



## **Statement of Policy Regarding Related Person Transactions**

Adopted February 15, 2007

### **I. Background**

The Board of Directors of FormFactor, Inc. (the “*Company*”) recognizes that transactions between the Company and related persons can present potential or actual conflicts of interest and create the appearance of impropriety. Accordingly, the Company’s Board of Directors previously delegated authority for the review and approval of all related person transactions to the Governance Committee of the Board of Directors (the “*Committee*”) as set forth in the Committee’s charter. Pursuant to that authority, the Committee has adopted this Statement of Policy Regarding Related Person Transactions (this “*Policy*”) to provide the procedures for reviewing, approving and ratifying any Related Person Transaction, as this term is defined in this Policy.

This Policy is intended to supplement, and not to supersede, the Company’s other policies that may be applicable to or involve transactions with related persons, such as the Company’s Statement of Corporate Code of Business Conduct.

### **II. Definitions**

“*Immediate Family Member*” means a person’s child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, or any person sharing the person’s household (other than a tenant or employee).

“*Related Person*” means

- (i) any person who is, or at any time since the beginning of the Company’s last completed fiscal year was, a director or an executive officer of the Company;
- (ii) any nominee for director of the Company;
- (iii) any person who is the beneficial owner of 5% or more of the Company’s voting securities or any Immediate Family Member of such owner; and
- (iv) any Immediate Family Member of any of the foregoing persons.

“*Related Person Transaction*” means any Transaction involving the Company or any of its subsidiaries in which a Related Person has or will have a direct or indirect material interest, as determined by the Committee.

“*Transaction*” means any transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships, including any indebtedness, guarantees of indebtedness and transactions involving employment.

### III. Scope of Policy

This Policy applies to all Related Person Transactions and confirms that any such transactions must be approved or ratified by the Committee.

### IV. Reporting and Review

The Company's Legal Department shall prepare a master list of Related Persons and shall distribute the master list (and any updates thereof) to the Company's executive staff, and Human Resources, Procurement, Accounts Payable and Contracts Administration departments. The Company's executive staff and the designated employees within the Company's Human Resources, Procurement, Accounts Payable and Contracts Administration departments shall utilize the information contained in the master list, in connection with their areas of responsibility, to identify possible Transactions involving Related Persons.

In the event that any director, officer or Company department personnel responsible for identifying Transactions with Related Persons (each, a "**responsible person**") becomes aware of any proposed Transaction involving a Related Person and the Company (or any of its subsidiaries), the responsible person shall notify the Company's Compliance Officer in writing (email: [complianceofficer@formfactor.com](mailto:complianceofficer@formfactor.com)) promptly and in any event prior to the entry into such Transaction. In addition, in the event that a responsible person becomes aware of an ongoing or completed Transaction involving a Related Person and the Company (or any of its subsidiaries) that the Committee has not approved, the responsible person shall promptly notify the Compliance Officer of the Transaction. The notice should include a summary of the Transaction, including the following:

- (i) the name of the Related Person;
- (ii) the Related Person's interest in the Transaction;
- (iii) the approximate dollar value of the Transaction and the amount of the Related Person's interest in the Transaction;
- (iv) the benefits to the Company of the Transaction;
- (v) the availability of other sources of comparable products or services, if applicable;
- (vi) an assessment of whether the Transaction is on terms that are comparable to the terms available to an unrelated third party generally; and
- (vii) any other information regarding the Transaction or the Related Person that could be material to investors of the Company.

The Compliance Officer will report any such previously unapproved or newly proposed Transactions involving Related Persons to the Committee at its next occurring regular meeting, including whether, in the Compliance Officer's opinion and based upon the facts then known, the Related Person

has a direct or indirect material interest in the Transaction. The Committee shall review the Transaction.<sup>1</sup> If, after a review of a Transaction as reported by the Compliance Officer, the Committee determines that the Related Person involved has a direct or indirect material interest in the Transaction, the Transaction shall constitute a Related Party Transaction, and the Committee shall proceed with its review as described below. If the Committee concludes that the Related Person involved does not have either a direct or indirect material interest in the Transaction, then the Transaction shall not constitute a Related Person Transaction, and no further review is required under this Policy.

In reviewing a Related Party Transaction, the Committee shall consider all relevant facts and circumstances, including without limitation the commercial reasonableness of the terms and conditions, the benefit and perceived benefit, or lack thereof, to the Company, opportunity costs of alternate transactions, the materiality and character of the Related Person's direct or indirect interest (including the impact on the Related Person's independence in the event the Related Person is a director or an executive officer), the actual or apparent conflict of interest of the Related Person and whether the Related Person Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances.

The Committee will approve or ratify a Related Person Transaction only if it shall have determined that, upon consideration of all relevant information, the Related Person Transaction is in, or not inconsistent with, the best interests of the Company and its stockholders. If a Related Person Transaction is approved or ratified by the Committee and will be ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings regarding the Related Person Transaction.

If the Committee, in its discretion, determines not to approve or ratify a Related Person Transaction (whether such Related Person Transaction is being reviewed for the first time or has previously been approved and is being re-reviewed), the Related Person Transaction will not be entered into, will be modified or will be terminated, as the Committee shall direct.

The Committee, on at least an annual basis, shall review any previously approved Related Person Transaction that remains ongoing and has a remaining term of more than three months. Based upon all relevant facts and circumstances, including those described above, the Committee shall determine if it is in, or not inconsistent with, the best interests of the Company and its stockholders to continue, modify or terminate the Related Person Transaction.

## **V. Exceptions**

The Committee has reviewed the following types of transactions and has determined that each of the following transactions shall not require review, nor will these transactions require approval or ratification, under this Policy:

- (i) Transactions in which the Related Person's interest derives solely from his or her ownership (plus the equity interest of all other Related Persons) of less than 10% of the equity interest in another person (other than a general partnership interest) which is a party to the transaction.

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<sup>1</sup> No member of the Committee shall participate in any review, approval or ratification of any Related Person Transaction with respect to which such member or any of his or her Immediate Family Member is the Related Person.

(ii) Transactions in which the Related Person's interest derives solely from his or her ownership of a class of equity securities of the Company and all holders of that class of equity securities received the same benefit on a pro rata basis.

(iii) Compensation arrangements of any officer, other than an individual who is an Immediate Family Member of a Related Person, if such arrangements have been approved by the Board or the Compensation Committee.

(iv) Compensation arrangements of any director, if such arrangements have been approved by the Board.

## **VI. Policy Principles and Review**

The Compliance Officer, in consultation with the Company's outside corporate and SEC counsel, shall provide continuing education to the Committee regarding the relevant laws, rules and regulations and best practices governing Related Person Transactions. The Committee shall review this Policy from time to time and make changes as appropriate.