to three times the chief executive officer's annual base salary. Each "executive officer" other than the chief executive officer of the Company (as determined by the Board) should hold at least the greater of (a) 10,000 shares or (b) shares equal in value to two times the executive officer's annual base salary. Shares counted for this purpose shall include shares owned by the director or executive officer, shares owned jointly with, or separately by spouse and/or minor children, including shares held in trusts, and restricted stock units.

New Board members will have five (5) years, and new executive officers will have five (5) years from the time they become executive officers, to meet the ownership guidelines. In the event the requisite number of shares is increased by the Board, Board members and executive officers, as applicable, existing Board members and executive officers will have the later of three years from the time of the increase to acquire any additional shares needed to meet such revised guidelines.

15. Policy on Rights Plans. The Board shall seek and obtain stockholder approval before adopting any stockholders "rights plan" (which for this purpose shall mean any arrangement pursuant to which, directly or indirectly, common stock or preferred stock purchase rights may be distributed to stockholders that provide all stockholders, other than persons who meet certain criteria specified in the arrangement, the right to purchase the common stock or preferred stock at less than the prevailing market price of the common stock or preferred stock); provided, however, that this policy may be revised or repealed without prior public notice and the Board may thereafter determine to act on its own to adopt such a plan if, under the then-circumstances, the Board, including a majority of its independent members, in its exercise of its fiduciary responsibilities, deems it to be in the best interests of the Company's stockholders to adopt such a plan without the delay in adoption that would come from the time reasonably anticipated to be necessary to seek stockholder approval. If the Board adopts a rights plan without prior stockholder approval, the Board will submit the rights plan to an advisory vote by the Company's stockholders within 12 months from the date the Board adopts the plan. If the Company's stockholders fail to approve the plan, the Board may elect to terminate, retain or modify the plan in its exercise of its fiduciary responsibilities.