
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

Commission file number 0-31285

TTM TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

91-1033443

(I.R.S. Employer Identification No.)

2630 South Harbor Boulevard, Santa Ana, California 92704

(Address of Principal Executive Offices) (Zip Code)

(714) 327-3000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Exchange Act:

Title of Each Class

Common Stock, \$0.001 par value

Name of Each Exchange on Which Registered

Nasdaq National Market

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of Common Stock held by nonaffiliates of the registrant (41,658,229) based on the closing price of the registrant's Common Stock as reported on the Nasdaq National Market on June 30, 2006, was \$602,794,574. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors, or 10% beneficial owners are, in fact, affiliates of the registrant.

As of March 12, 2007, there were outstanding 42,177,893 shares of the registrant's Common Stock, \$0.001 par value.

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement for the 2007 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

TTM TECHNOLOGIES, INC.
ANNUAL REPORT ON FORM 10-K

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Statement Regarding Forward-Looking Statements

This report on Form 10-K contains forward-looking statements regarding future events or our future financial and operational performance. Forward-looking statements include statements regarding markets for our products; trends in net sales, gross profits and estimated expense levels; liquidity and anticipated cash needs and availability; and any statement that contains the words “anticipate,” “believe,” “plan,” “forecast,” “foresee,” “estimate,” “project,” “expect,” “seek,” “target,” “intend,” “goal” and other similar expressions. The forward-looking statements included in this report reflect our current expectations and beliefs, and we do not undertake publicly to update or revise these statements, even if experience or future changes make it clear that any projected results expressed in this report, annual or quarterly reports to stockholders, press releases or company statements will not be realized. In addition, the inclusion of any statement in this report does not constitute an admission by us that the events or circumstances described in such statement are material. Furthermore, we wish to caution and advise readers that these statements are based on assumptions that may not materialize and may involve risks and uncertainties, many of which are beyond our control, that could cause actual events or performance to differ materially from those contained or implied in these forward-looking statements. These risks and uncertainties include the business and economic risks described in Item 1A, “Risk Factors.”

ITEM 1. BUSINESS

Overview

We are a one-stop provider of time-critical and technologically complex printed circuit boards (“PCBs”) and backplane assemblies. PCBs serve as the foundation of sophisticated electronic products. We serve high-end commercial markets and aerospace and defense markets, providing PCBs and backplane assemblies for applications including networking/communications infrastructure; high-end computing; commercial and military flight management systems; naval and aerospace radar systems; weapons guidance systems; military communication devices; satellites; industrial controls; and medical testing equipment. Our products are characterized by high levels of complexity and moderate production volumes. Our customers include both original equipment manufacturers, or OEMs, and electronic manufacturing services, or EMS, providers. On October 27, 2006, we completed the acquisition of the Tyco Printed Circuit Group business (“PCG”) from Tyco International Ltd. for a total purchase price of \$226.8 million, excluding acquisition costs. We acquired six PCB fabrication facilities and three backplane assembly facilities. One facility is located in Shanghai, China, and the rest are located in the United States. We are in the process of closing the Dallas, Oregon, facility, (one of the acquired facilities,) and transferring the PCB production to our other facilities.

Industry Background

Printed circuit boards are manufactured from sheets of laminated material, or panels. Each panel is typically subdivided into multiple printed circuit boards, each consisting of a pattern of electrical circuitry etched from copper to provide an electrical connection between the components mounted to it.

Printed circuit boards serve as the foundation for virtually all electronic products, ranging from consumer products (such as cellular telephones and personal computers) to high-end commercial electronic equipment (such as medical equipment, data communications routers, switches and servers), and aerospace and defense electronic systems. Generally, consumer electronics products utilize commodity-type printed circuit boards with lower layer counts, less complexity and larger production runs. High-end commercial equipment and aerospace and defense products require more customized, multilayer printed circuit boards using advanced technologies. In addition, most high-end commercial and aerospace and defense end markets have low volume requirements that demand a highly flexible manufacturing environment. As production of sophisticated circuit boards becomes more complex, high-end manufacturers must continually invest in advanced production equipment, engineering and process technology, and a skilled workforce. Backplane assemblies also exhibit these characteristics.

According to Prismark Partners LLC, the worldwide market for printed circuit boards was approximately \$45 billion in 2006 with North America producing 11%, or approximately \$5 billion. As a result of consolidation and the slowdown in the electronics industry in 2001 and 2002, many manufacturing facilities were closed, reducing North American printed circuit board manufacturing capacity by as much as 40%. This capacity reduction combined with improved market demand led to higher capacity utilization across the industry in 2003 and continuing through 2006. Management believes this situation provides significant opportunities for well-capitalized manufacturers that have advanced technological capabilities.

Several trends are impacting the printed circuit board manufacturing and backplane assembly industries. These trends include:

Short electronic product life cycles. Continual advances in technology have shortened the life cycles of complex commercial electronic products, placing greater pressure on OEMs to quickly bring new products to market. The accelerated time-to-market and ramp-to-volume needs of OEMs for high-end commercial equipment create opportunities for printed circuit board manufacturers that can offer engineering support in the prototype stage and manufacturing scalability throughout the production life cycle.

Increasing complexity of electronic products. OEMs are continually designing higher performance electronic products, which require technologically complex printed circuit boards that can accommodate higher speeds and component densities. These complex printed circuit boards often require very high layer counts, advanced manufacturing processes and materials, and high-mix production capabilities, which involve processing small lots in a flexible manufacturing environment. OEMs increasingly rely upon larger printed circuit board manufacturers, which possess the financial resources necessary to invest in advanced manufacturing process technologies and sophisticated engineering staff, often to the exclusion of smaller printed circuit board manufacturers that do not possess such technologies or resources.

Increasing competition from Asian manufacturers. In recent years, many electronics manufacturers have moved their commercial production to Asia to take advantage of its exceptionally large, low-cost labor pool. This is particularly true for consumer electronics producers that utilize commodity-type printed circuit boards with low layer counts and complexity. These less sophisticated printed circuit boards are generally mass produced and have experienced significant pricing pressures from Asian manufacturers. Printed circuit boards requiring complex technologies, advanced manufacturing processes and materials, quick turnaround times or high-mix production are subject to less competition from low cost regions. In addition, many of the unique challenges involved in successfully designing and manufacturing highly complex printed circuit boards—and the ongoing capital investment required to maintain state-of-the-art capabilities—have effectively served as barriers to entry in these high-mix and high-complexity segments of the domestic printed circuit board industry. Export controls also represent a barrier to entry for international competition as they restrict the overseas export of defense-related materials, services and sensitive technologies that are associated with government programs.

Decreased reliance on multiple printed circuit board manufacturers by OEMs. OEMs traditionally have relied on multiple printed circuit board manufacturers to provide different services as an electronic product moves through its life cycle. The transfer of a product among different printed circuit board manufacturers often results in increased costs and inefficiencies due to incompatible technologies and manufacturing processes and production delays. In addition, OEMs find it easier to manage fewer printed circuit board manufacturers. As a result, OEMs are reducing the number of printed circuit board manufacturers and backplane assembly services providers on which they rely, presenting an opportunity for those that can offer one-stop manufacturing capabilities—from prototype to volume production.

Increasing demand for aerospace and defense products. The aerospace and defense market is characterized by time-consuming and complex certification processes, long product life cycles and a unique combination of demand for leading-edge technology with extremely high reliability and durability. Increasing focus on incorporating leading-edge technology in products for reconnaissance and intelligence combined with continued spending on military communications, aerospace and weapons systems applications are anticipated to drive steady end market growth. Success in the defense and aerospace market is achieved only after manufacturers demonstrate the long-term ability to pass extensive OEM and government certification processes; numerous product inspections; audits for quality and performance; and extensive administrative requirements associated with participation in government programs. Export controls represent a barrier to entry for international competition as they restrict the overseas export of defense-related materials, services and sensitive technologies that are associated with government programs. In addition, the complexity of the end products serves as a barrier to entry to potential new suppliers.

Customers increasingly rely on manufacturing partners for backplane assembly and sub-system assembly services. OEM customers are increasingly relying on either EMS companies or PCB manufacturers for backplane assembly and sub-system assembly services as they focus on streamlining their own supply chains. As a result, OEMs increasingly prefer close proximity to their assembly partners as quick-turn and prototyping processes are more efficient with readily accessible engineering teams and shorter shipping times. Although some North American backplane assembly has migrated to Asia in recent years, complex custom backplanes and sub-systems have typically remained in North America. The large physical size and complexity of many of these assemblies make them cost prohibitive to ship from Asia to North America. Furthermore, North American facilities are better able to service the small lot and quick turn-around requirements of many North American customers. Cost savings from migrating backplane assembly to Asia are limited, particularly for more complex and technically sophisticated large products.

The TTM Solution

We manufacture printed circuit boards and backplane assemblies that satisfy all stages of an electronic product's life cycle—from prototype to volume production. Key aspects of our solution include:

- *One-stop manufacturing solution.* We offer a one-stop manufacturing solution to our customers through our specialized and integrated facilities, some of which focus on different stages of an electronic product's life cycle. This one-stop solution allows us to provide a broad array of services and technologies to meet the rapidly evolving needs of our customer base.
- *Quick-turn services.* We deliver highly complex printed circuit boards to customers in significantly compressed lead times. This rapid delivery service enables OEMs to develop sophisticated electronic products quickly and reduce their time to market.

In addition, our quick-turn services provide us with an opportunity to cross-sell our other services, including high-mix and volume production in our targeted end markets.

- *Strong process and technology expertise.* We deliver time-critical and highly complex manufacturing services through our advanced manufacturing processes and material and technology expertise. We regularly manufacture printed circuit boards with layer counts in excess of 30 layers.
- *Aerospace and defense capabilities.* We provide a comprehensive product offering in the defense and aerospace market and provide customers with comprehensive PCB fabrication capabilities, exotic material expertise and technological experience.
- *Complementary backplane assembly.* We provide backplane and sub-system assembly products as a natural extension of our commercial and defense PCB offerings. This segment is a full service provider of complex backplane assembly, sub-system assembly, electro-mechanical integration and design services.

Our Manufacturing Services

Quick-turn

We refer to our rapid turnaround services as “quick-turn” because we provide custom-fabricated printed circuit boards to our customers within as little as 24 hours to 10 days. As a result of our ability to rapidly and reliably respond to the critical time requirements of our customers, we generally receive a premium for our quick-turn services as compared to standard lead time prices.

- *Prototype production.* In the design, testing, and launch phase of a new electronic product’s life cycle, our customers typically require limited quantities of printed circuit boards in a very short period of time. We satisfy this need by manufacturing prototype printed circuit boards in small quantities of up to 50 boards per order, with delivery times ranging from as little as 24 hours to 10 days.
- *Ramp-to-volume production.* After a product has successfully completed the prototype phase, our customers introduce the product to the market and require larger quantities of printed circuit boards in a short period of time. This transition stage between low-volume prototype production and volume production is known as ramp-to-volume. Our ramp-to-volume services typically include manufacturing up to a few hundred printed circuit boards per order with delivery times ranging from 5 to 15 days.

For the years ended December 31, 2005 and 2006, orders with delivery requirements of 10 days or less represented approximately 22% and 17% of our gross PCB sales, respectively. Quick-turn orders decreased as a percentage of our gross PCB sales in 2006 due to both higher demand for our standard lead-time, high technology production services as well as the inclusion of the PCG facilities, which focus primarily on standard lead-time services.

Standard delivery

Our standard delivery time services focus on the high-mix and complex technology requirements of our customers, with delivery times typically ranging from four to six weeks. Our high technology expertise is evidenced by our ability to regularly produce complex printed circuit boards with more than 30 layers in commercial volumes. In 2006, the average layer count of our PCBs decreased to 15.5 from 15.8 in 2005 due to the inclusion of the PCG facilities, which generally manufacture PCBs with lower layer counts. In addition, many of our lower layer-count PCBs are complex as a result of the incorporation of other technologically advanced features, including high performance materials, blind and buried vias, sequential lamination and extremely fine geometries and tolerances. Although we provide standard delivery time services to all customers, including large OEMs, we do not target our standard delivery time services to high-volume, consumer electronics applications such as cellular telephones, personal computers, hand-held devices and automotive products.

Strategy

Our goal is to be the leading provider of time-critical, one-stop manufacturing services for highly complex printed circuit boards and backplane assemblies. Key aspects of our strategy include:

Leveraging our one-stop manufacturing solution. Our quick-turn capabilities allow us to establish relationships with customers early in a product’s life cycle, giving us an advantage in securing preferred vendor status for subsequent ramp-to-volume and volume production opportunities. We also seek to gain quick-turn business from our existing ramp-to-volume and volume customers.

Using our quick-turn capabilities to attract new customers with high-growth potential. Our time-to-market strategy focuses on the rapid introduction and short product life cycle of advanced electronic products. We continue to attract emerging companies to our quick-turn facilities and believe that our ability to rapidly and reliably respond to the critical time requirements of our customers provides us with a significant competitive advantage.

Continuing to improve our technological capabilities and manufacturing processes. We are consistently among the first to adopt new developments in printed circuit board manufacturing processes and technology. We continuously evaluate new manufacturing processes, materials, and technology to increase our capabilities and further reduce our delivery times, improve quality, increase yields and decrease costs. We continue to invest in technologies that are required by the leading OEMs in the electronics industry.

Capitalizing on facility specialization to enhance operating efficiency. We utilize a facility specialization strategy in which each commercial order is directed to the facility best suited to the customer's particular delivery time, product complexity and volume needs. Our plants use compatible technologies and manufacturing processes, allowing us generally to move orders easily between plants to optimize operating efficiency. This strategy provides customers with faster delivery times and enhanced product quality and consistency.

Expanding our presence in targeted markets through internal initiatives and selective acquisitions. We actively target technologies and business opportunities that enhance our competitive position in selected markets. Our 2006 acquisition of PCG exemplifies our ability to successfully expand our business into markets, such as the desirable aerospace and defense market. We intend to pursue high-end commercial and defense customers that demand flexible and advanced manufacturing processes, expertise with high-performance specialty materials, and other high-mix and complex technologies. In addition, we regularly evaluate and pursue internal initiatives aimed at adding new customers and better serving existing customers within our markets.

Manufacturing Technology

The market for our products is characterized by rapidly evolving technology. In recent years, the trend in the electronic products industry has been to increase the speed, complexity and performance of components while reducing their size. We believe our technological capabilities allow us to address the needs of manufacturers who must bring complicated electronic products to market faster.

To manufacture printed circuit boards, we generally receive circuit designs directly from our customers in the form of computer data files, which we review to ensure data accuracy and product manufacturability. Processing these computer files with computer aided manufacturing (CAM) technology, we generate images of the circuit patterns that we then physically develop on individual layers, using advanced photographic processes. Through a variety of plating and etching processes, we selectively add and remove conductive materials to form horizontal layers of thin circuits, called traces, which are separated by insulating material. A finished multilayer circuit board laminates together a number of layers of circuitry, using intense heat and pressure under vacuum. Vertical connections between layers are achieved by plating through small holes, called vias. Vias are made by highly specialized drilling equipment capable of achieving extremely fine tolerances with high accuracy. We specialize in high layer-count printed circuit boards with extremely fine geometries and tolerances. Because of the tolerances involved, we employ clean rooms in certain manufacturing processes where tiny particles might otherwise create defects on the circuit patterns. We also use automated optical inspection systems to ensure consistent quality.

We believe that our highly specialized equipment and advanced manufacturing processes enable us to reliably produce printed circuit boards with the following characteristics:

- *High layer count.* Manufacturing printed circuit boards with a large number of layers is difficult to accomplish due to the accumulation of manufacturing tolerances and registration systems required. We regularly manufacture printed circuit boards with more than 30 layers on a quick-turn and volume basis. For 2006, approximately 65% of our gross PCB sales involved the manufacture of printed circuit boards with at least 12 layers, compared with 68% in 2005. Printed circuit boards with at least 20 layers represented 37% of gross PCB sales in 2006, down slightly from 38% in 2005.
- *Blind and buried vias.* Vias are drilled holes that provide electrical connectivity between layers of circuitry in a printed circuit board. Blind vias connect the surface layer of the printed circuit board to an internal layer and terminate at the internal layer. Buried vias are holes that do not reach either surface of the printed circuit board but allow inner layers to be interconnected. Products with blind and buried vias can be made thinner, smaller, lighter and with higher component density and more functionality than products with traditional vias.

- *Embedded passives.* Embedded passive technology involves embedding either the capacitive or resistive elements inside the printed circuit board, which allows for removal of passive components from the surface of the printed circuit board and thereby leaves more surface area for active components. Use of this technology results in greater design flexibility and products with higher component density and increased functionality.
- *Fine line traces and spaces.* Traces are the connecting copper lines between the different components of the printed circuit board and spaces are the distances between traces. The smaller the traces and tighter the spaces, the higher the density on the printed circuit board and the greater the expertise required to achieve a desired final yield on an order. We are able to provide 0.003 inch traces and spaces.
- *High aspect ratios.* The aspect ratio is the ratio between the thickness of the printed circuit board and the diameter of a drilled hole. The higher the ratio, the greater the difficulty to reliably form, electroplate and finish all the holes on a printed circuit board. We are able to provide aspect ratios of up to 15:1.
- *Thin core processing.* A core is the basic inner-layer building block material from which printed circuit boards are constructed. A core consists of a flat sheet of material comprised of glass-reinforced resin with copper foil on either side. The thickness of inner-layer cores is determined by the overall thickness of the printed circuit board and the number of layers required. The demand for thinner cores derives from requirements of thinner printed circuit boards, higher layer counts and various electrical parameters. Core thickness in our printed circuit boards ranges from as little as 0.002 inches up to 0.062 inches.
- *Microvias.* Microvias are small vias with diameters generally between 0.001 inches and 0.005 inches after plating. These very small vias consume much less space on the layers they interconnect, thereby providing for greater wiring densities and closer spacing of components and their attachment pads. The fabrication of printed circuit boards with microvias requires specialized equipment, such as laser drills, and highly developed process knowledge. Applications such as handheld wireless devices employ microvias to obtain a higher degree of functionality from a given surface area.
- *Advanced hole fill process.* Our advanced hole fill processes provide designers the opportunity to increase the density of component placements by reducing the surface area required to place many types of components. In traditional design, components are routed from their surface interfaces through via connections in order to access power and ground connections and the internal circuitry used to connect to other discrete components. Our advanced hole fill processes provide methods to allow for vias to be placed inside their respective surface mount pads by filling the vias with a thermoset epoxy and plating flat copper surface mount pads directly over the filled hole.
- *Advanced materials.* We manufacture circuit boards using a wide variety of advanced insulating materials. These high-performance materials offer electrical, thermal, and long-term reliability advantages over conventional materials but are more difficult to manufacture. We are certified by Underwriters Laboratories to manufacture printed circuit boards using many types and combinations of these specialty materials. This wide offering allows us to manufacture complex boards for niche and high-end commercial and aerospace and defense markets.
- *Advanced backplane assembly and system integration.* We provide specialized assembly services for highly complex and large form-factor backplanes. These services provide additional value for many of the high technology backplane circuit boards produced in our printed circuit board manufacturing facilities. The manufacture of backplane assemblies involves mounting various electronic components to large PCBs. Components include, but are not limited to, connectors, capacitors, resistors, diodes, integrated circuits, hardware and a variety of other parts. TTM also assembles backplanes, sub-systems and provides full systems integration of backplane assemblies, cabling, power, thermal and other complex electromechanical parts into chassis and other enclosures. In addition to assembling, TTM provides a full range of inspection and testing services such as Automated Optical Inspection (“AOI”) and X-ray inspection to ensure that all components have been properly placed and electrical circuits are complete.
- *Flexible circuits.* We manufacture circuits on flexible substrates that can be installed in three-dimensional applications for electronic packaging systems. Use of flexible circuitry enables improved reliability, improved electrical performance, reduced weight and reduced assembly costs when compared with traditional wire harness or ribbon cable packaging. We can combine these flexible substrates with rigid laminates to create high reliability, high layer count rigid-flex products.
- *High frequency circuits.* We have the ability to produce and test specialized circuits used in radio-frequency (“RF”) or microwave emission and collection applications. These products are typically used for radar, transmit/receive antennas and similar wireless applications. Markets include defense, avionics, satellite, and commercial. The manufacture of these products requires advanced materials, equipment, and methods that are highly specialized and distinct from conventional printed circuit manufacturing techniques. We also offer specialized RF assembly and test services.

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- *Thermal management.* Increased component density on circuit boards often requires improved thermal dissipation to reduce operating temperatures. We have the ability to produce printed circuits with electrically passive heatsinks laminated externally on a circuit board or between two circuit boards and/or electrically active thermal cores.
- *Design Engineering Services.* We have the ability to offer both mechanical and electrical computer aided design (“CAD”) services, which allows us to offer our customers complete manufacturing opportunities for PCB, assembly and system level products. We provide design services for both defense and commercial applications. We also offer signal integrity, thermal, and structural analysis services.

Customers and Markets

Our customers include both OEMs and EMS companies that primarily serve the networking/communications, high-end computing, industrial/medical and aerospace/defense end markets of the electronics industry. Because of the significant increase in aerospace/defense business due to the recent acquisition of PCG, we have modified our end market classifications to more accurately portray our resulting customer base. We measure customers as those companies that have placed at least two orders in the preceding 12-month period. As of December 31, 2005, we had approximately 580 customers and approximately 740 customers as of December 31, 2006. This significant increase is primarily due to the acquisition of PCG.

The following table shows the percentage of our net sales in each of the principal end markets we served for the periods indicated:

End Markets (1)	2004	2005	2006
Networking/Communications	42%	46%	43%
Computing/Storage/Peripherals	37	34	29
Medical/Industrial/Instrumentation/Other	14	12	12
Aerospace/Defense	7	8	16
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

(1) Sales to EMS companies are classified by the end markets of their OEM customers.

Sales attributable to our five largest OEM customers, which can vary from year to year, accounted for 54% of our net sales in 2005 and 39% of our net sales in 2006. This dilution in our customer concentration reflects our acquisition of PCG, which allowed us to diversify our customer base. Our five largest OEM customers in 2006 were, in alphabetical order, Cisco Systems, Hewlett-Packard, IBM, Juniper Networks and Motorola. Sales attributed to OEMs include sales made through EMS providers. Sales to EMS providers comprised approximately 69% and 65% of our sales in 2005 and 2006, respectively. Although our contractual relationship is with the EMS company, we typically negotiate price and volume requirements directly with the OEMs. In addition, we are on the approved vendor lists of several of our EMS providers, which allow us to be awarded additional discretionary orders. Our five largest EMS customers in 2006 were, in alphabetical order, Celestica, Flextronics, Jabil Circuit, Plexus and Sollectron. Sales to our two largest EMS customers, Sollectron and Celestica, accounted for 20% and 10%, respectively, of our net sales in 2006.

During 2006, approximately 68% of our net sales were to customers in the United States, 12% in Malaysia, 5% in Canada, 4% in China, 2% in Taiwan, 2% in Singapore and the remainder was primarily to other European and Asian countries. In 2005, approximately 62% of our net sales were to customers in the United States, 17% in Malaysia, 6% in Italy, 5% in Canada, and the remainder primarily was to other European and Asian countries.

Our marketing strategy focuses on building long-term relationships with our customers’ engineering and new product introduction personnel early in the product development phase. As the product moves from the prototype stage through ramp-to-volume and volume production, we shift our focus to the customers’ procurement departments in order to capture sales at each point in the product’s life cycle.

Our staff of engineers, sales support personnel, and managers assist our sales representatives in advising customers with respect to manufacturing feasibility, design review, and technological capabilities through direct communication and visits. We combine our sales efforts with customer service at each facility to better serve our customers. Each large customer is typically assigned an account manager to coordinate all of the company’s services across all its facilities. Additionally, the largest and most strategic customers are also supported by selected program management and engineering resources. Our sales force is comprised of direct salespeople, complemented by a large force of commission-based, independent representatives.

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Our international footprint includes a backplane assembly operation in Shanghai, China, and inventory hubs in Belgium, Canada, Czech Republic, Malaysia, Mexico, and Thailand. Our international sales force services customers in Canada, China, England, Ireland, Israel, Mexico, Singapore, Spain, Sweden and countries in Eastern Europe. We believe our international reach enables us to access new customers and allows us to better serve existing customers.

Suppliers

The primary raw materials we use in PCB manufacturing include copper-clad laminate; chemical solutions such as copper and gold for plating operations; photographic film; carbide drill bits; and plastic for testing fixtures. The primary raw materials we use in backplane assembly include PCBs, connectors, capacitors, resistors, diodes and integrated circuits.

We use just-in-time procurement practices to maintain our raw materials inventory at low levels and work closely with our suppliers to obtain technologically advanced raw materials. Although we have preferred suppliers for some raw materials, most of our raw materials are generally readily available in the open market from numerous other potential suppliers. In addition, we periodically seek alternative supply sources to ensure that we are receiving competitive pricing and service. Adequate amounts of all raw materials have been available in the past, and we believe this availability will continue into the foreseeable future.

Competition

Despite industry consolidation, the printed circuit board industry is fragmented and characterized by intense competition. Our principal North American PCB competitors include DDi, Endicott Interconnect Technologies, Merix, Sanmina-SCI, Coretec, Pioneer Circuits and Unicircuit. Our principal international PCB competitors include Elec & Eltek, Hitachi, Ibiden, and Multek. Our principal assembly competitors include Amphenol, Sanmina-SCI, Simclair, TT Electronics, and Via Systems.

We believe we compete favorably based on the following competitive factors:

- status as largest North American PCB fabricator;
- ability to offer the most comprehensive PCB product offering;
- ability to offer one-stop manufacturing capabilities;
- specialized and integrated manufacturing facilities;
- ability to offer time-to-market capabilities;
- capability and flexibility to produce technologically complex products;
- leading edge aerospace and defense capabilities;
- flexibility to manufacture high-mix products;
- consistent high-quality product; and
- outstanding customer service.

In addition, we believe our continuous evaluation and early adoption of new manufacturing and production technologies give us a competitive advantage. We believe that our ability to manufacture PCBs using advanced technologies, such as blind and buried vias, larger panel size, sequential lamination, exotic materials, and smaller traces and spaces provides us with a competitive advantage over manufacturers that do not possess these advanced technological capabilities. Our future success will depend in large part on our ability to maintain and enhance our manufacturing capabilities and production technologies.

