

Revenue by Geographical Region (millions)

	<u>Q3 2016</u>	<u>Q2 2016</u>	<u>Q3 2015</u>
Asia Pacific	\$ 35.2	\$ 17.3	\$ 20.7
North America	39.6	31.6	10.1
South Korea	17.6	17.6	21.1
Europe	16.5	12.1	8.9
Japan	14.1	4.5	5.0
Rest of World	0.3 M	0.0	0.0
	<u>\$ 123.3</u>	<u>\$ 83.1</u>	<u>\$ 65.8</u>

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

Q3 2016 includes the first full quarter of financial results from our Cascade Microtech, Inc. acquisition completed on June 24, 2016.

Revenue by Market Segment (millions)

	<u>Q3 2016</u>	<u>Q2 2016</u>	<u>Q3 2015</u>
Foundry & Logic	\$ 75.1	\$ 57.9	\$ 36.5
DRAM	22.3	24.2	27.4
Flash	5.3	1.0	1.9
Systems	<u>20.6</u>	<u>0.0</u>	<u>0.0</u>
	<u>\$ 123.3</u>	<u>\$ 83.1</u>	<u>\$ 65.8</u>

Q3 2016 includes the first full quarter of financial results from our Cascade Microtech, Inc. acquisition completed on June 24, 2016.

Q3 2016 GAAP to Non-GAAP Reconciliation

(in thousands, except for per share amounts)

000s Omitted	GAAP	Adjustments							Non-GAAP
		Fiscal Quarter Ended Sept 24, 2016	Stock-based Compensation	Amortization of Intangibles	Acquisition & Integration	Restructuring	Deferred Revenue	Martek Settlement	
Revenues	\$ 123,299	\$ -	\$ -	\$ -	\$ -	\$ 263	\$ -	\$ -	\$ 123,562
Cost of revenues	96,111	(674)	(24,881)	(5)	-	-	-	-	70,551
Gross profit	27,188	674	24,881	5	-	263	-	-	53,011
Operating expenses:									
Research and development	17,253	(913)	-	(5)	-	-	-	-	16,335
Sales and marketing	14,511	(852)	(2,050)	(122)	-	-	-	-	11,487
General and administrative	8,497	(763)	-	(832)	-	-	-	-	6,902
Restructuring charges, net	85	-	-	-	(85)	-	-	-	-
Long-lived asset impairment	-	-	-	-	-	-	-	-	-
Total operating expenses	40,346	(2,528)	(2,050)	(959)	(85)	-	-	-	34,724
Operating profit (loss)	(13,158)	3,202	26,931	964	85	263	-	-	18,287
Other income (expense), net	(990)	-	-	-	-	-	(400)	-	(1,390)
Gain (loss) before income taxes	(14,148)	3,202	26,931	964	85	263	(400)	-	16,897
(Benefit from) provision for income taxes	50	37	941	11	1	3	(5)	(88)	950
Net profit (loss)	\$ (14,198)	\$ 3,165	\$ 25,990	\$ 953	\$ 84	\$ 260	\$ (395)	\$ 88	\$ 15,947
Net profit (loss) per share:									
Basic	\$ (0.20)	\$ 0.04	\$ 0.37	\$ 0.01	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.23
Diluted	\$ (0.20)	\$ 0.04	\$ 0.36	\$ 0.01	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.22
Weighted-average number of shares									
Basic	70,502	70,502	70,502	70,502	70,502	70,502	70,502	70,502	70,502
Diluted	71,336	71,336	71,336	71,336	71,336	71,336	71,336	71,336	71,336

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.

Q3 2016 GAAP to Non-GAAP Reconciliation

(in thousands, except for per share amounts)

	Three Months Ended		Year to Date	
	Sept 24, 2016	Sept 26, 2015	Sept 24, 2016	Sept 26, 2015
GAAP net income (loss)	\$ (14,198)	\$ (2,525)	\$ 8,887	\$ (904)
Deferred revenues	263	0	263	0
Stock-based compensation	3,202	3,100	7,477	8,515
Restructuring charges, net	85	59	6,995	562
Acquisition and integration related expenses	964	285	6,760	196
Amortization of intangibles, inventory and and fixed asset fair value adjustment due to acquisition	26,931	3,428	32,468	10,150
Valuation allowance release	88	-	(43,851)	-
Impairment of long-lived assets and loss on sale of subsidiary	-	-	-	8
Proceeds from sale of IP-Martek	(400)	-	(400)	-
Gain on sale of IP and business interruption insurance claim recovery	-	(1,040)	-	(2,561)
Incoem tax effect of non-GAAP adjustments	(988)	-	(988)	-
Non-GAAP net income (loss)	<u>\$ 15,947</u>	<u>\$ 3,307</u>	<u>\$ 17,611</u>	<u>\$ 15,966</u>
Non-GAAP net income (loss) per share:				
Basic	<u>\$ 0.23</u>	<u>\$ 0.06</u>	<u>\$ 0.28</u>	<u>\$ 0.28</u>
Diluted	<u>\$ 0.22</u>	<u>\$ 0.06</u>	<u>\$ 0.28</u>	<u>\$ 0.27</u>
Weighted-average number of shares used in per share calculations:				
Basic	<u>70,502</u>	<u>58,209</u>	<u>62,835</u>	<u>57,757</u>
Diluted	<u>71,336</u>	<u>58,784</u>	<u>63,662</u>	<u>58,922</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