

Revenue by Geographical Region (millions)

	<u>Q2 2016</u>	<u>Q1 2016</u>	<u>Q2 2015</u>
Asia Pacific	\$ 17.3	\$ 16.2	\$ 25.4
North America	31.6	17.6	17.4
South Korea	17.6	8.9	15.6
Europe	12.1	7.8	5.9
Japan	4.5	3.1	9.6
	<u>\$ 83.1</u>	<u>\$ 53.6</u>	<u>\$ 73.9</u>

*Asia Pacific includes all countries in the region except Japan and South Korea, which are disclosed separately.

Revenue by Market Segment (millions)

	<u>Q2 2016</u>	<u>Q1 2016</u>	<u>Q2 2015</u>
SOC	\$ 57.9	\$ 36.1	\$ 34.6
DRAM	24.2	16.3	35.3
Flash	<u>1.0</u>	<u>1.2</u>	<u>4.0</u>
	<u>\$ 83.1</u>	<u>\$ 53.6</u>	<u>\$ 73.9</u>

Q2 2016 GAAP to Non-GAAP Reconciliation

(in thousands, except for per share amounts)

	GAAP	Adjustments					Non-GAAP
	Fiscal Quarter Ended June 25, 2016	Stock-based Compensation	Amort. / Dep. of Intangibles and FA Uplift due to Acquisition	Acquisition	Restructuring	Valuation Allowance Release	Fiscal Quarter Ended June 25, 2016
Revenues	\$ 83,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,083
Cost of revenues	57,656	(405)	(2,113)	-	-	-	55,138
Gross profit	25,427	405	2,113	-	-	-	27,945
Operating expenses:							
Research and development	11,133	(542)	(3)	-	-	-	10,588
Sales and marketing	5,652	(151)	(651)	-	-	-	4,850
General and administrative	8,378	(443)	-	(3,795)	-	-	4,140
Restructuring charges, net	6,910	-	-	-	(6,910)	-	-
Long-lived asset impairment	-	-	-	-	-	-	-
Total operating expenses	32,073	(1,136)	(654)	(3,795)	(6,910)	-	19,578
Operating profit (loss)	(6,646)	1,541	2,767	3,795	6,910	-	8,367
Other income (expense), net	(214)	-	-	-	-	-	(214)
Gain (loss) before income taxes	(6,860)	1,541	2,767	3,795	6,910	-	8,153
(Benefit from) provision for income taxes	(43,744)	-	-	-	-	43,938	194
Net profit (loss)	\$ 36,884	\$ 1,541	\$ 2,767	\$ 3,795	\$ 6,910	\$ (43,938)	\$ 7,959
Net profit (loss) per share:							
Basic	\$ 0.62	\$ 0.03	\$ 0.05	\$ 0.06	\$ 0.12	\$ (0.74)	\$ 0.13
Diluted	\$ 0.61	\$ 0.03	\$ 0.05	\$ 0.06	\$ 0.12	\$ (0.73)	\$ 0.13
Weighted-average number of shares used in per share calculations:							
Basic	59,572	59,572	59,572	59,572	59,572	59,572	59,572
Diluted	59,988	59,988	59,988	59,988	59,988	59,988	59,988

The presentation provides the calculations for Non-GAAP net loss and Non-GAAP net loss per share. FormFactor excluded the following items from one or more of the Non-GAAP measures: stock-based compensation expense, acquisition and integration costs, amortization of intangible assets, loss contingencies, valuation allowance and restructuring and impairment charges. By publishing the Non-GAAP measures, the company's management intends to provide investors with additional information to further analyze the company's performance, core results and underlying trends. FormFactor's management evaluates results and makes operating decisions using both GAAP and Non-GAAP measures. Non-GAAP results are not prepared in accordance with GAAP, and Non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP.

Q2 2016 GAAP to Non-GAAP Reconciliation

(in thousands, except for per share amounts)

	Three Months Ended		Year to Date	
	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
GAAP net income (loss)	\$ 36,884	\$ 838	\$ 23,084	\$ 1,621
Stock-based compensation	1,541	2,506	4,275	5,415
Restructuring charges, net	6,910	-	6,910	503
Acquisition and integration related expenses	3,795	2	5,796	(89)
Amortization of intangibles, inventory and and fixed asset fair value adjustment due to acquisition	2,767	3,430	5,537	6,722
Valuation allowance release	(43,938)	-	(43,938)	-
Impairment of long-lived assets and loss on sale of subsidiary	-	8	-	8
Gain on sale of IP and business interruption insurance claim recovery	-	(37)	-	(1,521)
Non-GAAP net income (loss)	<u>\$ 7,959</u>	<u>\$ 6,747</u>	<u>\$ 1,664</u>	<u>\$ 12,659</u>
Non-GAAP net income (loss) per share:				
Basic	<u>\$ 0.13</u>	<u>\$ 0.12</u>	<u>\$ 0.03</u>	<u>\$ 0.22</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.11</u>	<u>\$ 0.03</u>	<u>\$ 0.22</u>
Weighted-average number of shares used in per share calculations:				
Basic	<u>59,572</u>	<u>58,109</u>	<u>59,001</u>	<u>57,532</u>
Diluted	<u>59,988</u>	<u>59,094</u>	<u>59,639</u>	<u>58,874</u>

The presentation provides the calculations for Non-GAAP net loss and Non-GAAP net loss per share. FormFactor excluded the following items from one or more of the Non-GAAP measures: stock-based compensation expense, acquisition and integration costs, amortization of intangible assets, loss contingencies and restructuring and impairment charges. By publishing the Non-GAAP measures, the company's management intends to provide investors with additional information to further analyze the company's performance, core results and underlying trends. FormFactor's management evaluates results and makes operating decisions using both GAAP and Non-GAAP measures. Non-GAAP results are not prepared in accordance with GAAP, and Non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP.

Term Loan Details

- Total debt - \$150 million
- Repayment schedule
 - Year 1 – 5%
 - Year 2 – 10%
 - Year 3 – 20%
 - Year 4 – 30%
 - Year 5 – 35%
- Interest expense – Libor floating plus 200 basis points
- Interest rate swap – 4 years, \$95.6 mil, 2.94% fixed rate