Backlog

Backlog consists of purchase orders received, including, in some instances, forecast requirements released for production under customer contracts. Cancellation and rescheduling charges will vary depending upon the time of cancellation or rescheduling. We obtain firm purchase orders from our customers for all products. However, for many of these purchase orders, customers do not make firm orders for delivery of products more than 30 to 60 days in advance. Some of the markets which we serve are characterized by

increasingly short product life cycles. For other markets, longer product life cycles are more common as are orders for deliveries greater than 60 days in advance.

Intellectual Property

We have limited patent or trade secret protection for our manufacturing processes. We believe our business depends on the effectiveness of our fabrication techniques and our ability to continue to improve our manufacturing processes. We rely on the collective experience of our employees in the manufacturing process to ensure we continuously evaluate and adopt new technologies in our industry. In addition, we depend on training, recruiting, and retaining our employees, who are required to have sufficient know-how to operate advanced equipment and to conduct complicated manufacturing processes.

Governmental Regulation

Our operations are subject to federal, state, and local regulatory requirements relating to environmental compliance, waste management, and health and safety matters. In particular, we are subject to regulations promulgated by:

- the U.S. Occupational Safety and Health Administration (OSHA), and state OSHA and Department of Labor laws pertaining to health and safety in the workplace;
- the Environmental Protection Agency, pertaining to air emissions, wastewater discharges, the use, storage, discharge, and disposal of hazardous chemicals used in the manufacturing processes;
- corresponding state laws and regulations, including site investigation and remediation;
- corresponding U.S. county and city agencies; and
- corresponding agencies in China for the Shanghai facility.

To date, the costs of compliance and environmental remediation have not been material to us. These costs include investigation and remediation of our three Connecticut sites as required by the Connecticut Land Transfer Act. Nevertheless, additional or modified requirements may be imposed in the future. If such additional or modified requirements are imposed on us, or if conditions requiring remediation at other sites are found to exist, we may be required to incur substantial additional expenditures.

PCG made legal commitments to the U.S. Environmental Protection Agency and to the State of Connecticut regarding settlement of enforcement actions against the PCG facilities in Connecticut. The obligations include fulfillment of a Compliance Management Plan until at least July 2009, completion of a wastewater audit, and installation of rinse water recycling systems at the Stafford, Connecticut facility.

Employees

As of December 31, 2006, we had 4,009 employees. None of our U.S. employees are represented by unions and in China, our employees are represented by a labor union on a national level. Of these employees, 3,717 were involved in manufacturing and engineering, 153 worked in sales and marketing, and 139 worked in accounting, systems and other support capacities. We have not experienced any labor problems resulting in a work stoppage and believe that we have good relations with our employees. On December 7, 2006, we announced plans to close the Dallas, Oregon, facility, affecting approximately 300 employees.

Management

The following table, together with the accompanying text, presents certain information as of February 28, 2007, with respect to each of our executive officers.

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Name	Age	Position(s) Held With the Company
Kenton K. Alder	57	Chief Executive Officer, President and Director
Steven W. Richards	42	Executive Vice President, Chief Financial Officer and Secretary
Douglas L. Soder	46	Executive Vice President
Shane S. Whiteside	41	Executive Vice President and Chief Operating Officer
Daniel L. Felsenthal	50	Vice President and Corporate Controller

Kenton K. Alder has served as our Chief Executive Officer, President and Director since March 1999. From January 1997 to July 1998, Mr. Alder served as Vice President of Tyco Printed Circuit Group Inc., a printed circuit board manufacturer. Prior to that time, Mr. Alder served as President and Chief Executive Officer of ElectroStar, Inc., previously a publicly held printed circuit board manufacturing company, from December 1994 to December 1996. From January 1987 to November 1994, Mr. Alder served as President of Lundahl Astro Circuits Inc., a predecessor company to ElectroStar. Mr. Alder holds a Bachelor of Science degree in Finance and a Bachelor of Science degree in Accounting from Utah State University.

Steven W. Richards has served as our Chief Financial Officer since December 2005 and Executive Vice President since November 2006. Mr. Richards has served as our Secretary since September 2005, a Vice President since October 2003 and our Treasurer from May 2000 to December 2005. From June 1996 to April 2000, Mr. Richards worked in a variety of financial planning and analysis roles at Atlantic Richfield Corporation, a multinational oil and gas company. Mr. Richards holds a Bachelor of Journalism degree from the University of Missouri, Columbia and a Master of Business Administration degree from the University of Southern California. Mr. Richards is a Chartered Financial Analyst charterholder.

Douglas L. Soder has served as our Executive Vice President since November 2006. Prior to joining TTM Technologies, Mr. Soder held the position of Executive Vice President for Tyco Electronics – Printed Circuit Group from January 2001 to November 2006 at which time the company was acquired by TTM Technologies. During an almost 24-year career at Tyco Electronics, Mr. Soder served in a variety of sales and sales management positions at AMP Incorporated and PCG. From November 1996 to January 2001, Mr. Soder was Vice President of Sales and Marketing for PCG. Mr. Soder holds a Bachelor of Arts degree in Political Science from Dickinson College.

Shane S. Whiteside has served as an Executive Vice President since November 2006 and Senior Vice President since October 2003 and our Vice President and Chief Operating Officer since December 2002. From January 2001 to November 2002, Mr. Whiteside was the Vice President of Operations—Santa Ana Division and our Director of Operations—Santa Ana Division from July 1999 to December 2000. From March 1998 to June 1999, Mr. Whiteside was the Director of Operations of Power Circuits. Mr. Whiteside holds a Bachelor of Arts degree in Economics from the University of California at Irvine.

Daniel L. Felsenthal has served as our Vice President and Corporate Controller since February 2003. From May 2002 through November 2002, Mr. Felsenthal was a financial consultant. From November 2001 through May 2002, Mr. Felsenthal served as the Chief Financial Officer for Castro-Krause's Industries, Inc. From February 1999 through October 2001, Mr. Felsenthal served as the Vice President, Corporate Controller for Krause's Furniture, Inc. Mr. Felsenthal holds a Bachelor of Arts degree in Economics from the University of California at Los Angeles and a Master of Business Administration degree from the University of Pennsylvania, the Wharton School.

Availability of Reports Filed with the Securities and Exchange Commission

Our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, registration statements, and amendments to those reports are available without charge on our website, <http://www.ttmtech.com/ir/sec> filings, as soon as reasonably practicable after they are filed electronically with the SEC. Copies are also available without charge by (i) telephonic request by calling our Investor Relations Department at (714) 241-0303, (ii) e-mail request to investor@ttmtech.com, or (iii) a written request to TTM Technologies, Inc., Attention: Investor Relations, 2630 South Harbor Blvd., Santa Ana, CA 92704.

ITEM 1A. RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the factors described below, in addition to those discussed elsewhere in this report, in analyzing an investment in our common stock. If any of the events described below occurs, our business, financial condition, and results of operations would likely suffer, the trading price of our common stock could fall, and you could lose all or part of the money you paid for our common stock.

In addition, the following risk factors and uncertainties could cause our actual results to differ materially from those projected in our forward-looking statements, whether made in this Form 10-K or the other documents we file with the SEC, or our annual or quarterly reports to stockholders, future press releases, or orally, whether in presentations, responses to questions, or otherwise.

Risks Related to Our Company

We are heavily dependent upon the worldwide electronics industry, which is characterized by significant economic cycles and fluctuations in product demand. A significant downturn in the electronics industry could result in decreased demand for our manufacturing services and could lower our sales and gross margins.

A majority of our revenues are generated from the electronics industry, which is characterized by intense competition, relatively short product life cycles, and significant fluctuations in product demand. Furthermore, the industry is subject to economic cycles and recessionary periods and would be negatively affected by a contraction in the U.S. economy and worldwide electronics market. Moreover, due to the uncertainty in the end markets served by most of our customers, we have a low level of visibility with respect to future financial results. A lasting economic recession, excess manufacturing capacity, or a decline in the electronics industry could negatively affect our business, results of operations, and financial condition. For example, our net sales declined from \$129.0 million in 2001 to \$89.0 million in 2002 due to a significant downturn in demand in the electronics industry during 2001 and 2002. A decline in our net sales could harm our profitability and results of operations and could require us to record an additional valuation allowance against our deferred tax assets or recognize an impairment of our long-lived assets, including goodwill and other intangible assets.

We recently completed a major acquisition and expect to continue to pursue acquisitions to expand our operations. We may have trouble integrating acquisitions. Acquisitions involve numerous risks.

As part of our business strategy, we expect that we will continue to grow by pursuing acquisitions of businesses, technologies, assets, or product lines that complement or expand our existing business. On October 27, 2006, we acquired the Printed Circuit Group business unit from Tyco International Ltd. The acquired PCG business generally consists of nine printed circuit board or backplane and subassembly plants, including one in China and the total purchase price was \$226.8 million, excluding acquisition costs.

We paid for the transaction from our available cash and cash equivalents and from a new senior credit financing. We obtained a new senior secured term loan of \$200 million with a six-year maturity and a senior secured revolving credit facility of \$40 million with a five-year maturity from a syndicate of financial institutions. The term loan and revolving facility are secured by substantially all of our domestic assets and 65% of our foreign assets.

Our acquisition of businesses and expansion of operations involve risks, including the following:

- the potential inability to successfully integrate acquired operations and businesses or to realize anticipated synergies, economies of scale, or other expected value;
- diversion of management's attention from normal daily operations of our existing business to focus on integration of the newly acquired business;
- difficulties in managing production and coordinating operations at new sites;
- the potential loss of key employees of acquired operations;
- the potential inability to retain existing customers of acquired companies when we desire to do so;
- insufficient revenues to offset increased expenses associated with acquisitions;
- the potential decrease in overall gross margins associated with acquiring a business with a different product mix;
- the inability to identify certain unrecorded liabilities;

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- the potential need to restructure, modify, or terminate customer relationships of the acquired company;
- an increased concentration of business from existing or new customers; and
- the potential inability to identify assets best suited to our business plan.

Acquisitions may cause us to:

- enter lines of business and/or markets in which we have limited or no prior experience;
- issue debt and be required to abide by stringent loan covenants;
- assume liabilities;
- record goodwill and non-amortizable intangible assets that will be subject to impairment testing and potential periodic impairment charges;
- become subject to litigation and environmental issues;
- incur unanticipated costs;
- incur large and immediate write-offs;
- issue common stock that would dilute our current stockholders' percentage ownership; and
- incur substantial transaction-related costs, whether or not a proposed acquisition is consummated.

Acquisitions of high technology companies are inherently risky, and no assurance can be given that our recent or future acquisitions will be successful and will not harm our business, operating results, or financial condition. Failure to manage and successfully integrate acquisitions we make could harm our business and operating results in a material way. Even when an acquired company has already developed and marketed products, product enhancements may not be made in a timely fashion. In addition, unforeseen issues might arise with respect to such products after the acquisition.

During periods of excess global printed circuit board manufacturing capacity, our gross margins may fall and/or we may have to incur restructuring charges if we choose to reduce the capacity of or close any of our facilities.

When we experience excess capacity, our sales revenues may not fully cover our fixed overhead expenses, and our gross margins will fall. In addition, we generally schedule our quick-turn production facilities at less than full capacity to retain our ability to respond to unexpected additional quick-turn orders. However, if these orders are not received, we may forego some production and could experience continued excess capacity.

If we conclude we have significant, long-term excess capacity, we may decide to permanently close one or more of our facilities, and lay off some of our employees. Closures or lay-offs could result in our recording restructuring charges such as severance, other exit costs, and asset impairments.

We face a risk that capital needed for our business and to repay our debt obligations will not be available when we need it. Additionally, our leverage and our debt service obligations may adversely affect our cash flow.

On December 31, 2006, we had total indebtedness of approximately \$200.7 million, which represented approximately 41% of our total capitalization.

Our discretionary use of cash or cash flow is constrained by certain leverage and interest coverage ratio tests required to be met under the terms of our credit agreement. These ratios become more restrictive over each of the next successive quarters. As a result, if the financial performance of our business falls short of expectations, then we might be required to repay additional debt beyond current planned repayments. We also are required to apply any excess cash flow, as defined by the credit agreement, to pay down our debt.

Our indebtedness could have significant negative consequences, including:

- increasing our vulnerability to general adverse economic and industry conditions,

- limiting our ability to obtain additional financing,
- requiring the dedication of a substantial portion of any cash flow from operations to service our indebtedness, thereby reducing the amount of cash flow available for other purposes, including capital expenditures,
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete, and
- placing us at a possible competitive disadvantage to less leveraged competitors and competitors that have better access to capital resources.

We are dependent upon a relatively small number of OEM customers for a large portion of our net sales, and a decline in sales to major customers could harm our results of operations.

A small number of customers are responsible for a significant portion of our net sales. Our five largest OEM customers accounted for approximately 54% of our net sales in 2005 and approximately 39% of our net sales in 2006. Sales attributed to OEMs include both direct sales as well as sales that the OEMs place through EMS providers. As result of the acquisition of PCG, our customer concentration could fluctuate, depending on future customer requirements, which will depend in large part on market conditions in the electronics industry segments in which our customers participate. The loss of one or more significant customers or a decline in sales to our significant customers could harm our business, results of operations, and financial condition and lead to declines in the trading price of our common stock. In addition, we generate significant accounts receivable in connection with providing manufacturing services to our customers. If one or more of our significant customers were to become insolvent or were otherwise unable to pay for the manufacturing services provided by us, our results of operations would be harmed.

We compete against manufacturers in Asia, where production costs are lower. These competitors may gain market share in our key market segments, which may have an adverse effect on the pricing of our products.

We may be at a competitive disadvantage with respect to price when compared to manufacturers with lower-cost facilities in Asia and other locations. We believe price competition from printed circuit board manufacturers in Asia and other locations with lower production costs may play an increasing role in the market. Although we do have a backplane assembly facility in China, we do not have offshore facilities for PCB fabrication in lower-cost locations such as Asia. While historically our competitors in these locations have produced less technologically advanced printed circuit boards, they continue to expand their capacity and capabilities with advanced equipment to produce higher technology printed circuit boards. In addition, fluctuations in foreign currency exchange rates may benefit these offshore competitors. As a result, these competitors may gain market share, which may force us to lower our prices, reducing our gross margins.

A trend toward consolidation among OEMs could adversely affect our business.

Recently, some of our large customers, including Siemens and Nokia, have consolidated. Depending on which organization becomes the controller of the supply chain function following the consolidation, we may not be retained as a preferred or approved supplier. In addition, product duplication at the OEM could result in the termination of a product line that we currently support. While there is potential for increasing our position with the combined Company, there does exist the potential for decreased revenue if we are not retained as a continuing supplier. We also face the risk of increased pricing pressure from the combined OEM because of its increased market share.

Our failure to comply with the requirements of environmental laws could result in fines and revocation of permits necessary to our manufacturing processes. Failure to operate in conformance with environmental laws could lead to debarment from our participation in federal government contracts.

Our operations are regulated under a number of federal, state, and foreign environmental and safety laws and regulations that govern, among other things, the discharge of hazardous materials into the air and water, as well as the handling, storage, and disposal of such materials. These laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Superfund Amendment and Reauthorization Act, the Comprehensive Environmental Response, Compensation and Liability Act, and the Federal Motor Carrier Safety Act as well as analogous state and foreign laws. Compliance with these environmental laws is a major consideration for us because our manufacturing processes use and generate materials classified as hazardous, such as ammoniacal and cupric etching solutions, copper, nickel and other plating baths, etc. Because we use hazardous materials and generate hazardous wastes in our manufacturing processes, we may be subject to potential financial liability for costs associated with the investigation and remediation of our own sites, or sites at which we have arranged for the disposal of hazardous wastes, if such sites become contaminated. Even if we fully comply with applicable environmental laws and are not directly at fault for the contamination, we may still be liable. The wastes we generate include spent ammoniacal and cupric etching solutions, metal stripping solutions, and waste acid solutions, waste alkaline cleaners, waste oil and waste waters that contain heavy metals such as copper, tin, lead, nickel, gold, silver, cyanide, and fluoride; and both filter cake and spent ion exchange resins from equipment used for

on-site waste treatment. We believe that our operations substantially comply with all applicable environmental laws. However, any material violations of environmental laws by us could subject us to revocation of our effluent discharge permits. Any such revocations could require us to cease or limit production at one or more of our facilities, and harm our business, results of operations, and financial condition. Even if we ultimately prevail, environmental lawsuits against us would be time consuming and costly to defend.

Prior to our acquisition of the PCG business, PCG made legal commitments to the U.S. Environmental Protection Agency and to the State of Connecticut regarding settlement of enforcement actions related to the PCG facilities in Connecticut. The obligations include fulfillment of a Compliance Management Plan through at least July 2009 and completion of a wastewater audit and installation of rinse water recycling systems at the Stafford, Connecticut facility. Failure to meet either commitment could result in further costly enforcement actions, including exclusion from participation in defense and other federal contracts, which would materially harm our business, results of operations, and financial condition.

Environmental laws also could become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with violation. We operate in environmentally sensitive locations, and we are subject to potentially conflicting and changing regulatory agendas of political, business, and environmental groups. Changes or restrictions on discharge limits, emissions levels, material storage, handling, or disposal might require a high level of unplanned capital investment or global relocation. It is possible that environmental compliance costs and penalties from new or existing regulations may harm our business, results of operations, and financial condition.

In addition, we are increasingly required to certify compliance to the European Union Restriction of Hazardous Substances (“RoHS”) directive and non-applicability to the Waste Electrical and Electronic Equipment directive for some of the products that we manufacture. As with other types of product certifications that we routinely provide, we may incur liability and pay damages if our products do not conform to our certification.

We are exposed to the credit risk of some of our customers and to credit exposures in weakened markets.

Most of our sales are on an “open credit” basis, with standard industry payment terms. We monitor individual customer payment capability in granting such open credit arrangements, seek to limit such open credit to amounts we believe the customers can pay, and maintain reserves we believe are adequate to cover exposure for doubtful accounts. During periods of economic downturn in the electronics industry and the global economy, our exposure to credit risks from our customers increases. Although we have programs in place to monitor and mitigate the associated risks, such programs may not be effective in reducing our credit risks.

Our 10 largest customers accounted for approximately 66% of our net sales in 2005 and approximately 53% of our net sales in 2006. Our OEM customers often direct a significant portion of their purchases through a relatively limited number of EMS companies. Our contractual relationship is often with the EMS companies, who are obligated to pay us for our products. Because we expect our OEM customers to continue to direct our sales to EMS companies, we expect to continue to be subject to the credit risk with a limited number of EMS customers. If one or more of our significant customers were to become insolvent or were otherwise unable to pay us, our results of operations would be harmed.

Some of our customers are EMS companies located abroad. Our exposure has increased as these foreign customers continue to expand. With the primary exception of sales from our facility in China and a portion of sales from our Ireland sales office, our foreign sales are denominated in U.S. dollars and are typically on the same “open credit” basis and terms described above. Our foreign receivables were approximately 11% of our net account receivable as of December 31, 2006 and are expected to continue to grow as a percentage of our total receivables. We do not utilize credit insurance as a risk management tool.

We rely on suppliers for the timely delivery of raw materials and components used in manufacturing our printed circuit boards and backplane assemblies, and an increase in industry demand or the presence of a shortage for these raw materials or components may increase the price of these raw materials and reduce our gross margins. If a raw material supplier fails to satisfy our product quality standards, it could harm our customer relationships.

To manufacture printed circuit boards, we use raw materials such as laminated layers of fiberglass, copper foil, chemical solutions, gold, and other commodity products, which we order from our suppliers. Although we have preferred suppliers for most of these raw materials, the materials we use are generally readily available in the open market, and numerous other potential suppliers exist. In the case of backplane assemblies, components include connectors, sheet metal, capacitors, resistors and diodes, many of which are custom made and controlled by our customers’ approved vendors. These components for backplane assemblies in some cases have limited or sole sources of supply. From time to time, we may experience increases in raw material prices, based on demand trends, which can negatively affect our gross margins. In addition, consolidations and restructuring in our supplier base may result in adverse materials pricing due to reduction in competition among our suppliers. Furthermore, if a raw material supplier fails to satisfy our product quality standards, it could harm our customer relationships. Suppliers may from time to time extend lead times, limit supplies, or increase prices, due to capacity constraints or other factors, which could harm our ability to deliver our products on a timely basis.

If we are unable to respond to rapid technological change and process development, we may not be able to compete effectively.

The market for our manufacturing services is characterized by rapidly changing technology and continual implementation of new production processes. The future success of our business will depend in large part upon our ability to maintain and enhance our technological capabilities, to manufacture products that meet changing customer needs, and to successfully anticipate or respond to technological changes on a cost-effective and timely basis. We expect that the investment necessary to maintain our technological position will increase as customers make demands for products and services requiring more advanced technology on a quicker turnaround basis. We may not be able to raise additional funds in order to respond to technological changes as quickly as our competitors.

In addition, the printed circuit board industry could encounter competition from new or revised manufacturing and production technologies that render existing manufacturing and production technology less competitive or obsolete. We may not respond effectively to the technological requirements of the changing market. If we need new technologies and equipment to remain competitive, the development, acquisition, and implementation of those technologies and equipment may require us to make significant capital investments.

Competition in the printed circuit board market is intense, and we could lose market share if we are unable to maintain our current competitive position in end markets using our quick-turn, high technology and high-mix manufacturing services.

The printed circuit board industry is intensely competitive, highly fragmented, and rapidly changing. We expect competition to continue, which could result in price reductions, reduced gross margins, and loss of market share. Our principal North American PCB competitors include DDi, Endicott Interconnect Technologies, Merix, Sanmina-SCI, Coretec, Pioneer Circuits and Unicircuit. Our principal international PCB competitors include Elec & Eltek, Hitachi, Ividen, and Multek. Our principal assembly competitors include Amphenol, Sanmina-SCI, Simclair, TT Electronics, and Via Systems. In addition, we increasingly compete on an international basis, and new and emerging technologies may result in new competitors entering our markets.

Some of our competitors and potential competitors have advantages over us, including:

- greater financial and manufacturing resources that can be devoted to the development, production, and sale of their products;
- more established and broader sales and marketing channels;
- more manufacturing facilities worldwide, some of which are closer in proximity to OEMs;
- manufacturing facilities that are located in countries with lower production costs;
- lower capacity utilization, which in peak market conditions can result in shorter lead times to customers;
- ability to add additional capacity faster or more efficiently;
- preferred vendor status with existing and potential customers;
- greater name recognition; and
- larger customer bases.

In addition, these competitors may respond more quickly to new or emerging technologies, or adapt more quickly to changes in customer requirements, and devote greater resources to the development, promotion, and sale of their products than we do. We must continually develop improved manufacturing processes to meet our customers' needs for complex products, and our manufacturing process technology is generally not subject to significant proprietary protection. During recessionary periods in the electronics industry, our strategy of providing quick-turn services, an integrated manufacturing solution, and responsive customer service may take on reduced importance to our customers. As a result, we may need to compete more on the basis of price, which could cause our gross margins to decline. Periodically, printed circuit board manufacturers and backplane assembly providers experience overcapacity. Overcapacity, combined with weakness in demand for electronic products, results in increased competition and price erosion for our products.

Our quarterly results of operations are often subject to demand fluctuations and seasonality. With a high level of fixed operating costs, even small revenue shortfalls would decrease our gross margins and potentially cause the trading price of our common stock to decline.

Our quarterly results of operations fluctuate for a variety of reasons, including:

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- timing of orders from and shipments to major customers;
- the levels at which we utilize our manufacturing capacity;
- price competition;
- changes in our mix of revenues generated from quick-turn versus standard delivery time services;
- expenditures, charges or write-offs, including those related to acquisitions, facility restructurings, or asset impairments; and
- expenses relating to expanding existing manufacturing facilities.

A significant portion of our operating expenses is relatively fixed in nature, and planned expenditures are based in part on anticipated orders. Accordingly, unexpected revenue shortfalls may decrease our gross margins. In addition, we have experienced sales fluctuations due to seasonal patterns in the capital budgeting and purchasing cycles, as well as inventory management practices of our customers and the end markets we serve. In particular, the seasonality of the computer industry and quick-turn ordering patterns affects the overall printed circuit board industry. These seasonal trends have caused fluctuations in our quarterly operating results in the past and may continue to do so in the future. Results of operations in any quarterly period should not be considered indicative of the results to be expected for any future period. In addition, our future quarterly operating results may fluctuate and may not meet the expectations of securities analysts or investors. If this occurs, the trading price of our common stock would likely decline.

Because we sell on a purchase order basis, we are subject to uncertainties and variability in demand by our customers that could decrease revenues and harm our operating results.

We generally sell to customers on a purchase order basis rather than pursuant to long-term contracts. Our quick-turn orders are subject to particularly short lead times. Consequently, our net sales are subject to short-term variability in demand by our customers. Customers submitting purchase orders may cancel, reduce, or delay their orders for a variety of reasons. The level and timing of orders placed by our customers may vary, due to:

- customer attempts to manage inventory;
- changes in customers' manufacturing strategies, such as a decision by a customer to either diversify or consolidate the number of printed circuit board manufacturers or backplane assembly service providers used or to manufacture or assemble its own products internally;
- variation in demand for our customers' products; and
- changes in new product introductions.

We have periodically experienced terminations, reductions, and delays in our customers' orders. Further terminations, reductions, or delays in our customers' orders could harm our business, results of operations, and financial condition.

The increasing prominence of EMS providers in the printed circuit board industry could reduce our gross margins, potential sales, and customers.

Sales to EMS providers represented approximately 65% of our net sales in 2006. Sales to EMS providers include sales directed by OEMs as well as orders placed with us at the EMS providers' discretion. EMS providers source on a global basis to a greater extent than OEMs. The growth of EMS providers increases the purchasing power of such providers and could result in increased price competition or the loss of existing OEM customers. In addition, some EMS providers, including some of our customers, have the ability to directly manufacture printed circuit boards and create backplane assemblies. If a significant number of our other EMS customers were to acquire these abilities, our customer base might shrink, and our sales might decline substantially. Moreover, if any of our OEM customers outsource the production of printed circuit boards and creation of backplane assemblies to these EMS providers, our business, results of operations, and financial condition may be harmed.

If events or circumstances occur in our business that indicate that our goodwill and intangibles may not be recoverable, we could have impairment charges that would negatively affect our earnings.

As of December 31, 2006, our consolidated balance sheet reflected \$141.9 million of goodwill and intangible assets. We evaluate whether events and circumstances have occurred that indicate the remaining balance of goodwill and intangible assets may not be recoverable. If factors indicate that assets are impaired, we would be required to reduce the carrying value of our goodwill and intangible assets, which could harm our results during the periods in which such a reduction is recognized. Our goodwill and

intangible assets may increase in future periods if we consummate other acquisitions. Amortization or impairment of these additional intangibles would, in turn, harm our earnings.

Damage to our manufacturing facilities due to fire, natural disaster or other event could harm our financial results.

We have U.S. manufacturing facilities in California, Connecticut, Oregon, Utah, Washington, and Wisconsin. We also have a manufacturing facility in China. The destruction or closure of any of our manufacturing facilities for a significant period of time as a result of fire; explosion; blizzard; act of war or terrorism; or flood, tornado, earthquake, lightning, or other natural disaster could harm us financially, increasing our costs of doing business and limiting our ability to deliver our manufacturing services on a timely basis.

Our manufacturing processes depend on the collective industry experience of our employees. If a significant number of these employees were to leave us, it could limit our ability to compete effectively and could harm our financial results.

We have limited patent or trade secret protection for our manufacturing processes. We rely on the collective experience of our employees in the manufacturing processes to ensure we continuously evaluate and adopt new technologies in our industry. Although we are not dependent on any one employee or a small number of employees, if a significant number of our employees involved in our manufacturing processes were to leave our employment, and we were not able to replace these people with new employees with comparable experience, our manufacturing processes might suffer as we might be unable to keep up with innovations in the industry. As a result, we may lose our ability to continue to compete effectively.

Our profitability is impacted by the global interest rate environment.

We are exposed to interest rate risk relating to our senior secured term loan and revolving credit facility, which bears interest at either the Alternate Base Rate, as defined in our credit agreement, plus an applicable margin or LIBOR plus an additional margin. The interest rate on our term loan is linked to LIBOR and re-prices at intervals of 30, 60, 90, or 180 days as selected by the Company. A 1.0% increase in the interest rate would result in an increase of approximately \$2.0 million in interest expense per year.

Our revolving credit facility bears interest at floating rates. The revolving credit facility bears interest at rates ranging from 1.75% to 2.25% per year plus the applicable LIBOR or from 0.75% to 1.25% per year plus the Alternate Base Rate. As of December 31, 2006, we have no outstanding revolving loans.

We may be exposed to intellectual property infringement claims by third parties that could be costly to defend, could divert management's attention and resources, and if successful, could result in liability.

We could be subject to legal proceedings and claims for alleged infringement by us of third-party proprietary rights, such as patents, from time to time in the ordinary course of business. It is possible that the circuit board designs and other specifications supplied to us by our customers might infringe on the patents or other intellectual property rights of third parties, in which case our manufacture of printed circuit boards according to such designs and specifications could expose us to legal proceedings for allegedly aiding and abetting the violation, as well as to potential liability for the infringement. If we do not prevail in any litigation as a result of any such allegations, our business could be harmed.

We depend heavily on a single end customer, the U.S. government, for a substantial portion of our business, including programs subject to security classification restrictions on information. Changes affecting the government's capacity to do business with us or our direct customers or the effects of competition in the defense industry could have a material adverse effect on our business.

A significant portion of our revenues are derived from products and services ultimately sold to the U.S. government and are therefore affected by, among other things, the federal budget process. We are a supplier, primarily as a subcontractor, to the U.S. government and its agencies as well as foreign governments and agencies. These contracts are subject to the respective customers' political and budgetary constraints and processes, changes in customers' short-range and long-range strategic plans, the timing of contract awards, and in the case of contracts with the U.S. government, the congressional budget authorization and appropriation processes, the government's ability to terminate contracts for convenience or for default, as well as other risks such as contractor suspension or debarment in the event of certain violations of legal and regulatory requirements. The termination or failure to fund one or more significant contracts by the U.S. government could have a material adverse effect on our business, results of operations or prospects.

Our business may suffer if any of our key senior executives discontinues employment with us or if we are unable to recruit and retain highly skilled engineering and sales staff.

Our future success depends to a large extent on the services of our key managerial employees. We may not be able to retain our executive officers and key personnel or attract additional qualified management in the future. Our business also depends on our

continuing ability to recruit, train, and retain highly qualified employees, particularly engineering and sales and marketing personnel. The competition for these employees is intense, and the loss of these employees could harm our business. Further, our ability to successfully integrate acquired companies depends in part on our ability to retain key management and existing employees at the time of the acquisition.

Increasingly, our larger customers are requesting that we enter into supply agreements with them that have increasingly restrictive terms and conditions. These agreements typically include provisions that increase our financial exposure, which could result in significant costs to us.

Increasingly, our larger customers are requesting that we enter into supply agreements with them. These agreements typically include provisions that generally serve to increase our exposure for product liability and warranty claims – as compared to our standard terms and conditions – which could result in higher costs to us as a result of such claims. In addition, these agreements typically contain provisions that seek to limit our operational and pricing flexibility and extend payment terms, which can adversely impact our cash flow and results of operations.

Our commercial assembly operation serves customers and has a manufacturing facility outside the United States and is subject to the risks characteristic of international operations. These risks include significant potential financial damage and potential loss of the business and its assets.

Because we have manufacturing operations and sales offices located in Asia and Europe, we are subject to the risks of changes in economic and political conditions in those countries, including but not limited to:

- managing international operations;
- export license requirements;
- fluctuations in the value of local currencies;
- labor unrest and difficulties in staffing;
- government or political unrest;
- longer payment cycles;
- language and communication barriers as well as time zone differences;
- cultural differences;
- increases in duties and taxation levied on our products;
- imposition of restrictions on currency conversion or the transfer of funds;
- limitations on imports or exports of our product offering;
- travel restrictions;
- expropriation of private enterprises; and
- the potential reversal of current favorable policies encouraging foreign investment and trade.

Products we manufacture may contain design or manufacturing defects, which could result in reduced demand for our services and liability claims against us.

We manufacture products to our customers' specifications, which are highly complex and may contain design or manufacturing errors or failures, despite our quality control and quality assurance efforts. Defects in the products we manufacture, whether caused by a design, manufacturing, or materials failure or error, may result in delayed shipments, customer dissatisfaction, a reduction or cancellation of purchase orders, or liability claims against us. If these defects occur either in large quantities or too frequently, our business reputation may be impaired. Our sales mix has shifted towards standard delivery time products, which have larger production runs, thereby increasing our exposure to these types of defects. Since our products are used in products that are integral to our customers' businesses, errors, defects, or other performance problems could result in financial or other damages to our customers beyond the cost of the printed circuit board, for which we may be liable. Although our invoices and sales arrangements generally contain provisions designed to limit our exposure to product liability and related claims, existing or future laws or unfavorable judicial decisions could negate these limitation of liability provisions. Product liability litigation against us, even if it were unsuccessful, would be time consuming and costly to defend. Although we maintain technology errors and omissions insurance, we cannot assure you that we will continue to be able to purchase such insurance coverage in the future on terms that are satisfactory to us, if at all.

We are subject to risks of currency fluctuations.

A portion of our cash and other current assets are held in currencies other than the U.S. dollar. As of December 31, 2006, we had approximately \$19 million of current assets denominated in Chinese RMB. Changes in exchange rates among other currencies and the U.S. dollar will affect the value of these assets as translated to U.S. dollars in our balance sheet. To the extent that we ultimately decide to repatriate some portion of these funds to the United States, the actual value transferred could be impacted by movements in exchange rates. Any such type of movement could negatively impact the amount of cash available to fund operations or to repay debt.

We export defense and commercial products from the United States to other countries. If we fail to comply with export laws, we could be subject to fines and other punitive actions.

Exports from the United States are regulated by the U.S. Department of State and U.S. Department of Commerce. Failure to comply with these regulations can result in significant fines and penalties. Additionally, violations of these laws can result in punitive penalties, which would restrict or prohibit us from exporting certain products, resulting in significant harm to our business.

Changes in business relationships with Tyco International subsidiaries as a result of our recent acquisition could lead to lower revenue or increased costs.

The PCG facilities we acquired from Tyco International Ltd. generated \$72.9 million of our 2006 revenue. Over time, the PCG locations developed business relationships with other Tyco entities. These relationships involved the purchase of raw materials from other Tyco entities and sale of products to other Tyco entities. Sales to other Tyco entities accounted for approximately \$1.5 million of our consolidated 2006 net sales. If we are unable to maintain these relationships or if the pricing with the Tyco entities changes as a result of the acquisition of PCG, we could face higher raw material costs or lower revenues if the Tyco entities elect to purchase product from other suppliers.

Our business has benefited from OEMs deciding to outsource their PCB manufacturing and backplane assembly needs to us. If OEMs choose to provide these services in-house or select other providers, our business could suffer.

Our future revenue growth partially depends on new outsourcing opportunities from OEMs. Current and prospective customers continuously evaluate our performance against other providers. They also evaluate the potential benefits of manufacturing their products themselves. To the extent that outsourcing opportunities are not available either due to OEM decisions to produce these products themselves or to use other providers, our future growth could be adversely affected.

We may not be able to fully recover our costs for providing design services to our customers, which could harm our financial results.

Although we enter into design service activities with purchase order commitments, the cost of labor and equipment to provide these services may in fact exceed what we are able to fully recover through purchase order coverage. We also may be subject to agreements with customers in which the cost of these services is recovered over a period of time or through a certain number of units shipped as part of the ongoing product price. While we may make contractual provisions to recover these costs in the event that the product does not go into production, the actual recovery can be difficult and may not happen in full. In other instances, the business relationship may involve investing in these services for a customer as an ongoing service not directly recoverable through purchase orders. In any of these cases, the possibility exists that some or all of these activities are considered costs of doing business, are not directly recoverable, and may adversely impact our operating results.

Unanticipated changes in our tax rates or in our assessment of the realizability of our deferred tax assets or exposure to additional income tax liabilities could affect our operating results and financial condition.

We are subject to income taxes in both the United States and various foreign jurisdictions. Significant judgment is required in determining our provision for income taxes and, in the ordinary course of business, there are many transactions and calculations in which the ultimate tax determination is uncertain. Our effective tax rates could be adversely affected by changes in the mix of earnings in countries and states with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws, as well as other factors. Our tax determinations are regularly subject to audit by tax authorities, and developments in those audits could adversely affect our income tax provision. Although we believe that our tax estimates are reasonable, the final determination of tax audits or tax disputes may be different from what is reflected in our historical income tax provisions, which could affect our operating results.

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If our net earnings do not remain at or above recent levels, or we are not able to predict with a reasonable degree of probability that they will continue, we may have to record an additional valuation allowance against our net deferred tax assets.

As of December 31, 2006, we had deferred tax assets of approximately \$6.7 million, which is net of a valuation allowance of \$2.4 million. If we should determine that it is more likely than not that we will not generate taxable income in sufficient amounts to be able to use our net deferred tax assets, we would be required to increase our current valuation allowance against these deferred tax assets. This would result in an additional income tax provision and a deterioration of our results of operations. Based on our forecast for future earnings, we believe we will utilize the deferred tax asset in future periods. However, if our estimates of future earnings are lower than expected, we may record a higher income tax provision due to a write down of our net deferred tax assets, which would reduce our earnings per share.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table describes our principal manufacturing facilities and administrative offices.

Location	Leased Square Feet	Owned Square Feet	Total Square Feet
Chippewa Falls, WI	—	280,400	280,400
Dallas, OR (1)	14,000	118,272	132,272
Enfield, CT (office) (2)	11,563	—	11,563
Hopkins, MN (office)	8,700	—	8,700
Inglewood, CA	65,137	—	65,137
Logan, UT	—	124,104	124,104
Redmond, WA	—	102,200	102,200
San Diego, CA	37,500	—	37,500
Santa Ana, CA	—	98,000	98,000
Santa Clara, CA	36,448	36,245	72,693
Shanghai, China	63,098	—	63,098
Stafford, CT	—	89,696	89,696
Stafford Springs, CT	10,000	53,000	63,000
Staffordville, CT	—	43,056	43,056
Union City, CA	116,993	—	116,993
Total	<u>363,439</u>	<u>944,973</u>	<u>1,308,412</u>
Logan, UT (vacant land)		2.5 acres	
Stafford, CT (vacant land)		2.5 acres	

Our owned facilities are subject to mortgages under our senior credit facility.

(1) On December 7, 2006, we announced the plans to close the Dallas, Oregon facility.

(2) At the end of January 2007, we terminated the lease in our Enfield office and moved our employees to our Stafford and Stafford Springs facilities.

ITEM 3. LEGAL PROCEEDINGS

From time to time we may become a party to various legal proceedings arising in the ordinary course of our business. There can be no assurance that we will prevail in any such litigation.

We were added as a defendant in a patent infringement lawsuit filed in 2001 in the U.S. District Court for the District of Arizona by Lemelson Medical, Education and Research Foundation, Limited Partnership. The suit alleges that we have infringed certain “bar code,” “machine vision” and other patents owned by the plaintiff and seeks injunctive relief, damages for the alleged infringements and payment of the plaintiff’s attorneys’ fees. In March 2002, the lawsuit was stayed pending the outcome of *Symbol Technologies, et al. v. Lemelson* in the U.S. District Court for the District Court of Nevada, in which a declaratory relief suit filed by certain manufacturers challenged the validity, enforceability and infringement of Lemelson’s “bar code” and “machine vision” patents. As a result of the stay, we have not filed an answer to the complaint nor has any discovery been conducted. In January 2004, the Nevada court found the Lemelson patents, including those patents asserted by the Lemelson Foundation against us in the Arizona case, to be invalid, not infringed and unenforceable. The Lemelson Foundation has the right to appeal the Nevada court’s judgment. Although the ultimate outcome of this matter is not currently determinable, we believe we have meritorious defenses to these allegations and do not expect this litigation to materially impact our business, results of operations or financial condition. However, there can be no assurance that the ultimate resolution of this matter will not have a material adverse effect on our results of operations for any quarter.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock has been listed on the Nasdaq National Market under the symbol “TTMI” since September 21, 2000. The following table sets forth the quarterly high and low closing prices of our common stock as reported on the Nasdaq National Market for the periods indicated.

	High	Low
2006:		
First Quarter	\$15.29	\$ 9.68
Second Quarter	\$17.46	\$12.56
Third Quarter	\$14.24	\$10.00
Fourth Quarter	\$13.27	\$11.33
2005:		
First Quarter	\$11.33	\$ 8.82
Second Quarter	\$10.55	\$ 7.28
Third Quarter	\$ 8.38	\$ 6.25
Fourth Quarter	\$ 9.83	\$ 6.81

As of March 12, 2007, there were approximately 327 holders of record of our common stock. The closing sale price of our common stock on the Nasdaq National Market on March 12, 2007 was \$10.01 per share.

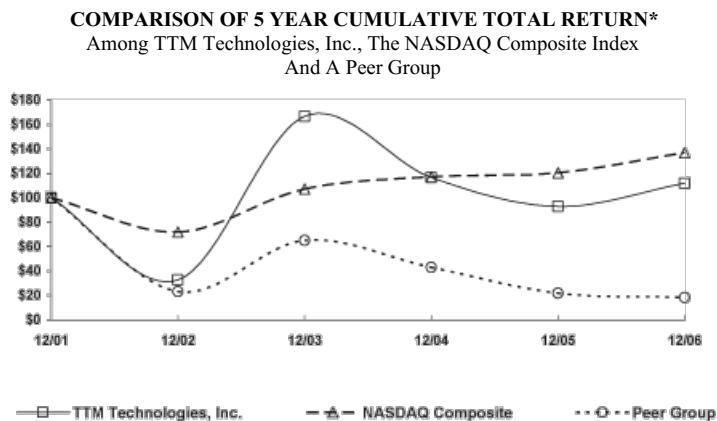
We have not declared or paid any dividends since 2000, and we do not anticipate paying any cash dividends in the foreseeable future. Additionally, our senior credit facility prohibits the payment of dividends. We presently intend to retain any future earnings to finance future operations and the expansion of our business.

PERFORMANCE GRAPH

The following graph compares, for the period from December 31, 2001 to December 31, 2006, the cumulative total stockholder return on our common stock against the cumulative total return of:

- the Nasdaq Composite Index; and
- a peer group consisting of us and two other publicly traded printed circuit board companies that we have selected.

The graph assumes \$100 was invested in our common stock on September 21, 2000, the date on which our common stock became registered under Section 12 of the Securities Exchange Act of 1934 as a result of our initial public offering, and an investment in each of the peer group and the Nasdaq Composite Index, and the reinvestment of all dividends. The companies included in the peer group are Sanmina Corporation (Nasdaq NM: SANM) and Merix Corporation (Nasdaq NM: MERX).



* \$100 invested on 12/31/01 in stock or index-including reinvestment of dividends.
Fiscal year ending December 31.

ITEM 6. SELECTED FINANCIAL DATA

The selected historical financial data presented below are derived from our consolidated financial statements. The selected financial data should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the notes thereto included elsewhere in this report.

	Year Ended December 31,				
	2002(1)	2003(1)	2004	2005	2006(3)(4)
(In thousands, except per share data)					
Consolidated Statement of Operations Data:					
Net sales	\$ 88,989	\$ 180,317	\$ 240,650	\$ 240,209	\$ 369,316
Cost of goods sold	78,456	145,694	172,103	186,453	276,168
Gross profit	10,533	34,623	68,547	53,756	93,148
Operating expenses:					
Selling and marketing	6,447	10,858	12,032	11,977	16,473
General and administrative	5,519	11,696	13,223	14,135	19,656
Amortization of definite-lived intangibles	1,202	1,202	1,202	1,202	1,786
Restructuring charges(2)	3,859	649	855	—	199
Total operating expenses	17,027	24,405	27,312	27,314	38,114
Operating income (loss)	(6,494)	10,218	41,235	26,442	55,034
Other income (expense):					
Interest expense	(1,084)	(583)	(367)	(179)	(3,020)
Amortization of debt issuance costs	(105)	(97)	(148)	(72)	(374)
Interest income and other, net	694	352	793	2,126	4,462
Income (loss) before income taxes and extraordinary item	(6,989)	9,890	41,513	28,317	56,102
Income tax (provision) benefit	2,278	(3,901)	(13,183)	2,524	(21,063)
Income (loss) before extraordinary item	(4,711)	5,989	28,330	30,841	35,039
Extraordinary gain	6,296	1,453	—	—	—
Net income	\$ 1,585	\$ 7,442	\$ 28,330	\$ 30,841	\$ 35,039
Income (loss) per common share, before extraordinary item:					
Basic	\$ (0.12)	\$ 0.15	\$ 0.69	\$ 0.75	\$ 0.84
Diluted	\$ (0.12)	\$ 0.15	\$ 0.68	\$ 0.74	\$ 0.83
Net income per common share:					
Basic	\$ 0.04	\$ 0.19	\$ 0.69	\$ 0.75	\$ 0.84
Diluted	\$ 0.04	\$ 0.18	\$ 0.68	\$ 0.74	\$ 0.83
Weighted average common shares:					
Basic	39,511	39,993	40,780	41,232	41,740
Diluted	39,511	41,123	41,868	41,770	42,295
Other Financial Data:					
Depreciation of property, plant and equipment	\$ 8,761	\$ 7,774	\$ 8,213	\$ 9,290	\$ 12,178
Non-cash restructuring charges for impairment of building and equipment	1,838	446	855	—	—

- (1) Our results for the year ended December 31, 2002 include only six days of activity of Advanced Circuits, Inc., which we acquired on December 26, 2002. A full year of activity at this subsidiary is included in our results commencing in the year ended December 31, 2003. In both 2002 and 2003, we recorded extraordinary gains related to this acquisition.
- (2) We recorded restructuring charges in 2002, 2003 and 2004 related to the closure of our Burlington, Washington, facility and sale of the building. The charge in 2002 is comprised primarily of severance expense and other cash exit costs as well as non-cash expenses to write down the value of the building and equipment held for sale. The charges in 2003 and 2004 were to further write down the value of the building and equipment. We recorded a restructuring charge in 2006 for severance for certain sales and administrative employees of the acquiring business. See Note 3 to our consolidated financial statements included herein.
- (3) Our results for the year ended December 31, 2006, include 65 days of activity of PCG, which we acquired on October 27, 2006.
- (4) Effective January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123R, “Share Based Payment” and began recording expense related to our stock options. See Note 2 to our consolidated financial statements included herein.

	As of December 31,				
	2002	2003	2004	2005	2006
	(In thousands)				
Consolidated Balance Sheet Data:					
Working capital	\$ 40,405	\$ 52,352	\$ 82,645	\$111,224	\$127,405
Total assets	197,506	205,857	235,770	273,143	573,698
Long-term debt, including current maturities	10,000	7,777	—	—	200,705
Stockholders' equity	167,426	178,327	211,626	243,952	287,315

	Year Ended December 31,				
	2002	2003	2004	2005	2006
	(In thousands)				
Supplemental Data:					
EBITDA(1)	\$10,459	\$ 21,057	\$51,560	\$ 39,176	\$ 73,577
Cash flows from operating activities	10,011	18,582	48,810	31,027	32,784
Cash flows from investing activities	(7,017)	(13,181)	(9,276)	(13,583)	(234,579)
Cash flows from financing activities	(7,105)	863	(5,989)	626	200,027

- (1) "EBITDA" means earnings before interest expense, income taxes, depreciation and amortization. We present EBITDA to enhance the understanding of our operating results. EBITDA is a key measure we use to evaluate our operations. EBITDA is also a key component in two of our debt covenant calculations for under credit agreement; the leverage ratio and minimum interest coverage ratio. However, the EBITDA amount determined under our credit agreement is further adjusted to exclude certain transaction costs and other non-cash charges (see "Management's Discussion and Analysis of Financial Condition and results of operations"). In addition, we provide our EBITDA because we believe that investors and securities analysts will find EBITDA to be a useful measure for evaluating our operating performance and comparing our operating performance with that of similar companies that have different capital structures and for evaluating our ability to meet our future debt service, capital expenditures, and working capital requirements. However, EBITDA should not be considered as an alternative to cash flows from operating activities as a measure of liquidity or as an alternative to net income as a measure of operating results in accordance with accounting principals generally accepted in the United States. The following provides a reconciliation of EBITDA to the financial information in our consolidated statement of operations.

	Year Ended December 31,				
	2002	2003	2004	2005	2006
	(In thousands)				
Net income	\$ 1,585	\$ 7,442	\$ 28,330	\$ 30,841	\$ 35,039
Add back items:					
Income taxes	(2,278)	3,901	13,183	(2,524)	21,063
Interest expense	1,084	583	367	179	3,020
Amortization of debt issuance costs	105	97	148	72	374
Depreciation of property, plant and equipment	8,761	7,774	8,213	9,290	12,178
Amortization of intangibles	1,202	1,260	1,319	1,318	1,903
Total	8,874	13,615	23,230	8,335	38,538
EBITDA	\$ 10,459	\$ 21,057	\$ 51,560	\$ 39,176	\$ 73,577

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a one-stop provider of time-critical and technologically complex printed circuit boards ("PCBs") and backplane assemblies, which serve as the foundation of sophisticated electronic products. We serve high-end commercial and aerospace / defense markets—including the networking/communications infrastructure, high-end computing, defense, aerospace and industrial/medical markets—which are characterized by high levels of complexity and moderate production volumes. Our customers include original equipment manufacturers, or OEMs, electronic manufacturing services, or EMS, providers and defense and aerospace companies. Our time-to-market and high technology focused manufacturing services enable our customers to reduce the time required to develop new products and bring them to market.

The market for our products experienced a sustained downturn during 2001 and 2002, due to the economic slowdown in the electronics industry. During this period, we reduced our work force and focused on cost reduction by improving the efficiency of our operations and negotiating lower prices on key supplies from our vendors. Throughout this period, we generated positive cash flow from operations, added new customers, and continued to invest in our future growth, adding capital equipment and acquiring Advanced Circuits in December 2002. During 2003, we generated increased sales due to the inclusion of Advanced Circuits, market share gains, and the improving economic conditions in the electronics industry and our customers' end markets. Our gross profit margin also increased from 2002 to 2003, due to our improved operating leverage as costs that are largely fixed in nature, such as labor, were absorbed over greater production volume. Market conditions continued to improve in 2004, resulting in further revenue growth and expanded gross margins. During the first half of 2005, prices for our printed circuit boards declined leading to lower revenue and gross margins. However, prices as well as production volume increased during the second half of 2005 and in 2006, leading to increased revenue and expanded gross margins.

On October 27, 2006, we completed the acquisition of PCG from Tyco International Ltd. The total purchase price of this acquisition was \$226.8 million, excluding acquisition costs. This acquisition enhanced our business in the following ways:

- positioned us as the largest PCB fabricator in North America as well as the largest PCB fabricator in the defense and aerospace end market;
- added complementary commercial PCB fabrication facilities to our original three commercial PCB manufacturing sites;
- added global backplane and sub-system assembly capability;
- entered the backplane assembly market in China with a facility in Shanghai;
- expanded engineering and materials expertise;
- expanded and diversified our customer base.

We measure customers as those companies that have placed at least two orders in the preceding 12-month period. As of December 31, 2006, we had approximately 740 customers and approximately 580 as of December 31, 2005. Sales to our 10 largest customers accounted for 53% of our net sales in 2006 and 66% of our net sales in 2005. We sell to OEMs both directly and indirectly through EMS companies. Sales attributable to our five largest OEM customers accounted for approximately 39% of our net sales in 2006, 54% of our net sales in 2005 and 54% of our net sales in 2004.

The following table shows the percentage of our net sales attributable to each of the principal end markets we served for the periods indicated. Because of the significant increase in aerospace/defense business due to the recent acquisition of PCG, we have modified our end market classifications to more accurately portray our resulting customer base.

End Markets (1)	Year Ended December 31,		
	2004	2005	2006
Networking/Communications	42%	46%	43%
Computing/Storage/Peripherals	37	34	29
Medical/Industrial/Instrumentation/Other	14	12	12
Aerospace/Defense	7	8	16
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

(1) Sales to EMS companies are classified by the end markets of their OEM customers.

For PCBs we measure the time sensitivity of our products by tracking the quick-turn percentage of our work. We define quick-turn orders as those with delivery times of 10 days or less, which typically captures research and development, prototype, and new product introduction work, in addition to unexpected short-term demand among our customers. Generally, we quote prices after we receive the design specifications and the time and volume requirements from our customers. Our quick-turn services command a premium price as compared to standard lead time products. Quick-turn orders decreased from approximately 22% of net PCB sales in 2005 to 17% of net PCB sales in 2006, due to both higher demand for our standard lead-time, high technology production services as well as the inclusion of the PCG facilities, which focus primarily on standard lead-time services. We also deliver a large percentage of compressed lead-time work with lead times of 11 to 20 days. We receive a premium price for this work as well. Purchase orders may be cancelled prior to shipment. We charge customers a fee, based on percentage completed, if an order is cancelled once it has entered production.

We recognize revenues when persuasive evidence of a sales arrangement exists, the sales terms are fixed and determinable, title and risk of loss has transferred, and collectibility is reasonably assured—generally when products are shipped to the customer. Net sales consist of gross sales less an allowance for returns, which typically has been less than 2% of gross sales. We provide our customers a limited right of return for defective printed circuit boards. We record an amount for estimated sales returns and allowances at the time of sale based on our historical results. To the extent actual returns vary from our historical experience, revisions to these allowances may be required.

Cost of goods sold consists of materials, labor, outside services, and overhead expenses incurred in the manufacture and testing of our products as well as stock-based compensation expense. Many factors affect our gross margin, including capacity utilization, product mix, production volume, and yield. We do not participate in any significant long-term contracts with suppliers, and we believe there are a number of potential suppliers for the raw materials we use. We believe that our cost of goods sold will continue to fluctuate as a percentage of net sales.

Selling and marketing expenses consist primarily of salaries and commissions paid to our internal sales force and commissions paid to independent sales representatives, salaries paid to our sales support staff, stock-based compensation expense as well as costs associated with marketing materials and trade shows. We generally pay higher commissions to our independent sales representatives for quick-turn work, which generally has a higher gross profit component than standard lead-time work. We expect our selling and marketing expenses to continue to fluctuate as a percentage of net sales.

General and administrative costs primarily include the salaries for executive, finance, accounting, information technology, facilities and human resources personnel, as well as insurance expenses, expenses for accounting and legal assistance, incentive compensation expense, stock-based compensation expense, and bad debt expense. We expect these expenses to continue to fluctuate as a percentage of net sales as we add personnel and incur additional costs related to the growth of our business and the requirements of operating as a public company.

Amortization of intangibles consists of intangible assets, which we recorded as a result of the Power Circuits acquisition in July 1999 as well as the PCG acquisition in October 2006.

Restructuring charges in 2004 relate to the final write down of assets held for sale associated with the sale of the Burlington, Washington, facility. Restructuring charges in 2006 relate to severance costs to terminate certain sales and administrative employees of the acquiring entity following the PCG acquisition.

Our interest expense relates to our senior secured credit facility and our other long-term obligations. Amortization of debt issuance costs consists of the amortization of loan origination fees and related legal and administrative expenses. Interest and other income consist primarily of interest received on our cash and short-term investment balances.

Critical Accounting Policies and Estimates

Our consolidated financial statements included in this report have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience, the use of independent valuation firms and licensed environmental professionals, and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Senior management has discussed the development, selection and disclosure of these estimates with the audit committee of our board of directors. Actual results may differ from these estimates under different assumptions or conditions.

Accounting policies for which significant judgments and estimates are made include asset valuation related to bad debts and inventory obsolescence; sales returns and allowances; impairment of long-lived assets, including goodwill and intangible assets; realizability of deferred tax assets; establishing the fair value of individual assets acquired and individual liabilities assumed when we acquire other businesses; determining stock-based compensation expense, self-insured medical reserves, asset retirement obligations and environmental liabilities. A detailed description of these estimates and our policies to account for them is included in the notes to our consolidated financial statements in this report.

We provide customary credit terms to our customers and generally do not require collateral. We perform ongoing credit evaluations of the financial condition of our customers and maintain an allowance for doubtful accounts based upon historical collections experience and expected collectibility of accounts. Our actual bad debts may differ from our estimates.

In assessing the realization of inventories, we are required to make judgments as to future demand requirements and compare these with current and committed inventory levels. Provision is made to reduce excess and obsolete inventories to their estimated net realizable value. Our inventory requirements may change based on our projected customer demand, changes due to market conditions, technological and product life cycle changes, longer or shorter than expected usage periods and other factors that could affect the valuation of our inventories. We maintain certain finished goods inventories near certain key customer locations in accordance with agreements. Although this inventory is typically supported by valid purchase orders, should these customers ultimately not purchase these inventories, our results of operations and financial condition would be adversely affected.

We derive revenues primarily from the sale of printed circuit boards and backplane assemblies using customer-supplied engineering and design plans and recognize revenues when persuasive evidence of a sales arrangement exists, the sales terms are fixed and determinable, title and risk of loss have transferred, and collectibility is reasonably assured—generally when products are shipped to the customer. We provide our customers a limited right of return for defective printed circuit boards and backplane assemblies. We accrue an estimated amount for sales returns and allowances at the time of sale based on historical information. To the extent actual experience varies from our historical experience, revisions to these allowances may be required.

We have significant long-lived tangible and intangible assets consisting of property, plant and equipment; goodwill; and definite-lived intangibles. We review these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. In addition, we perform an impairment test related to goodwill at least annually. Our goodwill and intangibles are largely attributable to our acquisitions of other businesses. During the fourth fiscal quarter 2006, we performed an impairment assessment of our goodwill, which requires the use of a fair-value based analysis and determined that no impairment existed. At December 31, 2006, we determined that there were no events or changes in circumstances that indicated that the carrying amount of long-lived tangible assets and definite-lived intangible assets may not be recoverable. We use an estimate of the future undiscounted net cash flows in measuring whether our long-lived tangible assets and definite-lived intangible assets are recoverable. If forecasts and assumptions used to support the realizability of our long-lived assets change in the future, significant impairment charges could result that would adversely affect our results of operations and financial condition.

Deferred income tax assets are reviewed for recoverability and valuation allowances are provided, when necessary, to reduce deferred tax assets to the amounts expected to be realized. At December 31, 2006, we have net deferred income tax assets of \$6.7 million, which is net of a valuation allowance of approximately \$2.4 million. Should our expectations of taxable income change in future periods, it may be necessary to adjust our valuation allowance, which could affect our results of operations in the period such a determination is made. In addition, we record income tax provision or benefit during interim periods at a rate that is based on expected results for the full year. If we determine in the future that it is more likely than not that some or all of our deferred income tax assets would be realizable in an amount greater than what already is recorded, we would reverse all or a portion of valuation allowance in the period the determination is made. If future changes in market conditions cause actual results for the year to be more or less favorable than those expected, adjustments to the effective income tax rate could be required.

We apply the provisions of purchase accounting when recording our acquisitions. Application of purchase accounting requires that we estimate the fair value of the individual assets acquired and liabilities assumed of a business. Determination of the fair value of the assets involves a number of judgments and estimates. In our acquisitions to date, we have engaged an outside valuation firm to provide us with an appraisal report, which we utilized in determining the purchase price allocation. The allocation of the purchase price to different asset classes impacts the depreciation and amortization expense we subsequently record. The principal assets we have acquired to date are receivables, inventory, real estate, property and equipment, as well as intangible assets such as customer relationships. The principal liabilities we have assumed to date are payables, asset retirement obligations and future environmental remediation obligations. The fair values assigned to the assets acquired and liabilities assumed in our 2006 acquisition of Tyco Printed Circuit Group has not been finalized and is subject to change pending the receipt of additional information necessary to finalize the fair values of: accounts receivables; sales returns and allowances; property, plant and equipment; asset retirement obligations; environmental reserves; and certain contingent liabilities. The additional information includes among other items, adequate support for certain credits in the accounts receivable, completion of a final compilation of property and equipment due to the incompleteness of the records acquired, completion of the appraisals being obtained on certain property and equipment, and information being obtained to finalize the values of asset retirement obligations, environmental reserves and certain contingent liabilities. The Company will continue to obtain the necessary information to finalize the fair values of these items during 2007 and may make further purchase accounting adjustments if appropriate which would primarily affect the amount of goodwill that we recorded.

We establish liabilities for the costs of asset retirement obligations when a legal or contractual obligation exists to dispose of or restore an asset upon its retirement and the timing and cost of such work is reasonably estimable. We record such liabilities only when such timing and costs are reasonably determinable. In addition, we accrue an estimate of the undiscounted costs of environmental remediation for work at identified sites where an assessment has indicated it is probable that cleanup costs are or will be required and may be reasonably estimated. In making these estimates, we consider information that is currently available, existing technology, enacted laws and regulations, and our estimates of the timing of the required remedial actions, and we discount these estimates at 8%. We may use outside environmental consultants to assist us in making these estimates. We also are required to estimate the amount of any probable recoveries, including insurance recoveries.

Effective January 1, 2006, we adopted the fair value recognition provisions of SFAS No. 123R "Share-Based Payments" ("SFAS 123R") using the modified prospective transition method, and therefore have not restated prior periods' results. Under this method we recognize compensation expense for all share-based payments granted on and after January 1, 2006, and prior but not yet vested as of January 1, 2006, in accordance with SFAS No. 123R. Under the fair value recognition provisions of SFAS No. 123R, we recognize stock-based compensation net of an estimated forfeiture rate and only recognize compensation cost for those shares expected to vest over the requisite service period of the award using a straight-line method. Prior to SFAS No. 123R adoption, we accounted for share-based payments under APB No. 25 "Accounting for Stock Issued to Employees", and therefore we generally recognized compensation expense only when we granted options with an exercise price below the market price on the date of grant.

We estimate the value of share-based awards on the date of grant using the Black-Scholes option pricing model. Calculating the fair value of share-based payment awards requires the input of highly subjective assumptions, including the expected term of the share-based payment awards and expected stock price volatility. The expected term represents the average time that options that vest are expected to be outstanding. The expected volatility rates are estimated based on a weighted average of the historical volatilities of our common stock. The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. We have currently estimated our forfeiture rate to be 7 percent. If our actual forfeiture rate is materially different from our estimate, the stock-based compensation expense could be significantly different from what we have recorded in the current period. For the year ended December 31, 2006, share-based compensation expense was \$1.6 million. At December 31, 2006, total unrecognized estimated compensation expense related to non-vested stock options was \$5.9 million, which is expected to be recognized over a weighted-average period of 1.6 years.

We are self-insured for group health insurance benefits provided to our employees, and we purchase insurance to protect against claims at the individual and aggregate level. The insurance carrier adjudicates and processes employee claims and is paid a fee for these services. We reimburse our insurance carrier for paid claims subject to variable monthly limitations. We estimate our exposure for claims incurred but not paid at the end of each reporting period and use historical information supplied by our insurance carrier and broker to estimate our liability for these claims. This liability is subject to an aggregate stop-loss that varies based on employee enrollment and factors that are established at each annual contract renewal. Our actual claims experience may differ from our estimates.

RESULTS OF OPERATIONS

The following table sets forth statement of operations data expressed as a percentage of net sales for the periods indicated:

	Year Ended December 31,		
	2004	2005	2006
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	71.5	77.6	74.8
Gross profit	28.5	22.4	25.2
Operating expenses:			
Selling and marketing	5.0	5.0	4.5
General and administrative	5.5	5.9	5.3
Amortization of definite-lived intangibles	0.5	0.5	0.5
Restructuring charges	0.4	—	—
Total operating expenses	11.4	11.4	10.3
Operating income	17.1	11.0	14.9
Other income (expense):			
Interest expense	(0.1)	(0.1)	(0.8)
Amortization of debt issuance costs	(0.0)	(0.0)	(0.1)
Interest income and other, net	0.3	0.9	1.2
Total other income (expense), net	0.2	0.8	0.3
Income before income taxes	17.3	11.8	15.2
Income tax benefit (provision) benefit	(5.5)	1.0	(5.7)
Net income	11.8%	12.8%	9.5%

Business Segments

The Company has two reportable segments: PCB Manufacturing and Commercial Assembly. Prior to our acquisition of PCG we had one reportable segment. These reportable segments are managed separately because they distribute and manufacture distinct products with different production processes. PCB Manufacturing fabricates printed circuit boards. Commercial Assembly is a contract manufacturing business that specializes in assembling backplanes into subassemblies and other complete electronic devices. PCB Manufacturing customers are either EMS companies or OEM companies, while Commercial Assembly customers are usually OEMs. Our Commercial Assembly segment includes our Hayward, California and Shanghai, China plants and our Ireland sales and distribution infrastructure. Our PCB manufacturing segment is composed of nine domestic PCB fabrication plants and an assembly operation that is closely affiliated with one of the PCB manufacturing plants.

We evaluate each segment on the basis of segment profits, which excludes profit on inter-segment sales, certain interest income and expense, and income tax expense. Corporate expenses and certain centrally-managed expenses are allocated to each segment. The following table presents sales and operating income for our reportable segments. For further information regarding our reportable segments, refer to Note 13 to our consolidated financial statements.

	Year Ended December 31,		
	2004	2005 (in thousands)	2006
Net sales:			
PCB Manufacturing	\$ 240,650	\$ 240,209	\$ 353,734
Commercial Assembly	—	—	22,357
Total Sales	240,650	240,209	376,091
Inter-segment sales	—	—	(6,775)
Total Net Sales	<u>\$ 240,650</u>	<u>\$ 240,209</u>	<u>\$ 369,316</u>
Operating income:			
PCB Manufacturing	\$ 42,554	\$ 27,760	\$ 55,561
Commercial Assembly	—	—	1,376
Total operating segment income	42,554	27,760	56,937
Amortization of intangibles	(1,319)	(1,318)	(1,903)
Total operating income	41,235	26,442	55,034
Total other income	278	1,875	1,068
Income before income taxes	<u>\$ 41,513</u>	<u>\$ 28,317</u>	<u>\$ 56,102</u>

Year Ended December 31, 2006, Compared to Year Ended December 31, 2005

The full year 2006 includes 65 days of the results of operations from our PCG acquisition, which occurred on October 27, 2006. The acquisition has had and will continue to have a significant affect on our operations as discussed in the various comparisons noted below.

Net Sales

Net sales increased \$129.1 million, or 53.7%, from \$240.2 million in 2005 to \$369.3 million in 2006 due to several factors, including the addition of the PCG facilities, and both increased prices and production volume at the three original TTM Technologies plants. Of the \$129.1 million increase in sales, \$72.9 million resulted from our PCG acquisition, including \$22.4 million from the commercial assembly segment. Volume increased approximately 26% primarily due to higher demand from our customers for our products. Prices rose approximately 12% due to increased demand for PCBs as well as a shift in production mix toward more high technology production. Our quick-turn production, which generally is characterized by higher prices, decreased from 22% of PCB revenue in 2005 to 17% of PCB revenue in 2006 due to both higher demand for our standard lead-time, high technology production services as well as the inclusion of the PCG facilities, which focus primarily on standard lead-time services.

Gross Profit

Cost of goods sold increased \$89.7 million, or 48.1%, from \$186.5 million for 2005 to \$276.2 million for 2006. Cost of goods sold rose due to several factors, including the addition of the PCG facilities, and both increased material prices and production volume at the three original TTM Technologies plants. Adding to this increase was higher repair and maintenance costs, higher utilities costs and higher depreciation expense. The increase in cost of goods sold included approximately \$4.0 million for the value of the manufacturing profit added to the PCG inventories at the acquisition date. In addition, higher wage rates, greater headcount, increased incentive compensation and the inclusion of stock option expense led to increased labor costs. As a percentage of net sales, cost of goods sold decreased from 77.6% for 2005 to 74.8% for 2006 primarily due to increased pricing and greater absorption of fixed costs due to increased production.

As a result of the foregoing, gross profit increased \$39.3 million, or 73.0%, from \$53.8 million for 2005 to \$93.1 million for 2006. Our gross margin increased from 22.4% in 2005 to 25.2% in 2006.

The increase in our gross margin was due to higher sale prices for our products as well as lower cost of goods sold as a percent of sales, which increased due to the factors discussed above, partially offset by assembly sales, which have inherently lower gross margins. This increase in gross margin was fueled by increased absorption of fixed costs due to increased production. Printed circuit board manufacturing is a multi-step process that requires a certain level of equipment and staffing for even minimal production volumes. As production increases, our employees are able to work more efficiently and produce more printed circuit boards without incurring significant cost increases. However, at higher capacity utilization rates, additional employees and capital may be required.

Operating Expenses

Selling and marketing expenses increased \$4.5 million, or 37.5%, from \$12.0 million for 2005 to \$16.5 million for 2006, primarily due to the inclusion of the PCG facilities in our results for 2006 as well as higher commission expense due to higher revenue. As a percentage of net sales, selling and marketing expenses decreased from 5.0% in 2005 to 4.5% in 2006 due to greater absorption of fixed costs. The mix of selling and marketing expenses did not change significantly from 2005 to 2006.

General and administrative expenses increased \$5.6 million from \$14.1 million, or 5.9% of net sales, for 2005 to \$19.7 million, or 5.3% of net sales, for 2006. The increase in expenses resulted primarily from the inclusion of the PCG facilities in our results for 2006. Other factors that increased general and administrative expense were higher incentive compensation and stock-based compensation expense as well as increased accounting, legal fees and consulting expenses related to completion and integration of the acquisition. General and administrative expenses decreased as a percentage of net sales, primarily due to greater absorption of these costs over a larger revenue base.

In the fourth fiscal quarter 2006, we recorded a restructuring charge of \$0.2 million related to realigning certain sales and administrative functions.

Other Income (Expense)

Other income (expense) declined \$0.8 million from income of \$1.9 million in 2005 to income of \$1.1 million in 2006. This net decrease resulted from an increase of \$3.1 million in interest expense and amortization of debt issuance costs related to our new \$200 million senior secured term loan used to fund the acquisition of PCG, net of an increase of \$2.3 million from interest earned on higher balances in cash and cash equivalents and short-term investments for most of 2006.

Income Taxes

The provision for income taxes increased from a \$2.5 million benefit for 2005 to a \$21.1 million provision for 2006. The change from an income tax benefit in 2005 to an income tax provision in 2006 resulted from a favorable valuation allowance adjustment in 2005, higher pretax income in 2006, and a higher effective tax rate for 2006. Our effective tax benefit rate was 8.9% in 2005, and our effective tax provision rate was 37.5% in 2006. Our effective tax rate is primarily impacted by the federal income tax rate; apportioned state income tax rates; utilization of other credits and deductions available to us; and certain non-deductible items. During 2005, we decreased our valuation allowance against our deferred income tax assets and benefited our 2005 income tax provision by \$12.7 million for the portion of the deferred income tax assets that we determined that is more likely than not to be realized. Our expectations of future earnings were sufficient for us to conclude that it was more likely than not that most of our deferred income tax assets will be realized. Excluding the favorable impacts to our tax provision resulting from the decreases in our valuation allowance in 2005, our effective tax rate in 2005 was 35.8%. The increase from this rate to the 2006 effective tax rate of 37.5% is due primarily to the acquisition of the PCG facilities, which are generally in states with higher tax rates, most notably California. Our federal tax rate also increased from 34.0% in 2005 to 35.0% in 2006. As of December 31, 2006, our valuation allowance against deferred income tax assets was approximately \$2.4 million.

Year Ended December 31, 2005, Compared to Year Ended December 31, 2004

Net Sales

Net sales decreased \$0.4 million, or 0.2%, from \$240.6 million in 2004 to \$240.2 million in 2005 due to declining prices, partially offset by an increase in production volume. Volume increased approximately 5% primarily due to higher demand from our customers for our products. Prices fell approximately 5% primarily due to increased competition and excess capacity in the North American printed circuit board industry, partially offset by a shift in product mix toward more high technology production. Our quick-turn production, which generally is characterized by higher prices, increased from 20% of revenue in 2004 to 22% of revenue in 2005.

Gross Profit

Cost of goods sold increased \$14.4 million, or 8.3%, from \$172.1 million for 2004 to \$186.5 million for 2005. Cost of goods sold rose due to an increase in the number of printed circuit boards sold as well as price increases in raw materials, higher repair and maintenance costs, higher utilities costs, primarily natural gas, and higher depreciation expense. In addition, higher wage rates and greater headcount led to increased labor costs, but these increases were partially offset by a reduced incentive compensation accrual. As a percentage of net sales, cost of goods sold increased from 71.5% for 2004 to 77.6% for 2005 primarily due to declining prices and higher absolute costs, partially offset by increased absorption of fixed costs.

As a result of the foregoing, gross profit decreased \$14.7 million, or 21.6%, from \$68.5 million for 2004 to \$53.8 million for 2005. Our gross margin decreased from 28.5% in 2004 to 22.4% in 2005.

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The decline in our gross margin was due to lower prices for our products as well as higher cost of goods sold, which increased due to the factors discussed above. This decline in gross margin was somewhat mitigated by increased absorption of fixed costs due to increased production. Printed circuit board manufacturing is a multi-step process that requires a certain level of equipment and staffing for even minimal production volumes. As production increases, our employees are able to work more efficiently and produce more printed circuit boards without incurring significant cost increases. However, at higher capacity utilization rates, additional employees and capital may be required. Our average layer count increased from 15.6 in 2004 to 15.8 in 2005.

Operating Expenses

Selling and marketing expenses remained essentially flat at \$12.0 million for 2004 and 2005. As a percentage of net sales, selling and marketing expenses remained unchanged at 5.0% during the same periods of time. The mix of selling and marketing expenses did not change significantly from 2004 to 2005.

General and administrative expenses increased \$0.9 million from \$13.2 million, or 5.5% of net sales, for 2004 to \$14.1 million, or 5.9% of net sales, for 2005. The increase in expenses resulted primarily from a net \$2.2 million loss contingency accrual related to reaching a definitive agreement with a customer to resolve a dispute concerning certain goods shipped in 2002 and 2003; higher accounting fees for the audit of internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act; and higher labor expense due to higher wage rates, partially offset by lower incentive compensation expense and costs related to a proposed public stock offering in the second fiscal quarter 2004. General and administrative expenses increased as a percentage of net sales, primarily due to the net increase in expenses described in this paragraph.

In the second fiscal quarter 2004, we recorded a restructuring charge of \$0.9 million to write down the value of our Burlington, Washington building prior to selling it. We subsequently sold it in the fourth fiscal quarter 2004.

Other Income (Expense)

Other income (expense) improved \$1.6 million from income of \$0.3 million in 2004 to income of \$1.9 million in 2005. This increase resulted from higher interest income due to higher cash and short term investment balances and higher interest rates in 2005 as compared to 2004 as well as lower interest expense in 2005 due to the repayment of our term loan in 2004.

Income Taxes

The provision for income taxes decreased from a \$13.2 million provision for 2004 to a \$2.5 million benefit for 2005. The change from an income tax provision in 2004 to an income tax benefit in 2005 resulted from lower pretax income in 2005 combined with a lower effective tax rate for 2005. Our effective tax provision rate was 31.8% in 2004 and our effective tax benefit rate was 8.9% in 2005. Our effective tax rate is primarily impacted by the federal income tax rate; apportioned state income tax rates; utilization of other credits and deductions available to us; and certain non-deductible items. In addition, during 2004 and 2005, we decreased our valuation allowance against our deferred income tax assets and benefited our 2004 and 2005 income tax provision by \$2.1 million and \$12.7 million, respectively, for the portion that we determined that is more likely than not to be realized. The reduction in valuation allowance in 2005 occurred during the fourth quarter given the additional positive evidence from continued historical earnings and expectations of future earnings which was sufficient for us to conclude that it was more likely than not that most of our deferred income tax assets will be realized. Excluding the favorable impacts to our tax provision resulting from the decreases in our valuation allowance in 2004 and 2005, our effective tax rate in 2004 was 36.8% and 35.8% in 2005. As of December 31, 2005, our valuation allowance against deferred income tax assets was approximately \$2.5 million.

Liquidity and Capital Resources

Our principal sources of liquidity have been cash provided by operations, borrowings under our senior secured credit facility, and proceeds from employee exercises of stock options. Our principal uses of cash have been to finance acquisitions, meet debt service requirements, finance capital expenditures and fund working capital requirements. We anticipate that servicing debt, funding working capital requirements and financing capital expenditures will continue to be the principal demands on our cash in the future. On October 27, 2006, we completed the PCG acquisition for \$226.8 million, excluding acquisition costs. This purchase price was paid using some of our available cash and cash equivalents as well as proceeds from a new \$200 million senior secured term loan. We cancelled our existing \$25 million revolving credit facility and replaced it with a new \$40 million senior secured revolving credit facility.

As of December 31, 2006, we had net working capital of approximately \$127.4 million, compared to \$111.2 million as of December 31, 2005. The increase in working capital is primarily attributable to increases in accounts receivable and inventories largely due to consolidation of the acquired entity's balance sheet and partially offset by the classification of a significant portion of

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our long-term debt as a current liability in 2006. On October 27, 2006, we used \$34.1 million of our cash and cash equivalents to fund a portion of the price paid for PCG plus direct acquisition and debt issuance costs.

Our 2007 capital expenditure plan is expected to total approximately \$16 million and will fund capital equipment purchases to increase capacity and expand our technological capabilities throughout our facilities.

The following table provides information on contractual obligations as of December 31, 2006 (in thousands):

Contractual Obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Operating leases	\$ 8,705	\$ 2,401	\$ 3,992	\$ 924	\$ 1,388
Purchase obligations	30	30	—	—	—
Capital lease obligations	744	744	—	—	—
Debt obligations	200,000	60,000	1,781	2,850	135,369
Interest on debt obligations (1)	62,341	12,058	21,101	20,710	8,472
Total contractual obligations	<u>\$ 271,820</u>	<u>\$ 75,233</u>	<u>\$ 26,874</u>	<u>\$ 24,484</u>	<u>\$ 145,229</u>

(1) For variable rate debt, interest is based upon the rates in effect at December 31, 2006, adjusted for the impact of our interest rate hedge entered into January, 2007.

In connection with the PCG acquisition, the Company is involved in various stages of investigation and cleanup related to environmental remediation at two Connecticut sites and is obligated to investigate a third Connecticut site. The Company currently estimates that it will incur remediation costs of \$1.0 million to \$1.2 million over the next 12 to 60 months related to these matters. In addition, the Company has obligations to the Connecticut Department of Environmental Protection to complete a compliance management plan through July 2009 under which the Company will make certain environmental asset improvements to its waste water systems, which are estimated to cost \$1.0 million.

Based on our current level of operations, we believe that cash generated from operations, available cash and amounts available under a new five-year senior secured \$40 million revolving credit facility will be adequate to meet our currently anticipated debt service, capital expenditure, and working capital needs for the next 12 months and beyond. Our principal liquidity needs for periods beyond the next 12 months are to meet debt service requirements as well as for other contractual obligations as indicated in our contractual obligations table above and for capital purchases under our annual capital expenditure plan.

Net cash provided by operating activities was \$32.8 million in 2006, compared to \$31.0 million in 2005. Our 2006 operating cash flow of \$32.8 million primarily reflects net income of \$35.0 million, \$14.1 million of depreciation and amortization, a decrease in deferred income tax assets of \$5.0 million and \$0.6 million from a variety of other factors, partially offset by a net increase in working capital of \$21.9 million, excluding cash and short-term investments.

Net cash used in investing activities was \$234.6 million in 2006, compared to \$13.6 million in 2005. In 2006, we acquired the PCG business and used cash of \$230.9 million, which is net of the cash acquired and includes the direct acquisition costs. Additionally, we made net purchases of approximately \$14.1 million of property, plant, and equipment, offset by a reduction of \$10.4 million in our net short-term investments.

Net cash provided by financing activities was \$200.0 million in 2006, compared to \$0.6 million in 2005. Our 2006 financing net cash flow reflects proceeds of \$200.0 million from issuance of debt, approximately \$5.0 million from employee stock option exercises and \$0.9 million from a variety of other factors, partially offset by payment of \$5.9 million of debt issuance costs for our new senior term loan and revolving credit facility. As of December 31, 2006, we had \$200 million of long-term debt obligations outstanding under our senior secured term loan facility and no borrowing outstanding under our senior secured revolving credit facility. Beginning with our adoption of SFAS 123R on January 1, 2006, the excess of tax benefits upon exercise of common stock options is reported as a cash flow from financing activities.

In accordance with EITF No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*, the Company recorded a liability in purchase accounting, the costs of involuntary employee severance and other exit activity costs of \$3.2 million associated with its plan to close the PCG Dallas, Oregon, facility, and the termination of certain sales employees of the acquired business. The closure of the Dallas facility is expected to be completed during the second quarter of 2007 after which the Company will commence the process of selling the building and certain assets. We anticipate that we will also incur additional costs of approximately \$0.4 million related to transferring certain equipment and closing the facility which will be expensed as incurred. The table below shows amounts (in thousands) which resulted from these restructuring actions during the year ended December 31, 2006. As of December 31, 2006, we had paid \$0.2 of the amounts accrued and had a remaining liability of \$3.2 million.

	2006 Restructuring Summary		
	Dallas, Oregon Facility Closure	Corporate Sales, Administrative Realignment	Total
PCB Manufacturing	\$ 2,680	\$ 545	\$ 3,225
Corporate (1)	—	199	199
Total Restructuring Costs (1)	<u>\$ 2,680</u>	<u>\$ 744</u>	<u>\$ 3,424</u>

(1) The corporate realignment accrual of \$0.2 million was reflected as a charge to earnings in the year ended December 31, 2006.

On October 27, 2006, we entered into a credit agreement (the “Credit Agreement”) with certain lenders lead by UBS Securities LLC. The Credit Agreement provides for a \$200 million term loan that matures in October 2012, and a \$40 million revolving loan facility, that matures in October 2011. Borrowings under the Credit Agreement will bear interest at a floating rate of either a base rate (the “Alternate Base Rate”) plus an applicable interest margin or LIBOR plus an applicable interest margin. The Alternate Base Rate is equal to the greater of (i) the federal funds rate plus 0.50% or (ii) the prime rate. Under terms of the Credit Agreement, borrowings under the term loan and the revolving loan facility will, at the Borrower’s option, initially bear interest at a rate based on either (a) LIBOR plus 2.25% or (b) the Alternate Base rate plus 1.25%. The applicable interest margins on both Alternate Base Rate loans and LIBOR loans under the revolving loan facility may decrease under the terms of the Credit Agreement by up to 0.5% as our leverage ratio decreases. There is no provision in the credit agreement, other than in the event of default, for these interest margins to increase. Each calendar year we are required to repay 1% of the outstanding term loan balance, subject to adjustment for prior period repayments, and excess cash flow as defined in the credit agreement. Discretionary use of cash or cash flow by the Company is constrained by certain leverage and interest coverage ratio tests required to be met under the terms of our Credit Agreement. These ratios become more restrictive over each of the next successive quarters. Currently, we expect to repay \$60 million of our outstanding debt in 2007 in order to meet certain financial covenants of our Credit Agreement. As of March 15, 2007, we have repaid \$25 million on our outstanding debt. If the financial performance of our business falls short of expectations then we might be required to repay additional debt beyond current planned repayments.

The Credit Agreement contains customary limitations, including limitations on indebtedness; limitations on liens; limitations on investments and acquisitions; limitations on dividends, stock repurchases, stock redemptions and the redemption or prepayment of other debt; limitations on mergers, consolidations or sales of assets; limitations on capital expenditures; and limitations on transactions with affiliates. We are also subject to financial covenants, including a maximum total leverage ratio and minimum interest coverage ratio and limitations on capital expenditures. The leverage ratio is the ratio of total indebtedness to consolidated EBITDA and the interest coverage ratio is the ratio of consolidated EBITDA to consolidated interest expense. EBITDA used for our debt covenants is adjusted for certain costs related to our PCG transactions (not to exceed \$9 million) and other non-cash charges as defined in the credit agreement. Our maximum leverage ratio covenant ranges from 1.85:1 to 1:00:1 during the term of the agreement. Our minimum interest coverage ratio ranges from 5.75:1 to 10.50:1 during the term. The term loan and revolving loan facility are secured by substantially all of our domestic assets and 65% of our foreign assets.

At December 31, 2006, none of our debt was covered by any hedging arrangements. On January 25, 2007, we entered into an interest rate swap, to comply with the terms of our credit agreement, to hedge 40% or \$70.0 million of our outstanding debt. This amount reflects a repayment of \$25.0 million of the debt which occurred on January 2, 2007. The interest rate swap has been designated as a cash flow hedge and will be accounted for in accordance with SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities.”

Impact of Inflation

We believe that our results of operations are not dependent upon moderate changes in the inflation rate as we expect that we generally will be able to pass along component price increases to our customers.

Seasonality

We have historically experienced some seasonality in our second and third fiscal quarters in our computing/storage/peripherals end market.

Recently Issued Accounting Standards

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," which defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. A tax position that meets the "more-likely-than-not" criterion shall be measured at the largest amount of benefit that is more than 50% likely of being realized upon ultimate settlement. Interpretation No. 48 applies to all tax positions accounted for under SFAS No. 109, "Accounting for Income Taxes." Interpretation No. 48 is effective for fiscal years beginning after December 15, 2006. Upon adoption, we will adjust our financial statements to reflect only those tax positions that are more-likely-than-not to be sustained as of the adoption date. Any adjustment will be recorded directly to our beginning retained earnings balance in the period of adoption and reported as a change in accounting principle. We are currently analyzing the effects of adopting Interpretation No. 48 on our financial statements.

In June 2006, the EITF reached a consensus on EITF Issue No. 06-03, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)". EITF 06-03 provides that the presentation of taxes assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer on either a gross basis (included in revenues and costs) or on a net basis (excluded from revenues) is an accounting policy decision that should be disclosed. The provisions of EITF 06-03 become effective as of January 1, 2007. The adoption of EITF 06-03 is not expected to have any effect on our financial statements.

In September 2006, the Securities and Exchange Commission issued SAB 108 to address diversity in practice in quantifying financial statement misstatements. SAB 108 requires that we quantify misstatements based on their impact on each of our financial statements and related disclosures. SAB 108 is effective as of the end of our 2006 year, allowing a one-time transitional cumulative effect adjustment to retained earnings as of January 1, 2006 for errors that were not previously deemed material, but are material under the guidance in SAB 108. We do not expect the impact of SAB 108 to have an impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective beginning January 1, 2008. We are currently evaluating the impact this standard will have on our financial position and results of operations.

In September 2006, the FASB issued FASB Staff Position No. AUG AIR-1, "Accounting for Planned Major Maintenance Activities," which prohibits companies from recognizing planned major maintenance costs by accruing a liability over several reporting periods before the maintenance is performed – the accrue-in-advance method. This pronouncement will be effective for us beginning January 1, 2007. Our policy is to expense maintenance costs as the direct expenses are incurred and therefore, the adoption of this pronouncement will not impact our consolidated financial statements.

In February 2007, FASB Statement No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" was released. SFAS 159 provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 will be effective for us beginning January 1, 2008. We are currently assessing the potential effect of SFAS 159 on our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk. We are exposed to interest rate risk relating to our senior secured term loan, which bears interest at (a) either an alternate base rate plus an applicable margin or (b) LIBOR plus an additional margin. A 1.0% fluctuation in the interest rate would result in a \$2.0 million increase in interest expense per annum.

Our revolving credit facility bears interest at floating rates. The revolving credit facility bears interest ranging from 1.75% to 2.25% per year plus the applicable LIBOR or from 0.75 to 1.25% per year plus the Alternate Base Rate, as defined in our credit agreement. As of December 31, 2006, we have no outstanding revolving loans. However, \$0.3 million of the available capacity for letters of credit is utilized in support of a real estate lease.

At December 31, 2006, none of our debt was covered by any hedging arrangements. On January 25, 2007, we entered into an interest rate swap, to comply with the terms of our credit agreement, to hedge 40%, or \$70.0 million, of our outstanding debt, to effectively fix the interest rate for such portion of our outstanding debt at 7.46%. This amount reflects a repayment of \$25.0 million of the debt on January 2, 2007. The interest rate swap has been designated as a cash flow hedge and amortizes to a zero notional value on January 25, 2010. Accounting for this swap agreement is covered by SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities".

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Foreign Currency Exchange Risk. We are subject to risks associated with transactions that are denominated in currencies other than the US dollar, as well as the effects of translating amounts denominated in a foreign currency to the US dollar as a normal part of the reporting process. Our recently acquired Chinese operations utilize the Chinese Yuan or RMB as the functional currency which results in the Company recording a translation adjustment which is included as component of accumulated other comprehensive income within stockholders' equity. Net foreign currency transaction losses on transactions denominated in currencies other than the US dollar were \$0.1 million during the fiscal year ended December 31, 2006. There were no foreign currency transaction gains or losses for the fiscal years ended December 31, 2005 and 2004. We currently do not utilize any derivative instruments to hedge foreign currency risks.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the financial statements, the report thereon, the notes thereto, and the supplementary data commencing at page F-1 of this report, which financial statements, report, notes, and data are included herein.

The following unaudited selected quarterly results of operations data for the years ended December 31, 2005 and 2006 have been derived from the Company's unaudited consolidated financial statements, which in the opinion of management have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments (consisting of normal recurring adjustments) necessary to present fairly the information for the quarters presented. This information should be read in conjunction with the consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included as part of this Form 10-K. The operating results for the quarters presented are not necessarily indicative of the operating results of any future period. The Company uses a 13-week fiscal quarter accounting period with the first quarter ending on the Monday closest to April 1 and the fourth quarter always ending on December 31. The first and fourth quarters of 2005 and 2006 contained 95 and 90 days, and 94 and 91 days, respectively.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year Ended December 31, 2005:				
Net sales	\$58,883	\$57,216	\$60,979	\$ 63,131
Gross profit	13,538	11,037	14,152	15,029
Net income	4,460	3,272	4,061	19,048
Earnings per share:				
Basic	\$ 0.11	\$ 0.08	\$ 0.10	\$ 0.46
Diluted	\$ 0.11	\$ 0.08	\$ 0.10	\$ 0.46
Year Ended December 31, 2006:				
Net sales	\$72,688	\$76,683	\$75,765	\$144,180
Gross profit	20,203	22,969	22,477	27,499
Net income	8,811	10,556	10,523	5,149
Earnings per share:				
Basic	\$ 0.21	\$ 0.25	\$ 0.25	\$ 0.12
Diluted	\$ 0.21	\$ 0.25	\$ 0.25	\$ 0.12

Our quarterly results of operations reflect some seasonal trends in the second and third quarters that are primarily due to seasonality experienced by the customers in computing, storage and peripherals end markets.

During the fourth quarter of fiscal 2005, we reversed valuation allowances on certain deferred income tax assets which had a \$12.7 million favorable impact on our net income for that period.

During the fourth quarter of fiscal 2006, we acquired the operations of PCG which significantly affected our net sales, gross profit and net income for that period. We also incurred significant operating costs related to integrating the PCG acquisition that impacted net income for that period. Gross profit was negatively impacted by approximately \$4.0 million for the value of the manufacturing profit added to the PCG inventories at the acquisition date. These inventories were substantially sold during the fourth quarter. Gross margins also were affected by the inclusion of PCG's backplane assembly operations, which inherently carry a lower gross margin than printed circuit board manufacturing.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2006. Based on that evaluation, our management, including the CEO and CFO, concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported as specified in the SEC's rules and forms. There has been no change in our internal control over financial reporting during the three months ended December 31, 2006, that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting is effective as of December 31, 2006.

The Company acquired PCG (the "acquired entity") during October 2006. Management excluded from its assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006, the acquired entity's internal control over financial reporting associated with total assets of \$296 million and total revenues of \$73 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2006.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006 has been audited by KPMG, LLP, an independent registered public accounting firm, as stated in their report, which is included on page F-2 of this report.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and chief financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ITEM 9B. OTHER INFORMATION

Not Applicable

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item relating to our directors is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2007 Annual Meeting of Stockholders. The information required by this Item relating to our executive officers is included in Item 1, “Business – Management” of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2007 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2007 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2007 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2007 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedule

- (1) Financial Statements are listed in the Index to Financial Statements on page F-1 of this Report.
- (2) Financial Statement Schedule:

Schedule II Valuation and Qualifying Accounts are set forth on page S-2 of this Report.

Other schedules are omitted because they are not applicable, not required, or because required information is included in the consolidated financial statements or notes thereto.

- (3) Exhibits

(b) Exhibits

Exhibit Number	Exhibits
2.1	Form of Plan of Reorganization (1).
2.2	Stock and Asset Purchase Agreement by and among Tyco Printed Circuit Group LP, Tyco Electronics Corporation, Raychem International, Tyco Kappa Limited, Tyco Electronics Logistics AG, and TTM (Ozarks) Acquisition, Inc. dated as of August 2, 2006 (2)
3.1	Registrant’s Certificate of Incorporation.(3)
3.2	Registrant’s Bylaws.(3)
4.1	Form of Registrant’s common stock certificate.(3)
10.1	UBS Credit Agreement see ex. 10.1 to November 2, 2006 8-K (4)
10.2	Employment Agreement dated as of December 31, 2005 between the Registrant and Kenton K. Alder. (5)
10.3	Form of Executive Change in Control Severance Agreement and schedule of agreements entered into on December 1, 2005. (5)
10.4	Employment Agreement dated as of October 23, 2006 between the Registrant and Douglas L. Soder.(6)
10.5	Form of Severance Agreement and schedule of agreements entered into on December 1, 2006.(6)
10.6	2006 Incentive Compensation Plan.(6)
10.7	Form of Stock Option Agreement. (6)
10.8	Form of Restricted Stock Unit Award Agreement. (6)
10.9	Form of Indemnification Agreement with directors. (1)
10.10	Statutory Warranty Deeds for Redmond Facility.(1)
21.1	Subsidiaries of the Registrant (6)
23.1	Consent of KPMG LLP, independent registered public accounting firm (6)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended. (6)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended. (6)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (6)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (6)

(1) Incorporated by reference to the Registration Statement on Form S-1 (Registration No. 333-39906) declared effective September 20, 2000.

(2) Incorporated by reference to the Registrant’s Form 8-K as filed with the Securities and Exchange Commission (the “Commission”) on August 4, 2006.

(3) Incorporated by reference to the Registrant’s Form 8-K as filed with the Commission on August 30, 2005.

(4) Incorporated by reference to the Registrant’s Form 8-K as filed with the Commission on November 2, 2006.

(5) Incorporated by reference to the Registrant’s Form 10-K as filed with the Commission on March 15, 2006.

(6) Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TTM TECHNOLOGIES, INC.

Date: March 15, 2007

By: /s/ KENTON K. ALDER
Kenton K. Alder
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ KENTON K. ALDER</u> Kenton K. Alder	President, Chief Executive Officer (Principal Executive Officer), and Director	March 15, 2007
<u>/s/ STEVEN W. RICHARDS</u> Steven W. Richards	Executive Vice President, Chief Financial Officer and Secretary (Principal Financial Officer)	March 15, 2007
<u>/s/ DANIEL L. FELSENTAL</u> Daniel L. Felsenthal	Vice President and Controller (Principal Accounting Officer)	March 15, 2007
<u>/s/ ROBERT E. KLATELL</u> Robert E. Klatell	Chairman of the Board	March 15, 2007
<u>/s/ THOMAS T. EDMAN</u> Thomas T. Edman	Director	March 15, 2007
<u>/s/ JAMES K. BASS</u> James K. Bass	Director	March 15, 2007
<u>/s/ RICHARD P. BECK</u> Richard P. Beck	Director	March 15, 2007
<u>/s/ JOHN G. MAYER</u> John G. Mayer	Director	March 15, 2007

TTM TECHNOLOGIES, INC.

Index to Consolidated Financial Statements and Schedule

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
TTM Technologies, Inc:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting appearing under Item 9A that TTM Technologies, Inc. maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). TTM Technologies, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that TTM Technologies, Inc. maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, TTM Technologies, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company acquired Tyco Printed Circuit Group LP (the "acquired entity") during 2006, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, the acquired entity's internal control over financial reporting associated with total assets of \$296 million and total revenues of \$73 million included in the consolidated financial statements of the Company and subsidiaries as of and for the year ended December 31, 2006. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the acquired entity.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of TTM Technologies, Inc. and subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2006, and our report dated March 15, 2007 expressed an unqualified opinion on those consolidated financial statements.

/s/KPMG LLP
Salt Lake City, Utah
March 15, 2007

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
TTM Technologies, Inc.:

We have audited the accompanying consolidated balance sheets of TTM Technologies, Inc. and subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TTM Technologies, Inc. and subsidiaries as of December 31, 2005 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2006 the Company changed its method of accounting for stock-based compensation upon adoption of Statement of Financial Accounting Standards No. 123R, "Share Based Payment."

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of TTM Technologies, Inc.'s internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 15, 2007, expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/KPMG LLP

Salt Lake City, Utah
March 15, 2007

TTM TECHNOLOGIES, INC.

Consolidated Balance Sheets
As of December 31, 2005 and 2006
(In thousands)

	<u>2005</u>	<u>2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 61,258	\$ 59,660
Short-term investments	21,100	10,996
Accounts receivable, net of allowances of \$4,094 and \$7,201, respectively	38,631	125,435
Inventories, net	12,564	67,020
Prepaid expenses and other	2,261	3,924
Income taxes receivable	—	717
Deferred income taxes	4,601	3,996
Total current assets	<u>140,415</u>	<u>271,748</u>
Property, plant and equipment, at cost:		
Land	4,932	11,761
Machinery and equipment	68,624	137,111
Buildings and improvements	22,523	46,403
Furniture and fixtures	424	576
Automobiles	80	96
Construction-in-process	1,436	10,739
	<u>98,019</u>	<u>206,686</u>
Less accumulated depreciation	<u>(46,221)</u>	<u>(55,849)</u>
Property, plant and equipment, net	<u>51,798</u>	<u>150,837</u>
Other assets:		
Debt issuance costs, net of accumulated amortization of \$33 and \$175, respectively	199	5,711
Deferred income taxes	6,834	2,685
Goodwill	63,153	115,627
Definite-lived intangibles, net of accumulated amortization of \$8,061 and \$9,614, respectively	10,318	26,235
Deposits and other	426	855
Total other assets	<u>80,930</u>	<u>151,113</u>
	<u>\$ 273,143</u>	<u>\$ 573,698</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion long-term debt	\$ —	\$ 60,705
Accounts payable	11,310	49,276
Accrued salaries, wages and benefits	9,921	24,189
	3,150	—
Accrued contingencies		
Other accrued expenses	1,642	10,173
Income taxes payable	2,116	—
Current portion other long-term liabilities	1,052	—
Total current liabilities	<u>29,191</u>	<u>144,343</u>
Long-term debt, less current portion	—	140,000
Other long-term liabilities, less current portion	—	2,040
Total long-term liabilities	<u>—</u>	<u>142,040</u>
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock, \$0.001 par value; 100,000 shares authorized, 41,311 and 42,093 shares issued and outstanding, respectively	41	42
Additional paid-in capital	159,634	167,850
Retained earnings	84,277	119,316
Accumulated other comprehensive income	—	107
Total stockholders' equity	<u>243,952</u>	<u>287,315</u>
	<u>\$ 273,143</u>	<u>\$ 573,698</u>

See accompanying notes to consolidated financial statements.

TTM TECHNOLOGIES, INC.

Consolidated Statements of Operations
For the Years Ended December 31, 2004, 2005 and 2006
(In thousands, except per share data)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net sales	\$ 240,650	\$ 240,209	\$ 369,316
Cost of goods sold	172,103	186,453	276,168
Gross profit	<u>68,547</u>	<u>53,756</u>	<u>93,148</u>
Operating expenses:			
Selling and marketing	12,032	11,977	16,473
General and administrative	13,223	14,135	19,656
Amortization of definite-lived intangibles	1,202	1,202	1,786
Restructuring charges	855	—	199
Total operating expenses	<u>27,312</u>	<u>27,314</u>	<u>38,114</u>
Operating income	<u>41,235</u>	<u>26,442</u>	<u>55,034</u>
Other income (expense):			
Interest expense	(367)	(179)	(3,020)
Amortization of debt issuance costs	(148)	(72)	(374)
Interest income and other, net	793	2,126	4,462
Total other income, net	<u>278</u>	<u>1,875</u>	<u>1,068</u>
Income before income taxes	41,513	28,317	56,102
Income tax benefit (provision)	<u>(13,183)</u>	<u>2,524</u>	<u>(21,063)</u>
Net income	<u>\$ 28,330</u>	<u>\$ 30,841</u>	<u>\$ 35,039</u>
Basic earnings per share	<u>\$ 0.69</u>	<u>\$ 0.75</u>	<u>\$ 0.84</u>
Diluted earnings per share	<u>\$ 0.68</u>	<u>\$ 0.74</u>	<u>\$ 0.83</u>

See accompanying notes to consolidated financial statements.

TTM TECHNOLOGIES, INC.

Consolidated Statements of Stockholders' Equity and Comprehensive Income
For the Years Ended December 31, 2004, 2005 and 2006
(In thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Deferred Stock-Based Compensation	Accumulated Other Comprehensive Income	Comprehensive Income	Total
	Shares	Amount						
Balance, December 31, 2003	40,475	\$ 40	\$ 153,216	\$ 25,106	\$ (35)	\$ —		\$ 178,327
Amortization of deferred stock-based compensation	—	—	—	—	35	—		35
Stock-based compensation	—	—	96	—	—	—		96
Exercise of common stock options	539	1	1,787	—	—	—		1,788
Income tax benefit from options exercised	—	—	3,050	—	—	—		3,050
Net income	—	—	—	28,330	—	—		28,330
Balance, December 31, 2004	41,014	41	158,149	53,436	—	—		211,626
Exercise of common stock options	297	—	858	—	—	—		858
Income tax benefit from options exercised	—	—	627	—	—	—		627
Net income	—	—	—	30,841	—	—		30,841
Balance, December 31, 2005	41,311	41	159,634	84,277	—	—		\$ 243,952
Net income	—	—	—	35,039	—	—	\$ 35,039	35,039
Cumulative translation adjustment, net of tax	—	—	—	—	—	107	107	107
Comprehensive income	—	—	—	—	—	—	\$ 35,146	
Exercise of common stock options	782	1	4,956	—	—	—		4,957
Income tax benefit from options exercised	—	—	1,707	—	—	—		1,707
Stock-based compensation	—	—	1,553	—	—	—		1,553
Balance, December 31, 2006	<u>42,093</u>	<u>\$ 42</u>	<u>\$ 167,850</u>	<u>\$ 119,316</u>	<u>\$ —</u>	<u>\$ 107</u>		<u>\$ 287,315</u>

See accompanying notes to consolidated financial statements.

TTM TECHNOLOGIES, INC.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2004, 2005 and 2006
(In thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Cash flows from operating activities:			
Net income	\$ 28,330	\$ 30,841	\$ 35,039
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property, plant and equipment	8,213	9,290	12,178
Net gain on sale of property, plant and equipment	—	—	(48)
Amortization of definite-lived intangible assets	1,319	1,318	1,903
Amortization of deferred stock-based compensation and stock-based compensation	131	—	1,553
Amortization of debt issuance costs	148	72	374
Amortization of premiums and discounts on short-term investments, net	—	(125)	(322)
Non-cash interest imputed on other long-term liabilities	118	64	25
Non-cash restructuring charge for impairment of building and equipment	855	—	—
Income tax benefit from stock options exercised	3,050	627	(1,072)
Deferred income taxes	9,211	(8,564)	4,925
Changes in operating assets and liabilities net of effect of acquired businesses:			
Accounts receivable, net	(7,259)	(2,853)	(8,704)
Inventories, net	(376)	(3,571)	(623)
Prepaid expenses and other	81	(1,213)	(430)
Income taxes receivable	673	157	(717)
Accounts payable	1,668	1,780	(7,931)
Income taxes payable	160	1,956	(486)
Accrued contingencies	—	3,150	(3,150)
Accrued salaries, wages and benefits and other accrued expenses	2,488	(1,902)	270
Net cash provided by operating activities	<u>48,810</u>	<u>31,027</u>	<u>32,784</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment and equipment deposits	(17,502)	(7,962)	(13,949)
Purchase of intangibles	—	—	(350)
Purchases of available-for-sale short-term investments	(27,050)	(4,300)	—
Proceeds from sales of available-for-sale short-term investments	28,794	17,150	—
Purchases of held-to-maturity short-term investments	(18,967)	(64,615)	(40,909)
Proceeds from redemptions of held-to-maturity short-term investments	23,975	46,140	51,335
Cash paid in business acquisition — net of cash acquired	—	—	(230,920)
Proceeds from sale of assets, property, plant and equipment	1,474	4	214
Net cash used in investing activities	<u>(9,276)</u>	<u>(13,583)</u>	<u>(234,579)</u>
Cash flows from financing activities:			
Proceeds from long-term debt	—	—	200,000
Principal payments on long-term debt	(7,777)	—	(111)
Excess tax benefit from stock based compensation	—	—	1,072
Proceeds from exercise of common stock options	1,788	858	4,957
Payment of debt issuance costs	—	(232)	(5,886)
Other financing activities	—	—	(5)
Net cash provided by (used in) financing activities	<u>(5,989)</u>	<u>626</u>	<u>200,027</u>
Effect of foreign currency exchange rates on cash and cash equivalents	<u>—</u>	<u>—</u>	<u>170</u>
Net increase (decrease) in cash and cash equivalents	33,545	18,070	(1,598)
Cash and cash equivalents at beginning of year	<u>9,643</u>	<u>43,188</u>	<u>61,258</u>
Cash and cash equivalents at end of year	<u>\$ 43,188</u>	<u>\$ 61,258</u>	<u>\$ 59,660</u>
Supplemental cash flow information:			
Cash paid for interest	\$ 248	\$ 97	\$ 2,912
Cash paid, net for income taxes	165	3,121	17,310

Supplemental disclosures of noncash investing and financing activities:

During 2006, the Company purchased certain assets and assumed certain liabilities of Tyco Printed Circuits. The total purchase consideration included cash payments of \$230,920, which is net of \$6,050 of cash acquired and the assumption of liabilities of \$70,524 (see Note 3).

See accompanying notes to consolidated financial statements.

TTM TECHNOLOGIES, INC.

Notes to Consolidated Financial Statements

(Dollars and shares in thousands, except per share data)

(1) Nature of Operations and Basis of Presentation

TTM Technologies, Inc. (the “Company”), formerly Pacific Circuits, Inc., was incorporated under the laws of the State of Washington on March 20, 1978 and reincorporated under the laws of the State of Delaware on August 29, 2005. In July 1999, Power Circuits, Inc. was acquired, and on December 26, 2002, Honeywell Advanced Circuits, Inc., renamed to TTM Advanced Circuits, Inc., (“Advanced Circuits”) was acquired, and both became wholly-owned subsidiaries of TTM Technologies, Inc. TTM Technologies International, Inc. was established as a wholly owned subsidiary of TTM Technologies, Inc. in December 2004.

On October 27, 2006, TTM Technologies, Inc. acquired certain assets, assumed certain liabilities and acquired certain equity interests of Tyco Printed Circuit Group LP (“PCG”) from Tyco International, Ltd. In this transaction, the stock of Tyco Packaging Systems (Shanghai) Co. Ltd. and Tyco Iota, Ltd. were purchased and the acquired assets and assumed liabilities were placed into new, wholly-owned subsidiaries TTM Printed Circuit Group, Inc., TTM Technologies (Ireland) Ltd., TTM Technologies, (Ireland) EU Ltd., and TTM Technologies, (Switzerland) GmbH (see Note 3). TTM Technologies, Inc. and its wholly-owned subsidiaries are collectively referred to as (“the Company”). The Company is a manufacturer of complex printed circuit boards used in sophisticated electronic equipment and provides backplane and sub-system assembly services for both standard and specialty product in defense and commercial operations. The Company sells to a variety of customers located both within and outside of the United States of America.

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of TTM Technologies, Inc. and its wholly-owned subsidiaries, Power Circuits, Inc., TTM Advanced Circuits, Inc., TTM Technologies International, Inc., TTM Printed Circuit Group, Inc., Tyco Packaging Systems (Shanghai) Co. Ltd., Tyco Iota, Ltd., TTM Technologies (Ireland) Ltd., TTM Technologies (Ireland) EU Ltd., and TTM Technologies (Switzerland) GmbH. All intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition

The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, *Revenue Recognition* (SAB 104). The Company derives its revenue primarily from the sale of printed circuit boards using customer supplied engineering and design plans and recognizes revenues when the criteria of SAB 104 have been met. The criteria to meet this guideline are: (i) persuasive evidence of a sales arrangement exists, (ii) the sales terms are fixed and determinable, (iii) title and risk of loss has transferred, and (iv) collectibility is reasonably assured—generally when products are shipped to the customer, except in situations in which title passes upon receipt of the products by the customer. In this case, revenues are recognized upon notification that customer receipt has occurred. The Company does not have customer acceptance provisions, but it does provide its customers a limited right of return for defective printed circuit boards. The Company accrues an estimated amount for sales returns and allowances related to defective printed circuit boards at the time of sale based on its ability to estimate sales returns and allowances using historical information. As of December 31, 2005 and 2006, the reserve for sales returns and allowances was \$3,168 and \$4,443, respectively, which is included as a reduction to accounts receivable, net. For the years ended December 31, 2004, 2005 and 2006, the provision for sales returns and allowances, which is recorded as a reduction to net sales, was 1.3%, 1.6% and 0.9% of gross sales, respectively. Shipping and handling fees are included as part of net sales. The related freight costs and supplies associated with shipping products to customers are included as a component of cost of goods sold.

Foreign Currency Translation and Transactions

The functional currency of the Company's Tyco Packaging Systems (Shanghai) Co. Ltd. subsidiary is the local currency, the Chinese RMB. Accordingly, assets and liabilities are translated into U.S. Dollars using period-end exchange rates. Sales and expenses are translated at the average exchange rates in effect during the period. The resulting translation gains or losses are recorded as a component of accumulated other comprehensive income. Gains and losses resulting from foreign currency transactions are included in income and totaled \$(99) for the year ended December 31, 2006.

Cash Equivalents and Short-Term Investments

The Company considers highly liquid investments with insignificant interest rate risk and original maturities to the Company of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of interest-bearing bank accounts, money market funds and short-term debt securities.

The Company considers highly liquid investments with an effective maturity to the Company of more than three months and less than one year to be short-term investments.

Management determines the appropriate classification of investments at the time of purchase and reevaluates such designation as of each balance sheet date. Debt securities that the Company has the ability and intent to hold until maturity are accounted for as held-to-maturity securities and are carried at amortized cost, which approximates fair market value. Available-for-sale debt securities are carried at fair value, which approximates cost.

Short-term investments as of December 31, 2005 and 2006 were as follows:

	<u>2005</u>	<u>2006</u>
Available-for-sale:		
Money market funds	\$ 18,975	\$ 40,713
Held-to-maturity:		
Corporate bonds and notes	27,705	11,311
Negotiable bank certificates of deposit	1,200	—
U.S. Treasury and federal agency securities	34,516	8,330
	<u>63,421</u>	<u>19,641</u>
Total short-term investments	82,396	60,354
Amounts classified as cash equivalents	<u>61,296</u>	<u>49,358</u>
Amounts classified as short-term investments	<u>\$ 21,100</u>	<u>\$ 10,996</u>

As of December 31, 2006, debt securities totaled \$19,641 and are classified as held to maturity and mature in less than one year.

For each of the years ended December 31, 2004, 2005 and 2006, realized gains and losses upon the sale of available-for-sale investments were insignificant. Unrealized gains and losses on available-for-sale investments are insignificant for all periods and accordingly have not been recorded as a component of accumulated other comprehensive income. The specific identification method is used to compute the realized gains and losses on debt investments.

The Company regularly monitors and evaluates the realizable value of its investments. When assessing investments for other-than-temporary declines in value, the Company considers such factors as, among other things, how significant the decline in value is as a percentage of the original cost, how long the market value of the investment has been less than its original cost, the collateral supporting the investments, insurance policies which protect the Company's investment position, and the credit rating issued for the securities by one or more of the major credit rating agencies.

Certain prior year balances in this disclosure only have been reclassified to conform to the current year's presentation.

Inventories

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market. Elements of cost in the company's work-in-process and finished goods generally include raw materials, labor and manufacturing overhead. Provision is made to reduce excess and obsolete inventories to their estimated net realizable value. Inventories as of December 31, 2005 and 2006 consist of the following:

	2005	2006
Raw materials	\$ 3,842	\$ 22,718
Work-in-process	7,407	37,804
Finished goods	1,315	6,498
	<u>\$ 12,564</u>	<u>\$ 67,020</u>

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Assets recorded under capital leases and leasehold improvements are amortized using the straight-line method over the lesser of their useful lives or the related lease term. The Company uses the following estimated useful lives:

Buildings and improvements	7 – 40 years
Machinery and equipment	3 – 12 years
Furniture and fixtures	3 – 7 years
Automobiles	5 years

Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts. The resulting gain or loss is included in the determination of income. Major renewals and betterments are capitalized and depreciated over their estimated useful lives while minor expenditures for maintenance and repairs are charged to expense as incurred.

Debt Issuance Costs

Debt issuance costs are amortized to expense over the period of the underlying senior credit facility using the effective interest rate method, adjusted to give effect to any early repayments. During 2005, the Company entered into a new credit agreement and incurred debt issuance costs of \$232. During 2006, the Company entered into a new credit agreement and incurred debt issuance costs of \$5,886. In addition, the Company wrote off \$141 of unamortized debt issuance costs related to the retirement of the 2005 credit facility.

Goodwill

Goodwill is the excess of cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed in a business combination. Prior to the Company's acquisition of PCG (see Note 3), the Company had three reporting units consistent with the nature of its operations and all of its goodwill was allocated to one reporting unit. As result of the recent acquisition, as of December 31, 2006, the Company is in the process of determining its reporting units under SFAS No. 142 and has preliminarily allocated goodwill to the reportable segments determined under SFAS No. 131 (see Note 13). A further allocation to a level below the reportable segment level, to the extent determined necessary, will be completed in 2007 once the allocation of the purchase price is completed.

SFAS No. 142 requires that goodwill be tested for impairment annually or more often if events or circumstances indicate a potential impairment exists. Goodwill is tested for impairment using a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the estimated fair value of the reporting unit containing goodwill with the related carrying amount. If the estimated fair value of the reporting unit exceeds its carrying amount, the reporting unit's goodwill is not considered to be impaired, and the second step of the impairment test is unnecessary. If the reporting unit's carrying amount exceeds its estimated fair value, the second step test must be performed to measure the amount of the goodwill impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill, determined in the same manner as the amount of goodwill recognized in a business combination, with the carrying amount of such goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

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In performing the impairment tests of the goodwill associated with the legacy TTM business, the fair value of the Company's reporting unit was determined using a combination of the income approach and the market approach. Under the income approach, the fair value of a reporting unit is calculated based on the present value of estimated future net cash flows. Under the market approach, fair value is estimated based on market multiples of earnings or similar measures for comparable companies and market transactions, when available.

Based on the results of its first step impairment tests, the Company determined that no impairment of goodwill existed as of December 31, 2004, 2005 and 2006. However, future goodwill impairment tests could result in a charge to earnings. The Company will continue to evaluate goodwill on an annual basis as of the end of the fourth quarter and whenever events and changes in circumstances indicate that there may be a potential impairment.

Goodwill as of December 31, 2006, totaled \$115,627, of which \$103,669 is expected to be fully deductible for tax purposes. As of December 31, 2006, the preliminary goodwill from the PCG acquisition totaled \$52,474 (see Note 3).

Definite-lived Intangibles

Definite-lived intangibles as of December 31, 2005 and 2006 consist of the following:

	2005	2006
Strategic customer relationships	\$ 18,029	\$ 35,429
Customer backlog	—	70
Licensing agreement	350	350
	18,379	35,849
Less accumulated amortization	(8,061)	(9,614)
Definite-lived intangibles, net	\$ 10,318	\$ 26,235

In October 2006, certain intangibles were acquired as part of the PCG acquisition (see Note 3).

The Company's intangible assets are amortized over the estimated useful lives using straight-line and accelerated methods. The range of remaining estimated useful lives and weighted-average amortization periods of the major categories of definite-lived intangible assets at December 31, 2006 were as follows:

	Range of Remaining Estimated Useful Lives	Weighted Average Amortization Period
Strategic customer relationships	6.5 — 9 years	12 years
Customer backlog	0.5 years	0.7 years
Licensing agreement	2.5 years	3 years

Amortization expense was \$1,319, \$1,318 and \$1,903 in 2004, 2005 and 2006, respectively. Estimated aggregate amortization for definite-lived intangible assets for the next five years is as follows: 2007-\$4,213; 2008-\$3,877; 2009-\$3,460; 2010-\$3,131; and 2011-\$2,987.

Impairment of Long-lived Assets

Long-lived tangible assets and definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset or asset groups may not be recoverable. The Company evaluates, at each balance sheet date, whether events and circumstances have occurred that indicate possible impairment. The Company uses an estimate of the future undiscounted net cash flows of the related asset or asset group over the remaining life in measuring whether the assets are recoverable. Measurement of the amount of impairment, if any, is based upon the difference between the asset's carrying value and estimated fair value.

When assets are classified as held for sale, the carrying value of these assets is compared to the estimated fair value, less the cost to sell, to determine if recognition of an impairment is required.

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Judgments and assumptions are inherent in the Company's estimate of undiscounted future cash flows used to determine recoverability of an asset and the estimate of an asset's fair value used to calculate the amount of impairment to recognize. The use of alternate judgments and assumptions could result in the recognition of different levels of impairment charges in the financial statements.

Self Insurance

The Company is primarily self insured for group health insurance benefits provided to employees. The Company also purchases stop loss insurance to protect against annual claims per individual and at the aggregate level. From October 27, 2006, through December 31, 2006, former PCG employees who became TTM employees were provided health insurance benefits under their former PCG plans and TTM reimbursed the provider for the costs of these plans. The individual stop losses range from \$100 to \$125 per individual depending on the health plans they select, and the aggregate thresholds are dependent upon the total number of employees participating in the plans. Self insurance liabilities are estimated for claims incurred but not paid using historical information provided by our insurance carrier and other professionals. The Company accrued \$2,986 and \$5,276 for self insurance liabilities at December 31, 2005 and 2006, respectively, and these amounts are reflected within accrued salaries, wages and benefits in the accompanying December 31, 2005 and 2006 consolidated balance sheets.

Income Taxes

The Company recognizes deferred tax assets or liabilities for expected future tax consequences of events that have been recognized in the financial statements or tax returns. Under this method, deferred tax assets or liabilities are determined based upon the difference between the financial statement and income tax basis of assets and liabilities using enacted tax rates expected to apply when differences are expected to be settled or realized. Deferred tax assets are reviewed for recoverability, and the Company records a valuation allowance to reduce its deferred tax assets when it is more likely than not that all or some portion of the deferred tax assets will not be realized.

The Company has various foreign subsidiaries formed or acquired to conduct or support its business outside the United States. The Company provides for income taxes, net of applicable foreign tax credits on temporary differences in its investment in foreign subsidiaries which are not considered to be permanently invested outside of the United States.

Earnings Per Share

Basic earnings per common share ("Basic EPS") excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per common share ("Diluted EPS") reflects the potential dilution that could occur if stock options or other common stock equivalents were exercised or converted into common stock.

The following is a reconciliation of the numerator and denominator used to calculate Basic EPS and Diluted EPS for the years ended December 31, 2004, 2005 and 2006:

	2004			2005			2006		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share	Net Income	Shares	Per Share
Basic EPS	\$ 28,330	40,780	\$ 0.69	\$ 30,841	41,232	\$ 0.75	\$ 35,039	41,740	\$ 0.84
Dilutive effect of options		1,088			538			555	
Diluted EPS	<u>\$ 28,330</u>	<u>41,868</u>	\$ 0.68	<u>\$ 30,841</u>	<u>41,770</u>	\$ 0.74	<u>\$ 35,039</u>	<u>42,295</u>	\$ 0.83

The computation of Diluted EPS does not assume exercise or conversion of securities that would have an antidilutive effect on earnings per common share. Stock options to purchase 1,150, 1,759 and 1,520 shares of common stock for the years ended December 31, 2004, 2005, and 2006, respectively, were not considered in calculating Diluted EPS because the effect would be anti-dilutive.

Stock-Based Compensation

Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123R "Share-Based Payments" ("SFAS 123R"). The Company elected to use the modified prospective transition method and, therefore, has not restated any prior reported results. Under this transition method, stock-based compensation expense for the year ended December 31, 2006, included compensation expense for all stock-based compensation awards granted prior to, but not yet vested as of, December 31, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123. Stock-based compensation expense for all stock-based compensation awards granted on and after January 1, 2006, is based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R. The Company recognizes these compensation costs net of estimated forfeitures on a

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straight-line basis over the requisite service period of the award, which is generally the option vesting term. The Company estimates the forfeiture rate based on its historical experience.

As a result of adopting SFAS 123R, the impact to the consolidated financial statements for the year ended December 31, 2006, was a reduction in income before income taxes of \$1,553 and a reduction in net income of \$1,357. The impact on basic and diluted earnings per share for the year ended December 31, 2006, was a decrease of approximately \$0.03 and \$0.03 per share respectively.

In addition, prior to the adoption of SFAS 123R, the Company presented the tax benefit from the exercise of common stock option exercises as a component of cash flows from operating activities. Upon the adoption of SFAS 123R, tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options are classified as a component of cash flows from financing activities. This results in a decrease of \$1,072 in cash flows from operating activities and an increase of \$1,072 in cash flows from financing activities for the year ended December 31, 2006.

Prior to January 1, 2006, the Company accounted for stock options issued to employees, officers and directors under Accounting Principles Board Opinion No. 25 (APB No. 25) and the related interpretations and provided pro forma disclosures as required by SFAS No. 123. The table below reflects pro forma net income and basic and diluted net earnings per share for the years ended December 31, 2004 and 2005 had the Company applied the fair value recognition provisions of SFAS 123, as follows:

	Year Ended December 31,	
	2004	2005
Net income, as reported	\$ 28,330	\$ 30,841
Add: Stock-based compensation included in reported net income, net of related tax effects	131	—
Less: Stock-based compensation expense determined under the fair-value-based method for all awards, net of related tax effects	(4,249)	(8,872)
Pro forma net income	<u>\$ 24,212</u>	<u>\$ 21,969</u>
Basic earnings per share:		
As reported	\$ 0.69	\$ 0.75
Pro forma	\$ 0.59	\$ 0.53
Diluted earnings per share:		
As reported	\$ 0.68	\$ 0.74
Pro forma	\$ 0.58	\$ 0.53

On June 8, 2005, the Compensation Committee of the Board of Directors of the Company approved accelerating the vesting of approximately 986 unvested, “out-of-the-money” stock options awarded to employees, officers and non-employee directors with an exercise price greater than \$10.00. On September 14, 2005, the Compensation Committee of the Board of Directors of the Company approved accelerating the vesting of approximately 211 unvested, “out-of-the-money” stock options awarded to employees, officers and non-employee directors with exercise prices between \$8.00 and \$10.00. The June 2005 and September 2005 accelerated options have exercise prices ranging from \$10.15 to \$16.00 and \$8.00 to \$9.75, respectively. The closing price of the Company’s common stock on June 8, 2005, and September 14, 2005, was \$8.48 and \$7.34 per share, respectively. As a result of these accelerated vestings, the Company remeasured compensation expense for the accelerated options under APB No. 25. Since the options for which vestings were accelerated were “out-of-the-money,” no additional compensation expense was recorded.

The Company accelerated these options in advance of the effective date of, and in anticipation of the earnings effect of, SFAS 123R. The accelerated vesting of these options enabled the Company to avoid recognizing future compensation cost associated with the accelerated stock options upon the adoption of SFAS 123R. The accelerated vesting of these options initially increased 2005 pro forma stock-based compensation expense, before related tax effects, by approximately \$9,500 and decreased 2005 pro forma net income and earnings per share.

For more information on the Company’s stock-based compensation plans, refer to Note 9.

Customer Concentration

The Company’s customers include both original equipment manufacturers (“OEMs”) and electronic manufacturing services companies (“EMS companies”). The Company’s OEM customers often direct a significant portion of their purchases through EMS companies.

For the year ended December 31, 2004, two customers accounted for 29% and 17% of the Company’s net sales. For the year ended December 31, 2005, two customers accounted for 29% and 17% of the Company’s net sales. For the year ended December 31, 2006,

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two customers, Solelectron and Celestica, accounted for 20% and 10%, respectively, of the Company's net sales. Sales to these two customers were substantially from the PCB Manufacturing segment (see Note 13). Sales to our 10 largest customers were 65%, 66% and 53% of net sales for the years ended December 31, 2004, 2005 and 2006, respectively. The loss of one or more major customers or a decline in sales to the Company's major customers would have a material adverse effect on the Company's financial condition and results of operations.

Concentration of Credit Risk

In the normal course of business, the Company extends credit to its customers, which are concentrated in the computer and electronics instrumentation industries, and some of which are located outside the United States. The Company performs ongoing credit evaluations of customers and does not require collateral. The Company makes judgments as to its ability to collect outstanding trade receivables when collection becomes doubtful. Provisions are made based upon a specific review of significant outstanding invoices, historical collection experience and current economic trends.

For the purposes of evaluating collection risk, the Company considers the credit risk profile of the entity from which the receivable is due. As of December 31, 2005, five customers in the aggregate accounted for 57% of total accounts receivable. As of December 31, 2006, five customers in the aggregate account for 33% of total accounts receivable. If one or more of the Company's significant customers were to become insolvent or were otherwise unable to pay for the manufacturing services provided, it would have a material adverse effect on the Company's financial condition and result of operations.

Asset Retirement Obligations

The Company accounts for asset retirement obligations as required by SFAS No. 143, "Accounting for Asset Retirement Obligations" and FASB Interpretation ("FIN") No. 47, "Accounting for Conditional Asset Retirement Obligations." Under these standards, a liability is recognized for the fair value of legally required asset retirement obligations associated with long-lived assets in the period in which the retirement obligations are incurred and the liability can be reasonably estimated. The Company capitalizes the associated asset retirement costs as part of the carrying amount of the long-lived asset.

Environmental Accrual

The Company accrues for costs associated with environmental obligations when such costs are probable and reasonably estimable in accordance with AICPA Statement of Position ("SOP") 96-1, "Environmental Remediation Liabilities" Accruals for estimated costs for environmental obligations generally are recognized no later than the date when the Company identifies what cleanup measures, if any, are likely to be required to address the environmental conditions. In accordance with SOP 96-1, included in such obligations are the estimated direct costs to investigate and address the conditions, including the associated engineering, legal and consulting costs. In making these estimates, we consider information that is currently available, existing technology, enacted laws and regulations, and our estimates of the timing of the required remedial actions. Such accruals are measured on a discounted basis and are adjusted as further information becomes available or circumstances change.

Comprehensive Income

Comprehensive income includes changes to equity accounts that were not the result of transactions with stockholders. Comprehensive income is comprised of net income and other comprehensive income and loss items. The Company's comprehensive income item consists of changes in the cumulative foreign currency translation adjustments.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," which defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. A tax position that meets the "more-likely-than-not" criterion shall be measured at the largest amount of benefit that is more than 50% likely of being realized upon ultimate settlement. Interpretation No. 48 applies to all tax positions accounted for under SFAS No. 109, "Accounting for Income Taxes." Interpretation No. 48 is effective for fiscal years beginning after December 15, 2006. Upon adoption, the Company will adjust its financial statements to reflect only those tax positions that are more-likely-than-not to be sustained as of the adoption date. Any adjustment will be recorded directly to its beginning retained earnings balance in the period of adoption and reported as a change in accounting principle. The Company is currently analyzing the effects of adopting Interpretation No. 48 on its financial statements.

In June 2006, the EITF reached a consensus on EITF Issue No. 06-03, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)". EITF 06-03 provides that the presentation of taxes assessed by a governmental authority that is directly imposed on a revenue-producing

transaction between a seller and a customer on either a gross basis (included in revenues and costs) or on a net basis (excluded from revenues) is an accounting policy decision that should be disclosed. The provisions of EITF 06-03 become effective as of January 1, 2007. The adoption of EITF 06-03 is not expected to have any effect on the Company's financial statements.

In September 2006, the Securities and Exchange Commission issued SAB 108 to address diversity in practice in quantifying financial statement misstatements. SAB 108 requires that the Company quantify misstatements based on their impact on each of its financial statements and related disclosures. SAB 108 is effective as of the end of our 2006 year, allowing a one-time transitional cumulative effect adjustment to retained earnings as of January 1, 2006 for errors that were not previously deemed material, but are material under the guidance in SAB 108. The Company does not expect the impact of SAB 108 to have an impact on its financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective beginning January 1, 2008. The Company currently is evaluating the impact this standard will have on its financial position and results of operations.

In September 2006, the FASB issued FASB Staff Position No. AUG AIR-1, "Accounting for Planned Major Maintenance Activities," which prohibits companies from recognizing planned major maintenance costs by accruing a liability over several reporting periods before the maintenance is performed – the accrue-in-advance method. This pronouncement will be effective for the Company beginning January 1, 2007. The Company's policy is to expense maintenance costs as the direct expenses are incurred and therefore, the adoption of this pronouncement will not impact the Company's consolidated financial statements.

In February 2007, FASB Statement No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" was released. SFAS 159 provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. FAS 159 will be effective for the Company beginning January 1, 2008. The Company currently is evaluating the potential effect of SFAS 159 on our financial statements.

Fair Value of Financial Instruments

The carrying amounts of assets and liabilities as reported on the balance sheets at December 31, 2005 and 2006, which qualify as financial instruments, approximate fair value. As of December 31, 2006, the Company had a \$200,000 term loan outstanding. The fair value, based on quoted market prices, of the Company's term loan was \$201,000. The fair value of this term loan may increase or decrease due to various factors, including fluctuations in the market price of the Company's common stock, fluctuations in market interest rates and fluctuations in general economic conditions.

(3) Acquisition of Tyco Printed Circuit Group

On October 27, 2006, the Company acquired substantially all of the assets of the Printed Circuit Group business unit of Tyco International Ltd. in accordance with the terms of the Stock and Asset Purchase Agreement dated August 2, 2006, by and among Tyco Printed Circuit Group LP, Tyco Electronics Corporation, Raychem International, Tyco Kappa Limited, Tyco Electronics Logistics AG and TTM Printed Circuit Group, Inc. ("Agreement"). TTM Printed Circuit Group, Inc. (f/k/a TTM (Ozarks) Acquisition, Inc.) is a wholly owned subsidiary of TTM Technologies, Inc. The Tyco Printed Circuit Group ("PCG") is a leading producer of complex, high performance and specialty printed circuit boards ("PCBs") and is one of the major suppliers of aerospace and defense PCBs in North America. The purchase makes the Company the largest North American manufacturer of PCBs. These factors contributed to establishing the purchase price, which resulted in the recognition of \$52,474 of goodwill, \$40,516 of which is expected to be deductible for income taxes. The purchase price was \$226,784 in cash, which included adjustments of \$1,184 for working capital and capital expenditures. The total cost of the acquisition, including transaction fees and expenses, was approximately \$236,970, which included \$6,050 in cash acquired.

In accordance with SFAS No. 141 "Business Combinations," the Company recorded this acquisition using the purchase method of accounting. The purchase price has been preliminarily allocated to tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair values. The excess purchase price over the fair value of tangible and intangible assets acquired and liabilities assumed was recorded as goodwill. Fair values were based upon a valuation of tangible and identifiable intangible assets acquired, including useful lives, as estimated by management of the Company with the assistance of an independent appraiser. The following sets forth the preliminary allocation of the purchase consideration:

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Cash	\$ 6,050
Other current assets	133,446
Property, plant and equipment	97,736
Intangible assets	17,470
Goodwill	52,474
Other non-current assets	318
Liabilities assumed	(70,524)
Net assets acquired	<u>\$ 236,970</u>

The fair values assigned to the assets acquired and liabilities assumed in our 2006 acquisition of PCG has not been finalized and is subject to change pending the receipt of additional information necessary to finalize the fair values of: accounts receivables; sales returns and allowances; property, plant and equipment; asset retirement obligations; environmental reserves; and certain contingent liabilities. The additional information includes among other items, adequate support for certain credits in the accounts receivable, completion of a final compilation of property and equipment due to the incompleteness of the records acquired, completion of the appraisals being obtained on certain property and equipment, and information being obtained to finalize the values of asset retirement obligations, environmental reserves and certain contingent liabilities. The Company will continue to obtain the necessary information to finalize the fair values of these items during 2007 and may make further purchase accounting adjustments if appropriate which would primarily affect the amount of goodwill that we recorded.

In accordance with EITF No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*, the Company recorded as a cost of the acquisition involuntary employee severance and other exit activity liabilities of \$3,225 associated with its plan to close the PCG Dallas, Oregon, facility, and terminate certain sales employees of the acquired business. Prior to completing the acquisition, the Company began assessing the need to close certain PCG facilities and on December 7, 2006, the Company finalized its plan to close the Dallas facility. The closure of the Dallas facility is expected to be completed during the second quarter of 2007 after which the Company will commence the process of selling the building and certain assets. The table below shows the additions to and utilization of the accrued restructuring charges during the year ended December 31, 2006 which is included in other accrued expenses.

	Severance	Other Exit Charges	Total
Accrued at December 31, 2005	\$ —	\$ —	\$ —
Dallas facility closure charges	3,111	114	3,225
Non-PCG severance charges	199	—	199
Utilization	(163)	—	(163)
Accrued at December 31, 2006	<u>\$ 3,147</u>	<u>\$ 114</u>	<u>\$ 3,261</u>

In connection with the acquisition of PCG, the Company increased the effective state tax rate applied to its existing net deferred income tax assets which resulted in a \$403 increase to the net deferred tax assets and a corresponding reduction to the acquired goodwill. This state rate increase reflects the new rate that is expected to apply when the deferred tax items are settled or realized.

The unaudited pro forma information below presents the results of operations of 2005 and 2006 as if the PCG acquisition occurred at the beginning of each of the respective periods, after giving effect to certain adjustments (depreciation and amortization of tangible and intangible assets, to remove expenses related to assets not acquired and liabilities not assumed, interest expense and amortization of deferred financing costs related to the acquisition debt and the related income tax effects). The pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisition been made at the beginning of each of the presented periods or of the results which may occur in the future.

	2005	2006
Net sales	\$584,509	\$717,406
Net income	16,549	25,535
Basic earnings per share	\$ 0.40	\$ 0.62
Diluted earnings per share	\$ 0.40	\$ 0.60

(4) Long-term Debt and Credit Agreement

The following table summarizes the long-term debt of the Company at December 31, 2006:

	2006
Term loan due October 27, 2012	\$ 200,000
Borrowings under revolving loan due October 27, 2011	—
Capitalized leases (see Note 7)	705
	<u>200,705</u>
Less current maturities	(60,705)
Long-term debt, less current maturities	<u>\$ 140,000</u>

The maturities of long-term debt through 2011 and thereafter are as follows:

2007	\$ 60,705
2008	356
2009	1,425
2010	1,425
2011	1,425
Thereafter	135,369
	<u>\$ 200,705</u>

The Company had a committed revolving credit facility of \$25,000 with a final maturity date of July 15, 2008 in place on October 27, 2006. As of October 27, 2006, the Company had no outstanding revolving loan balances under this facility. This facility was terminated consistent with placement of a new facility on October 27, 2006.

On October 27, 2006, the Company entered into a credit agreement (the “Credit Agreement”) with certain lenders lead by UBS Securities LLC. The Credit Agreement provides for a \$200,000 senior term loan, which matures in October 2012, and a \$40,000 senior revolving loan facility, which matures in October 2011. Borrowings under the Credit Agreement will bear interest at a floating rate of either a base rate (the “Alternate Base Rate”) plus an applicable interest margin or LIBOR plus an applicable interest margin. The Alternate Base Rate is equal to the greater of (i) the federal funds rate plus 0.50% or (ii) the prime rate. Under terms of the Credit Agreement, borrowings under the term loan and the revolving loan facility will, at the Borrower’s option, initially bear interest at a rate based on either (a) LIBOR plus 2.25% or (b) the Alternate Base Rate plus 1.25%. The applicable interest margins on both Alternate Base Rate loans and LIBOR loans under the revolving loan facility may decrease under the terms of the Credit Agreement by up to 0.50% as the Company’s total leverage ratio decreases. There is no provision in the Credit Agreement, other than an event of default, for these interest margins to increase. Each calendar year the Company is required to repay 1% of the outstanding term loan balance, subject to adjustment for prior period repayments, and excess cash flow as defined in the Credit Agreement. Discretionary use of cash or cash flow by the Company is constrained by certain leverage and interest coverage ratio tests required to be met under the terms of the Credit Agreement. These ratios become more restrictive over each of the next successive quarters. Currently, the Company expects to repay \$60,000 of its outstanding debt in 2007 in order to meet certain financial covenants of its Credit Agreement. As of March 15, 2007, the Company had repaid \$25,000 of the outstanding debt. If the financial performance of the Company falls short of expectations, then the Company might be required to repay additional debt beyond current planned repayments.

At December 31, 2006 the weighted average interest rate on the outstanding borrowings was 8.51%. The revolving loan facility contains a \$10,000 letter of credit sub-facility. The Company may borrow, repay and reborrow under the revolving loan facility at any time. The New Financings are rated BB- by Standard and Poors and B1 by Moodys. The Company is required to pay an unused commitment fee of 0.50% per annum on the unused portion of the revolving facility. As of December 31, 2006, \$300 of standby letters of credit were outstanding. Available borrowing capacity under the revolving loan facility was \$39,700 at December 31, 2006.

The Credit Agreement contains customary limitations, including limitations on indebtedness; limitations on liens; limitations on investments and acquisitions; limitations on dividends, stock repurchases, stock redemptions and the redemption or prepayment of

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other debt; limitations on mergers, consolidations or sales of assets; limitations on capital expenditures; and limitations on transactions with affiliates. We are also subject to financial covenants, including a maximum total leverage ratio and minimum interest coverage ratio. The term loan and revolving loan facility are secured by substantially all of our domestic assets and 65% of our foreign assets.

At December 31, 2006, none of our debt was covered by any hedging arrangements. On January 25, 2007, the Company entered into an interest rate swap, to comply with the terms of the Credit Agreement, to hedge 40% or \$70,000 of its outstanding debt. The interest rate swap has been designated as a cash flow hedge and will be accounted for in accordance with SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities."

(5) Common Stock Transactions

Reincorporation

On August 29, 2005, TTM Technologies, Inc., a Washington corporation ("TTM-Washington"), consummated a merger (the "Reincorporation") with and into its wholly owned subsidiary, TTM Technologies, Inc., a Delaware corporation ("TTM-Delaware"). As a result of the Reincorporation, the Company became a Delaware corporation.

As provided by the Agreement and Plan of Merger, (i) each outstanding share of TTM-Washington common stock, no par value per share, was automatically converted into one share of TTM-Delaware common stock, par value \$0.001 per share, and (ii) each option to acquire shares of TTM-Washington common stock outstanding immediately prior to the effective time of the Merger was converted into and became an equivalent option to acquire, upon the same terms and conditions, the equal number of shares of TTM-Delaware common stock (whether or not such option was then exercisable) and the exercise price per share under each respective option remained equal to the exercise price per share immediately prior to the effective time of the Merger at the time the Reincorporation became effective. Each stock certificate representing issued and outstanding shares of TTM-Washington common stock continues to represent the same number of shares of TTM-Delaware common stock. After the Reincorporation, the rights of the Company's stockholders generally will be determined under Delaware corporate law.

The Company has reflected the merger of entities under common control at historical cost and accordingly, there was no change to the carrying value of its assets or liabilities. The applicable components of equity were retroactively adjusted for all periods presented to present the applicable par value of common stock and the related additional paid-in capital.

(6) Income Taxes

The components of income before taxes for the years ended December 31, 2004, 2005 and 2006 are:

	2004	2005	2006
United States	\$ 41,513	\$ 28,317	\$ 55,374
Foreign	—	—	728
Income before taxes	<u>\$ 41,513</u>	<u>\$ 28,317</u>	<u>\$ 56,102</u>

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The components of the benefit (provision) for income taxes for the years ended December 31, 2004, 2005 and 2006 are:

	2004	2005	2006
Current benefit (provision):			
Federal	\$ (2,841)	\$ (5,376)	\$ (14,099)
State	(690)	(664)	(1,911)
Foreign	—	—	(128)
Total current	<u>(3,531)</u>	<u>(6,040)</u>	<u>(16,138)</u>
Deferred benefit (provision):			
Federal	(9,900)	8,886	(3,411)
State	248	(322)	(1,503)
Foreign	—	—	(11)
Total deferred	<u>(9,652)</u>	<u>8,564</u>	<u>(4,925)</u>
Total benefit (provision)	<u>\$ (13,183)</u>	<u>2,524</u>	<u>\$ (21,063)</u>

The following is a reconciliation between the statutory federal income tax rate and the Company's effective income tax rates for the years ended December 31, 2004, 2005 and 2006, which are derived by dividing the income tax benefit (provision) by the income before income taxes and extraordinary item:

	2004	2005	2006
Statutory federal income tax rate	(34.0)%	(34.0)%	(35.0)%
State income taxes, net of federal benefit and state tax credits	(4.4)	(2.7)	(4.2)
Federal extraterritorial income exclusion and domestic production activities deduction	1.3	2.2	1.7
Decrease in valuation allowance	5.0	42.3	0.2
Other	0.3	1.1	(0.2)
Total benefit (provision) for income taxes	<u>(31.8)%</u>	<u>8.9%</u>	<u>(37.5)%</u>

In 2004, 2005 and 2006, the Company derived a tax benefit from an exclusion provided under U.S. income tax laws with respect to certain extraterritorial income. This exclusion was repealed as part of the American Jobs Creation Act of 2004 (the "Act"), which was enacted on October 22, 2004. The Act provides for a phase-out such that the exclusion the Company otherwise generated in 2005 and 2006 will be limited to approximately 80% and 60%, respectively. No exclusion will be available in 2007 and thereafter.

The Act makes a number of other changes to the income tax laws which will affect the Company in future years, the most significant of which is a new deduction relating to qualifying domestic production activities. The deduction equals three percent of qualifying income for 2005 and 2006, six percent for 2007 through 2009 and nine percent beginning in 2010. The U.S. Department of the Treasury and Internal Revenue Service issued final regulations on May 25, 2006 which provide comprehensive rules, definitions, and examples to assist in the implementation of this new deduction.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the net deferred tax assets as of December 31, 2005 and 2006 are as follows:

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	2005	2006
Deferred tax assets:		
Tax goodwill related to recapitalization	\$ 14,428	\$ 13,613
Property, plant and equipment basis differences	59	—
Reserves and accruals	4,561	4,127
Net operating loss carryforwards	299	59
State tax credits carryforwards, net of federal benefit	2,531	2,400
Stock-based compensation	—	169
Alternative minimum tax credit carryover	39	—
	<u>21,917</u>	<u>20,368</u>
Less valuation allowance	<u>(2,531)</u>	<u>(2,400)</u>
	19,386	17,968
Deferred tax liabilities:		
Goodwill and intangible asset amortization	(7,951)	(10,844)
Property, plant and equipment basis differences	—	(193)
Repatriation of foreign earnings	—	(250)
Net deferred income tax assets	<u>\$ 11,435</u>	<u>\$ 6,681</u>
Current portion	\$ 4,601	\$ 3,996
Long-term portion	6,834	2,685

The primary deferred tax asset, tax goodwill related to recapitalization, is being amortized over a 15-year period in accordance with the provisions of the Internal Revenue Code ("Code"). As a result of the Company's recapitalization in 1998, the Company became a C Corporation and the tax effect of all differences between the tax reporting and financial reporting bases of the Company's net assets was recorded as a net deferred tax asset. The most significant basis difference resulted from a Code section 338(h) (10) tax election made at the time of the recapitalization. This election had the effect of characterizing the recapitalization and stock purchase as an asset purchase for income tax purposes. Therefore, the consideration paid to the former owner in excess of tax basis of the net assets was recorded as tax-deductible goodwill, even though no goodwill was reported for financial reporting purposes.

At December 31, 2006 the Company's multiple state net operating loss carryforwards for income tax purposes were approximately \$2,444. If not utilized, the state net operating loss carryforwards will begin to expire in 2007. At December 31, 2006, the Company's state tax credit carryforwards were approximately \$3,692 and have no expiration date.

A valuation allowance is provided when it is more likely than not that all or some portion of the deferred tax assets will not be realized. The net decreases in the valuation allowance during the years ended December 31, 2004, 2005 and 2006 were due primarily to improving pre-tax income, which allowed the Company to utilize its federal net operating loss in 2004 and substantial amounts of its multiple state net operating loss carryforwards in 2004, 2005 and 2006, as well as changes to estimates of future sources of taxable income. The reduction in valuation allowance in 2005 occurred during the fourth quarter given the additional positive evidence from continued historical earnings and expectation of future earnings which was sufficient for us to conclude that it was more likely than not that most of our deferred income tax assets will be realized.

At December 31, 2006, the Company has determined that a valuation allowance is necessary for its state tax credit carryforwards that are not more likely than not to be realized based on estimates of sources of taxable income and ability to generate new credits. It is possible that the Company's estimates could change in the near term and it may become necessary to record either a full or partial decrease or increase to the valuation allowance in future periods, which would either positively or negatively affect the Company's results of operations, respectively.

(7) Commitments and Contingencies

Operating and Capital Leases

The Company leases some of its manufacturing and assembly plants, a sales office and equipment under noncancellable operating leases that expire at various dates through 2020. Certain real property leases contain renewal provisions at our option. Most of the leases require us to pay for certain other costs such as property taxes and maintenance. Certain leases also contain rent escalation clauses (step rents) that require additional rental amounts in the later years of the term. Rent expense for leases with step rents is recognized on a straight-line basis over the minimum lease term.

In connection with the acquisition of PCG, the Company acquired capital lease obligations for two pieces of manufacturing equipment and operating leases for four pieces of manufacturing equipment from one vendor. These leases are collateralized by the related manufacturing equipment. The minimum lease payments as of December 31, 2006 are included for 2007 in the table of minimum lease payments shown below. In January 2007, the Company and the vendor reached agreement to convert these capital and operating leases into a sale for \$1,100. The purchase price is payable in six equal monthly installments during 2007.

The following is a schedule of future minimum lease payments as of December 31, 2006:

	<u>Operating Leases</u>	<u>Capital Leases</u>
2007	\$ 2,401	\$ 744
2008	2,276	—
2009	1,716	—
2010	761	—
2011	163	—
Thereafter	1,388	—
Total minimum lease payments	<u>\$ 8,705</u>	<u>\$ 744</u>
Less: interest portion of payments		39
Present value of minimum lease payments		<u>\$ 705</u>

Total rent expense for the years ended December 31, 2004, 2005 and 2006 was approximately \$352, \$254 and \$1,051, respectively. The cost and accumulated depreciation of capital leases classified as machinery and equipment included in property, plant and equipment as of December 31, 2006 is \$415 and \$60, respectively.

Legal Matters

During 2001, the Company was advised that it has been added as a defendant in a patent infringement lawsuit filed in the U.S. District Court for the District of Arizona by Lemelson Medical, Education and Research Foundation, Limited Partnership. The suit alleges that the Company has infringed certain “machine vision” and other patents owned by the plaintiff and seeks injunctive relief, unspecified damages for the alleged infringements and payment of the plaintiff’s attorneys’ fees. In March 2002, the lawsuit was stayed pending the outcome of *Symbol Technologies, et al. v. Lemelson* in the U.S. District Court for the District Court of Nevada, in which a declaratory relief suit filed by certain manufacturers challenged the validity, enforceability and infringement of Lemelson’s “bar code” and “machine vision” patents. As a result of the stay, we have not filed an answer to the complaint nor has any discovery been conducted. In January 2004, the Nevada court found the Lemelson patents, including those patents asserted by the Lemelson Foundation against us in the Arizona case, to be invalid, not infringed and unenforceable. The Lemelson Foundation has the right to appeal the Nevada court’s judgment. Although the ultimate outcome of this matter is not currently determinable, management believes the Company has meritorious defenses to these allegations and, based in part on the licensing terms offered by the Lemelson Partnership, does not expect this litigation to materially impact the Company’s results of operations, financial condition or liquidity. Accordingly, the Company has not established a reserve. However, there can be no assurance that the ultimate resolution of this matter will not have a material adverse effect. Furthermore, there can be no assurance that the Company will prevail in any such litigation.

Prior to the Company’s acquisition of PCG, PCG made legal commitments to the U.S. Environmental Protection Agency (“U.S. EPA”) and the State of Connecticut regarding settlement of enforcement actions against the PCG facilities in Connecticut. On August 17, 2004, PCG was sentenced for Clean Water Act violations and was ordered to pay a \$6,000 fine and an additional \$3,700 to fund environmental projects designed to improve the environment for Connecticut residents. In September 2004, PCG agreed to a stipulated judgment with the Connecticut Attorney General’s office and the Connecticut Department of Environmental Protection (“DEP”) under which PCG paid a \$2,000 civil penalty and agreed to implement capital improvements of \$2,400 to reduce the volume of rinse water discharged from its manufacturing facilities in Connecticut. The obligations to the US EPA and Connecticut DEP include the fulfillment of a Compliance Management Plan until at least July 2009 and completion of a wastewater audit and installation of rinse water recycling systems at the Stafford, Connecticut, facilities. As of December 31, 2006, approximately \$1,000

remains to be expended in the form of capital improvements to meet the rinse water recycling systems requirements. The Company has assumed these legal commitments as part of its purchase of PCG. Failure to meet either commitment could result in further costly enforcement actions, including exclusion from participation in federal contracts.

The Company is subject to various other legal matters, which it considers normal for its business activities. While the Company currently believes that the amount of any ultimate potential loss for known matters would not be material to the Company's financial condition, the outcome of these actions is inherently difficult to predict. In the event of an adverse outcome, the ultimate potential loss could have a material adverse effect on the Company's financial condition or results of operations in a particular period. The Company has accrued amounts for its loss contingencies which are probable and estimable at December 31, 2005 and 2006.

Environmental Matters

The process to manufacture printed circuit boards requires adherence to city, county, state and federal environmental regulations regarding the storage, use, handling and disposal of chemicals, solid wastes and other hazardous materials as well as air quality standards. Management believes that its facilities comply in all material respects with environmental laws and regulations. The Company has in the past received certain notices of violations and has been required to engage in certain minor corrective activities. There can be no assurance that violations will not occur in the future.

The Company is involved in various stages of investigation and cleanup related to environmental remediation matters at two Connecticut sites, and the ultimate cost of site cleanup is difficult to predict given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations and alternative cleanup methods. The Company is also obligated to investigate the third Connecticut site as a result of the PCG acquisition under Connecticut's Land Transfer Act. The Company concluded that it was probable that it would incur remedial costs of approximately \$875 as of December 31, 2006, the liability for which is included in other long-term liabilities. This accrual was discounted at 8% per annum based on the Company's best estimate of the liability, which the Company estimated as ranging from \$952 to \$1,212 on an undiscounted basis. The liabilities recorded do not take into account any claims for recoveries from insurance or third parties and none is estimated. These costs are mostly comprised of estimated consulting costs to evaluate potential remediation requirements, completion of the remediation and monitoring of results achieved. As of December 31, 2006, the Company anticipates paying these costs ratably over the next 12 to 60 months, which timeframes vary by site. Subject to the imprecision in estimating future environmental remediation costs, the Company does not expect the outcome of the environmental remediation matters, either individually or in the aggregate, to have a material adverse effect on its financial position, results of operations or cash flows.

Dispute Resolution

From time to time, the Company is involved in various claims and legal disputes in the normal course of its business. In October 2005, the Company reached an agreement in principle to resolve an ongoing customer dispute concerning certain printed circuit boards that were shipped between April 2002 and September 2003. A definitive agreement was signed in December 2005. The definitive agreement called for the Company to pay the customer \$3,150 upon receipt of required documentation from the customer and contained certain mutual and unilateral covenants. Payments of \$3,150 were made to the customer during 2006 upon the receipt of the required documentation. The Company's insurance carrier reimbursed the Company \$986 toward the cost of this resolution. The insurance recovery of \$986 is recorded in prepaid expenses and other current assets as of December 31, 2005 and was collected in January 2006. For the year ended December 31, 2005, approximately \$2,219 of expense, which is net of the insurance recovery, is recorded in general and administrative expenses.

(9) Stock-Based Compensation Plans

In June 2006, the Company adopted the 2006 Incentive Compensation Plan ("The Plan"). The Plan provides for the grant of "Incentive Stock Options," as defined by the Internal Revenue Code (the "Code"), and nonqualified stock options to our key employees, non-employee directors and consultants. Awards under this Plan may constitute "qualified performance-based compensation" as defined in Section 162(m) of the Code. Other types of awards such as restricted stock and stock appreciation rights also are permitted under the Plan. Over the life of this Plan, 6,873 shares may be issued. The Plan expires on June 22, 2016. Prior to the adoption of the Plan, the Company adopted the Amended and Restated Management Stock Option Plan (the "Prior Plan") in 2000. The Prior Plan provided for the grant of "Incentive Stock Options," as defined by the Code, and nonqualified stock options to our key employees, non-employee directors and consultants. Awards under the Plan and the Prior Plan may constitute "qualified performance-based compensation" as defined in Section 162(m) of the Code. Under both the Plan and the Prior Plan, the exercise price is determined by the compensation committee of the Board of Directors and, for options intended to qualify as Incentive Stock Options, may not be less than the fair market value as determined by the closing stock price at the date of the grant. Each option and award shall vest and expire as determined by the compensation committee, generally four years for employees and three or four years for non-employee directors. Options expire no later than ten years from the grant date. All grants provide for accelerated vesting if there is a change in control, as defined in the Plan. Awards under the Prior Plan ceased as of June 22, 2006. As of December 31, 2006, of the 2,797 options outstanding, 482 options were issued under the Plan, and 2,315 options were issued under the Prior Plan.

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Upon the exercise of outstanding stock options, the Company's practice is to issue new registered shares which are reserved for issuance under the Plan and Prior Plan.

The fair value of share-based payment awards was estimated using the Black-Scholes option pricing model. The following assumptions and the resulting weighted average fair values for grants during 2004, 2005 and 2006 are as follows:

	2004	2005	2006
Risk-free interest rate	3.4%	4.0%	4.7%
Dividend yield	—%	—%	—%
Expected volatility	100%	80%	65%
Expected term in months	60	55	54
Weighted-average per share fair value of grants	\$7.58	\$5.14	\$7.33

The fair value calculation is based on stock options granted during the period. The Company determines the expected term of its stock option awards separately for employees and directors by periodic review of its historical stock option exercise experience. This calculation excludes pre-vesting forfeitures and uses assumed future exercise patterns to account for option holders' expected exercise and post-vesting termination behavior for outstanding stock options over their remaining contractual terms. Expected volatility is calculated by weighting the Company's historical stock price to calculate expected volatility over the expected term of each grant. The risk-free interest rate for the expected term of each option granted is based on the U.S. Treasury yield curve in effect at the time of grant.

Option activity under the Plan for the year ended December 31, 2006, was as follows:

	Shares (in thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Year Ended December 31, 2006				
Outstanding at December 31, 2005	2,910	\$ 9.45	7.1	
Granted	871	13.01		
Exercised	(782)	6.34		
Forfeited/cancelled/expired	(202)	11.12		
Outstanding at December 31, 2006	<u>2,797</u>	<u>\$ 11.31</u>	7.4	\$ 4,608
Vested and expected to vest at December 31, 2006	2,612	\$ 11.30	7.2	\$ 4,377
Exercisable at December 31, 2006	1,517	\$ 11.80	6.1	\$ 2,288

The aggregate intrinsic values in the table above represent the total pretax intrinsic value (the difference between Company's closing stock price on the last trading day of 2006 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2006. This amount changes based on the fair market value of the Company's stock. The total intrinsic value of options exercised for the years ended December 31, 2004, 2005 and 2006 was \$5,724, \$2,132, and \$5,659, respectively. The total fair value of the options vested for the years ended December 31, 2004, 2005 and 2006 was \$4,299, \$11,389 and \$832, respectively. As of December 31, 2006, \$5,853 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 1.6 years.

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Option activity for the years ended December 31, 2004, and December 31, 2005, was as follows:

	Options	Weighted Average Exercise Price
Outstanding at December 31, 2003	3,516	8.37
Granted	72	10.03
Exercised	(539)	3.32
Forfeited	(204)	8.96
Outstanding at December 31, 2004	2,845	9.32
Granted	642	8.04
Exercised	(297)	2.89
Forfeited	(280)	11.89
Outstanding at December 31, 2005	2,910	\$ 9.45
Exercisable at December 31, 2005	2,168	\$ 10.53

A summary of options outstanding and options exercisable as of December 31, 2006, is as follows:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 2.63 - \$4.99	306	5.5	\$ 3.24	170	\$ 2.79
\$ 5.00 - \$9.99	551	8.1	7.97	237	8.38
\$ 10.00 - \$14.99	1,448	7.9	12.56	830	13.21
\$15.00 and over	492	6.15	16.35	280	16.00
	<u>2,797</u>	<u>7.4</u>	<u>\$ 11.31</u>	<u>1,517</u>	<u>\$ 11.80</u>

For the years ended December 31, 2004, 2005 and 2006, the amounts recognized in the financial statements with respect to the stock-based compensation plan are as follows:

	Year Ended December 31,		
	2004	2005	2006
Stock-based compensation expense recognized	\$ 131	\$ —	\$ 1,553
Income tax benefit	—	—	(196)
Total stock-based compensation expense after income taxes	<u>\$ 131</u>	<u>\$ —</u>	<u>\$ 1,357</u>

Stock-based compensation expense recognized in the financial statements for the year ended December 31, 2006, was classified as follows:

	Year Ended December 31, 2006
Cost of goods sold	\$ 479
Selling and marketing	130
General and administrative	944
Stock-based compensation expense recognized	<u>\$ 1,553</u>

Many of the Company's stock option awards are intended to qualify as incentive stock options as defined by the Code. Upon the future exercise of incentive stock options which were vested as of December 31, 2005, the Company may become entitled to a deduction in its tax returns under certain circumstances; however, the value of this deduction will be recorded as an increase to additional paid-in capital and not as an income tax benefit. For the year ended December 31, 2006, a tax benefit of \$1,707 related to fully vested stock option awards exercised was recorded as an increase to additional paid-in capital.

Cash received from option exercises during the year ended December 31, 2006, was \$4,957.

(9) Employee Benefit Plan

The Company currently has two 401(k) savings plans under which all eligible full-time employees may participate and contribute a percentage of compensation subject to the maximum allowed by the Code. There is a plan for the original employees of the Company prior to the acquisition of PCG. Additionally, there is a newly formed plan for the employees of the acquired PCG plants. The original plan provides for a discretionary matching contribution of a uniform percent of each participant's contribution. However, in applying the uniform percent, only contributions up to 4% of each participant's compensation have been considered. The PCG plan provides for a discretionary matching contribution of a non-uniform percentage of each participant's contribution. In applying this percentage, contributions from 1% to 5% of each participant's compensation shall be considered. The Company accrued contributions under the plans and predecessor plans of \$327, \$360 and \$1,031 during the years ended December 31, 2004, 2005 and 2006, respectively.

(10) Asset Retirement Obligations

The Company has recorded preliminary estimated asset retirement obligations related to the restoration of its leased manufacturing facilities to shell condition upon termination of the leases in place at those facilities and for removal of asbestos at its owned Stafford, Connecticut, manufacturing plant. These obligations were acquired in connection with the Company's October 2006 acquisition of PCG (see Note 3). The Company is awaiting receipt of its own estimates of costs to satisfy these asset retirement obligations and has utilized the seller's estimates for these obligations for its preliminary estimates. See Note 7 for a discussion of the related lease terms. Activity related to asset retirement obligations for the year ended December 31, 2006, consists of the following and are included in other long-term liabilities:

	December 31, 2006
Asset retirement obligations at the beginning of the period	\$ —
Liabilities incurred during the period	—
Estimated liabilities assumed upon acquisition of PCG	950
Liabilities settled during the period	—
Revisions in estimated cash flows	—
Accretion expense	12
Asset retirement obligations at the end of the period	<u>\$ 962</u>

(11) Related Party Transactions

The Company had an agreement with TC Management, L.L.C., TC Management IV, L.L.C. and Brockway Moran & Partners Management, L.P. (collectively, "the Equity Sponsors"), entities owned by certain of the Company's stockholders, which obligated the Company to pay these entities a financial advisory fee of 1.5% of the first \$50,000 of the proceeds or value of any transaction with respect to which the three entities rendered financial advisory services to the Company, and 1% of any amount of proceeds or value in excess of \$50,000 until such time as these entities and their affiliates, on a combined basis, owned less than 25% of the total outstanding voting capital stock of the Company.

In connection with the secondary offering in September 2003, the Equity Sponsors and their affiliates no longer owned 25% of the total outstanding voting capital stock of the Company, and the Company no longer was obligated to pay the financial advisory fee previously discussed.

In connection with a shelf offering declared effective in June 2004 and completed in November 2004, the Company incurred \$339 of offering related expenses reflected within general and administrative expense. The Company did not sell shares in this offering, but incurred these expenses pursuant to a registration rights agreement between the Equity Sponsors and the Company. Upon the completion of this offering in November 2004, the Equity Sponsors no longer had any equity interest in the Company.

(12) Preferred Stock

The board of directors has the authority, without action to stockholders, to designate and issue preferred stock in one or more series. The board of directors may also designate the rights, preferences and privileges of each series of preferred stock; any or all of which may be superior to the rights of the common stock. As of December 31, 2006, no shares of preferred stock are outstanding.

(13) Segment Information

The operating segments reported below are our segments for which separate financial information is available and upon which operating results are evaluated by the chief operating decision maker on a timely basis to assess performance and to allocate resources.

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Effective October 27, 2006, with the purchase of PCG (see Note 3), the Company has two reportable segments which are PCB Manufacturing and Commercial Assembly. Prior to October 27, 2006, the Company operated in one operating segment. These reportable segments are each managed separately as they distribute and manufacture distinct products with different production processes. Each reportable segment operates predominately in the same industry with production facilities that produce similar customized products for its customers and use similar means of product distribution. PCB Manufacturing fabricates printed circuit boards and Commercial Assembly is a contract manufacturing business which specializes in assembling backplanes into subassemblies and other complete electronic devices. PCB Manufacturing customers are either EMS companies or OEM companies while Commercial Assembly customers are usually OEMs.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. The Company evaluates segment performance based on operating segment income, which is operating income before amortization of intangibles. Interest expense, amortization of debt issuance costs and interest income are not presented by segment since they are not included in the measure of segment profitability reviewed by the chief operating decision maker. All intercompany transactions, primarily sales of PCBs from the PCB Manufacturing segment to the Commercial Assembly segment, have been eliminated. Reportable segment assets exclude short-term investments, which are managed centrally.

	Year Ended December 31,		
	2004	2005	2006
Net Sales:			
PCB Manufacturing	\$ 240,650	\$ 240,209	\$ 353,734
Commercial Assembly	—	—	22,357
Total Sales	240,650	240,209	376,091
Inter-segment sales	—	—	(6,775)
Total Net Sales	<u>240,650</u>	<u>240,209</u>	<u>\$ 369,316</u>
Operating Segment Income:			
PCB Manufacturing	\$ 42,554	\$ 27,760	\$ 55,561
Commercial Assembly	—	—	1,376
Total operating segment income	42,554	27,760	56,937
Amortization of intangibles	(1,319)	(1,318)	(1,903)
Total operating income	41,235	26,442	55,034
Total other income	278	1,875	1,068
Income before income taxes	<u>\$ 41,513</u>	<u>\$ 28,317</u>	<u>\$ 56,102</u>
Depreciation Expense:			
PCB Manufacturing	\$ 8,213	\$ 9,290	\$ 11,751
Commercial Assembly	—	—	427
Total	<u>\$ 8,213</u>	<u>\$ 9,290</u>	<u>\$ 12,178</u>
Capital Expenditures:			
PCB Manufacturing	\$ 17,502	\$ 7,962	\$ 13,763
Commercial Assembly	—	—	186
Total	<u>\$ 17,502</u>	<u>\$ 7,962</u>	<u>\$ 13,949</u>
	As of December 31,		
	2004	2005	2006
Segment Assets:			
PCB Manufacturing	\$ 220,420	\$ 252,043	\$ 497,206
Commercial Assembly	—	—	65,496
Unallocated corporate assets	15,350	21,100	10,996
Total assets	<u>\$ 235,770</u>	<u>\$ 273,143</u>	<u>\$ 573,698</u>
Goodwill:			
PCB Manufacturing	\$ 63,153	\$ 63,153	\$ 103,669
Commercial Assembly	—	—	11,958
Total	<u>\$ 63,153</u>	<u>\$ 63,153</u>	<u>\$ 115,627</u>

Sales and long-lived assets representing more than 1% of the Company's net sales by country for the years ended 2004, 2005 and 2006, are as follows:

	2004		2005		2006	
	Sales	Long-lived assets	Sales	Long-lived assets	Sales	Long-lived assets
United States	\$ 165,237	\$ 126,963	\$ 149,020	\$ 125,269	\$ 250,383	\$ 277,187
Malaysia	23,782	—	39,794	—	44,987	—
Canada	11,977	—	11,818	—	17,924	—
China	3,027	—	4,196	—	13,512	15,487
Taiwan	—	—	—	—	7,514	—
Singapore	—	—	5,208	—	7,487	—
Romania	—	—	—	—	4,828	—
Czech Republic	6,682	—	10,408	—	4,554	—
Italy	18,863	—	13,399	—	4,113	—
Other	11,082	—	6,366	—	14,014	25
Total	<u>\$ 240,650</u>	<u>\$ 126,963</u>	<u>\$ 240,209</u>	<u>\$ 125,269</u>	<u>\$ 369,316</u>	<u>\$ 292,699</u>

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
TTM Technologies, Inc.:

Under date of March 15, 2007, we reported on the consolidated balance sheets of TTM Technologies, Inc. and subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2006, which are included in the TTM Technologies, Inc. Annual Report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule in the Annual Report on Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 2, to the consolidated financial statements, effective January 1, 2006, the Company changed its method of accounting for stock-based compensation upon adoption of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment."

/s/KPMG LLP

Salt Lake City, Utah
March 15, 2007

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2006, 2005 and 2004
(In Thousands)

Description	Balance at Beginning of Year	Additions for Acquisition of PCG	Additions Charged to Costs and Expenses	Deductions	Balance at End of Year
Year ended December 31, 2006					
Allowance for doubtful accounts	\$ 926	\$ 1,762	\$ 95	\$ (25)	\$ 2,758
Allowance for sales credits	3,168	1,934	3,308	(3,967)	4,443
Allowance for excess and obsolete inventories	1,036	5,757	313	(678)	6,428
Year ended December 31, 2005					
Allowance for doubtful accounts	\$ 822		\$ 316	\$ (212)	\$ 926
Allowance for sales credits	3,196		4,004	(4,032)	3,168
Allowance for excess and obsolete inventories	883		400	(247)	1,036
Year ended December 31, 2004					
Allowance for doubtful accounts	\$ 740		\$ 279	\$ (197)	\$ 822
Allowance for sales credits	2,994		3,142	(2,940)	3,196
Allowance for excess and obsolete inventories	1,533		315	(965)	883

INDEX TO EXHIBITS

Exhibit Number	Exhibits
2.1	Form of Plan of Reorganization (1).
2.2	Stock and Asset Purchase Agreement by and among Tyco Printed Circuit Group LP, Tyco Electronics Corporation, Raychem International, Tyco Kappa Limited, Tyco Electronics Logistics AG, and TTM (Ozarks) Acquisition, Inc. dated as of August 2, 2006 (2)
3.1	Registrant’s Certificate of Incorporation.(3)
3.2	Registrant’s Bylaws.(3)
4.1	Form of Registrant’s common stock certificate.(3)
10.1	UBS Credit Agreement see ex. 10.1 to November 2, 2006 8-K (4)
10.2	Employment Agreement dated as of December 31, 2005 between the Registrant and Kenton K. Alder. (5)
10.3	Form of Executive Change in Control Severance Agreement and schedule of agreements entered into on December 1,2005. (5)
10.4	Employment Agreement dated as of October 23, 2006 between the Registrant and Douglas L. Soder. (6)
10.5	Form of Severance Agreement and schedule of agreements entered into on December 1, 2006.(6)
10.6	2006 Incentive Compensation Plan.(6)
10.7	Form of Stock Option Agreement. (6)
10.8	Form of Restricted Stock Unit Award Agreement. (6)
10.9	Form of Indemnification Agreement with directors. (1)
10.10	Statutory Warranty Deeds for Redmond Facility.(1)
21.1	Subsidiaries of the Registrant (6)
23.1	Consent of KPMG LLP, independent registered public accounting firm (6)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended. (6)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended. (6)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (6)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (6)

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- (1) Incorporated by reference to the Registration Statement on Form S-1 (Registration No. 333-39906) declared effective September 20, 2000.
- (2) Incorporated by reference to the Registrant’s Form 8-K as filed with the Securities and Exchange Commission (the “Commission”) on August 4, 2006.
- (3) Incorporated by reference to the Registrant’s Form 8-K as filed with the Commission on August 30, 2005.
- (4) Incorporated by reference to the Registrant’s Form 8-K as filed with the Commission on November 2, 2006.
- (5) Incorporated by reference to the Registrant’s Form 10-K as filed with the Commission on March 15, 2006.
- (6) Filed herewith.

October 23, 2006

Douglas Lynn Soder

Dear Doug:

On behalf of TTM Technologies, I am pleased to confirm an offer of employment to you as Executive Vice President at TTM Technologies. I believe your skills, experience, knowledge, and leadership ability will be a definite asset to our organization. This offer is contingent upon successful completion of a pre-employment drug and alcohol screening and proof of the legal right to work in the United States. Your start date will be Oct. 28, 2006.

The key elements of our offer are described in this letter.

1. COMPENSATION

Your compensation package will consist of the following:

A. Base Salary

Your annual salary will be \$330,000.00 paid bi-weekly. Salary will be subject to annual reviews based on performance.

B. 2007 Bonus Opportunity

As a member of the executive management team you will be eligible to participate in the annual incentive bonus compensation pool. The amount of the bonus pool is subject to the financial performance of the Company, based on the 2007 budget submitted by management and approved by the Board of Directors. You will participate at level two, which in 2006 had the following payouts:

Achieve 50% of the annual financial budget and the payout is 16.5% of your annual salary.

Achieve 80% of the annual financial budget and the payout is 33.0% of your annual salary.

Achieve 100% of the annual financial budget and the payout is 66% of your annual salary.

Achieve 120% of the annual financial budget and the payout is 112% of your annual salary.

Achievements between the levels above are pro-rated.

The specific amount awarded to you is at the discretion of the CEO and subject to approval by the Board of Directors.

C. Stock Options

You will be provided with 60,000 stock options upon approval by the Board of Directors. The options will be subject to the standard vesting schedule. The option price will be the stock price at the close of the trading day on November 2, 2006, the day of the BOD meeting, provided the acquisition of the Tyco PCB group closes on that day.

D. You will receive a signing bonus of \$50,000.00. This bonus will be paid to you less the normal withholding at your first payroll period.

E. Retention Bonus

You will receive a retention bonus of \$200,000.00 on October 28, 2008 and \$150,000 on October 28, 2009 provided you are still employed by TTM on those dates.

F. You will be eligible to participate in the TTM Stock Option/Restricted Share program.

The minimum restricted shares you will receive in 2007 will be 10,000 shares annually, however, 2500 shares will be granted each quarter. The restricted shares will be awarded under the terms and conditions of the Stock Option program.

G. Benefits

You will be eligible to participate in the TTM Technologies standard benefit package accorded an Executive Vice President.

H. Severance

Your Severance agreement will include the following conditions:

Accelerated vesting of your options and restricted shares if the company is sold and your employment is terminated.

1. Accelerated payment of any unpaid bonus if the company is sold and your employment is terminated.
2. Accelerated payment of any unpaid bonus if you are terminated by the company without cause.
3. You will receive two years salary as a severance payment if terminated by the company in the first year of employment except for termination with cause.
4. You will receive one year salary as a severance payment if terminated by the company in the second year of employment except for termination with cause.
5. You will receive six months salary as a severance payment if terminated by the company after the second year of employment except for termination with cause.
6. I have recommended to the Comp Committee that the six months salary payment mentioned above be extended to one year. I anticipate that in
7. the near future the six months period will be extended to one year.

I. Trade Secrets and Confidentiality

During the course of your employment, you will have access to various trade secrets and confidential information of the Company. You will be expected not to disclose such information or use it in any way, whether during your employment with the Company or thereafter, except as required in the course of your employment by the Company.

I look forward to working with you. Please review this letter and return it with your signature.

/s/ Kenton K. Alder

Kenton K. Alder

/s/ Douglas L. Soder

Douglas L. Soder

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the "Agreement") is made as of December 1, 2006 by and between TTM Printed Circuit Group, Inc., formerly known as TTM (Ozarks) Acquisition, Inc. ("TTM"), and _____, an employee of TTM or one of its affiliates (the "Employee").

WHEREAS, on October 27, 2006 TTM acquired substantially all of the assets of the Tyco Printed Circuit Group business unit (" TPCG") of Tyco International Ltd. (the "Acquisition").

WHEREAS, TTM recognizes that the Acquisition may give rise to uncertainty among certain members of the TPCG senior management team, and TTM considers it in its best interests to reduce the risk of the Employee's departure and the inevitable distraction of the Employee's attention from his or her duties to TTM, which are normally attendant to such uncertainties.

WHEREAS, the Employee confirms that the terms of this Agreement reduce the risks of his or her departure and distraction of his or her attention from his or her duties to TTM and, accordingly, desires to enter into this Agreement.

NOW, THEREFORE, for good and valuable consideration, the Employee and TTM hereby agree as follows:

1. Definitions.

(a) **Cause**. For purposes of this Agreement, the term "Cause" shall mean incompetent performance or substantial or continuing inattention to or neglect of the duties and responsibilities assigned to the Employee as determined by the Employee's current supervisor, with the concurrence of the Human Resources department; fraud, misappropriation or embezzlement involving TTM or any of its affiliates; a material breach of TTM's policies, this Agreement or any other agreement between the Employee and TTM (or any of its affiliates); or commission of any felony.

(b) **Closing: Closing Date**. For purposes of this agreement, "Closing" shall have the meaning described in that certain Stock and Asset Purchase Agreement by and among Tyco Printed Circuit Group, L.P., Tyco Electronics Corporation, Raychem International, Tyco Kappa Limited, Tyco Electronics Logistics AG and TTM (Ozarks) Acquisition, Inc dated as of August 2, 2006 (the "Purchase Agreement"). The date on which the Closing occurs is October 27, 2006 (the "Closing Date").

2. Term. The term of this Agreement shall commence on the Closing Date and end on the 18-month anniversary of the Closing Date (April 27, 2008).

3. Severance; Eligibility

(a) **Compensation and Benefits Required by Law or Applicable Benefit Plan**. Notwithstanding anything to the contrary herein, the Employee or his or her estate shall be entitled to any and all compensation, benefits, awards and other payments required by any written employee benefit plan in effect and in which the Employee participates as of the time of the termination of his or her employment or applicable law, after taking into account the agreements set forth herein.

(b) **Severance**. If the Employee's employment with TTM is terminated by TTM or any of its affiliates other than for Cause (subject to paragraph 3(c) hereof) prior to the 18-month anniversary of the Closing Date, then, as soon as practical following the date of such termination, TTM (or one of its affiliates) will pay the Employee a lump sum cash payment in an amount equal to 12 months of

the Employee's then current base salary (minus any applicable withholding taxes (the "Severance Payment")).

(c) **Eligibility for Severance Payment.** Notwithstanding anything to the contrary herein, in the event that the Employee's employment with TTM is terminated as a result of any of the following: (i) the Employee's resignation; (ii) termination by TTM or any of its affiliates for Cause; or (iii) the Employee's death or long-term disability; the Employee shall forfeit any and all rights to receive a Severance Payment under this Agreement.

(d) **No Severance Payment Without Release.** The Employee shall not be entitled to any of the compensation or payments provided herein in respect of the termination of his or her employment, unless and until he or she has provided to TTM a full release of claims, in a form reasonably acceptable to TTM, which release shall be dated not earlier than the date of the termination of his or her employment and shall release TTM and its affiliates of any and all claims that the Employee may have in respect of his or her employment with TTM or its affiliates and/or the termination of such employment.

4. At Will Employment. The Employee's employment shall continue to be at-will, as defined under applicable law. If the Employee's employment terminates for any reason or no reason, the Employee shall not be entitled to any compensation, benefits, damages, awards or other payments in respect of such termination, except as provided in this Agreement.

5. Non-Benefit Bearing Payments. Any amount to be paid under this Agreement shall not be treated as compensation for purposes of computing or determining any additional benefit payable under any bonus plan, savings plan, insurance plan, pension plan, or other employee benefit plan maintained by TTM or any of its affiliates.

6. Governing Law. This Agreement shall be deemed to be made in, and in all respects shall be interpreted, construed and governed by and in accordance with, the laws of the State of Delaware without regard to any principles governing conflicts of laws or canons of construction interpreting written agreements against the drafter.

7. Waiver of Right To Jury Trial. TTM AND EMPLOYEE HEREBY AGREE TO WAIVE ALL RIGHTS TO A JURY TRIAL IN CONNECTION WITH ANY DISPUTE ARISING OUT OF OR RELATING TO THE TERMS OF THIS AGREEMENT.

8. Severability. If any clause, phrase or provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable under any applicable law, this shall not affect or render invalid or unenforceable the remainder of this Agreement, and this Agreement shall be deemed to be amended to the extent necessary, but only to the extent necessary, to permit the enforcement of the terms of this Agreement, as so amended.

9. Waiver. The waiver by TTM of a breach by the Employee of any provision of this Agreement shall not be construed as a waiver of any subsequent breach.

10. Entire Agreement. This Agreement sets forth the entire understanding of TTM and the Employee, and supersedes all prior agreements and communications, whether oral or written, specifically pertaining to the subject matter hereof. This Agreement shall not be modified except by written agreement of the Employee and TTM.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

TTM PRINTED CIRCUIT GROUP, INC.

By: _____

EMPLOYEE: _____

Name: _____

Date: _____

**SCHEDULE TO
FORM OF SEVERANCE AGREEMENT**

The form of Severance Agreement was executed by the following persons on the dates indicated:

<u>Name</u>	<u>Title</u>	<u>Date of Execution</u>
Phillip Titterton	Vice President, Operations	December 1, 2006
Bo Price	Accounting Manager	December 1, 2006
John Vesce	Vice President, Product Development	December 1, 2006
Curtis Robinson	Vice President, Administration	December 1, 2006
Dale Knecht	Vice President, Information Technology	December 1, 2006
William Pillard	Director, Operations	December 1, 2006
Lee Wilmot	Director, Environmental, Health and Safety	December 1, 2006

TTM Technologies, Inc.

2006 Incentive Compensation Plan

TTM Technologies, Inc.

2006 Incentive Compensation Plan

1. **Purpose.** The purpose of this Plan is to assist the Company and its Related Entities in attracting, motivating, retaining and rewarding high-quality Employees, officers, Directors and Consultants by enabling such persons to acquire or increase a proprietary interest in the Company in order to strengthen the mutuality of interests between such persons and the Company's shareholders, and providing such persons with annual and long-term performance incentives to expend their maximum efforts in the creation of shareholder value. The Plan is intended to qualify certain compensation awarded under the Plan for tax deductibility under Section 162(m) of the Code (as hereafter defined) to the extent deemed appropriate by the Plan Administrator.

2. **Definitions.** For purposes of the Plan, the following terms shall be defined as set forth below.

(a) "2000 Plan Award" means a stock award granted under the 2000 Equity Compensation Plan.

(b) "Applicable Laws" means the requirements relating to the administration of equity compensation plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, the rules and regulations of any stock exchange upon which the Common Stock is listed and the applicable laws of any foreign country or jurisdiction where Awards are granted under the Plan.

(c) "Award" means any award granted pursuant to the terms of this Plan, including an Option, Stock Appreciation Right, Restricted Stock, Stock Unit, Stock granted as a bonus or in lieu of another award, Dividend Equivalent, Other Stock-Based Award or Performance Award, together with any other right or interest, granted to a Participant under the Plan.

(d) "Award Agreement" means the written agreement evidencing an Award granted under the Plan.

(e) "Beneficiary" means the person, persons, trust or trusts which have been designated by a Participant in his or her most recent written beneficiary designation filed with the Plan Administrator to receive the benefits specified under the Plan upon such Participant's death or to which Awards or other rights are transferred if and to the extent permitted under Section 10(b) hereof. If, upon a Participant's death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(f) "Beneficial Owner", "Beneficially Owning" and "Beneficial Ownership" shall have the meanings ascribed to such terms in Rule 13d-3 under the Exchange Act and any successor to such Rule.

(g) "Board" means the Company's Board of Directors.

(h) "Cause" shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, "Cause" shall have the equivalent meaning or the same meaning as "cause" or "for cause" set forth in any employment, consulting, change in control or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such definition in such agreement, such term shall mean (i) the failure by the Participant to perform his or her duties as assigned by the Company (or a Related Entity) in a reasonable manner, (ii) any violation or breach by the Participant of his or her employment, consulting or other similar agreement with the Company (or a Related Entity), if any, (iii) any violation or breach by the Participant of his or her confidential information and invention assignment, non-competition, non-solicitation, non-disclosure and/or other similar agreement with the Company or a Related Entity, if any, (iv) any act by the Participant of dishonesty or bad faith with respect to the Company (or a Related Entity), (v) any material violation or breach by the Participant of the Company's or a Related Entity's policy for employee conduct, if any, (vi) use of alcohol, drugs or other similar substances in a manner that adversely affects the Participant's work performance, or (vii) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Company or any Related Entity. The good faith determination by the Plan Administrator of whether the Participant's Continuous Service was terminated by the Company for "Cause" shall be final and binding for all purposes hereunder.

(i) "Change in Control" means and shall be deemed to have occurred on the earliest of the following dates:

(i) the date on which any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) obtains "beneficial ownership" (as defined in Rule 13d-3 of the Exchange Act) or a pecuniary interest in thirty-five percent (35%) or more of the Voting Stock;

(ii) the consummation of a merger, consolidation, reorganization or similar transaction other than a transaction: (1) (a) in which substantially all of the holders of Company's Voting Stock hold or receive directly or indirectly fifty percent (50%) or more of the voting stock of the resulting entity or a parent company thereof, in substantially the same proportions as their ownership of the Company immediately prior to the transaction; or (2) in which the holders of Company's capital stock immediately before such transaction will, immediately after such transaction, hold as a group on a fully diluted basis the ability to elect at least a majority of the directors of the surviving corporation (or a parent company);

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an entity, fifty percent (50%) or more of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) individuals who, on the date this Plan is adopted by the Board, are Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the

Directors; provided, however, that if the appointment or election (or nomination for election) of any new Director was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

For purposes of determining whether a Change in Control has occurred, a transaction includes all transactions in a series of related transactions, and terms used in this definition but not defined are used as defined in the Plan. The term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

Notwithstanding the foregoing or any other provision of this Plan, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement (it being understood, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply).

(j) "Code" means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(k) "Committee" means a committee designated by the Board to administer the Plan with respect to at least a group of Employees, Directors or Consultants.

(l) "Company" means TTM Technologies, Inc., a Delaware corporation.

(m) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as a director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(n) "Continuous Service" means uninterrupted provision of services to the Company or any Related Entity in the capacity as either an officer, Employee, Director or Consultant. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entities, or any successor entities, in the capacity as either an officer, Employee, Director or Consultant or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in the capacity as either an officer, Employee, Director, Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(o) "Corporate Transaction" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale, lease, exclusive license or other disposition of a substantial portion of the consolidated assets of the Company and its Subsidiaries, as determined by the Plan Administrator, in its discretion;

- (ii) a sale or other disposition of more than twenty percent (20%) of the outstanding securities of the Company; or
- (iii) a merger, consolidation, reorganization or similar transaction, whether or not the Company is the surviving corporation.
- (p) “Covered Employee” means an Eligible Person who is a Covered Employee as specified in Section 7(d) of the Plan.
- (q) “Director” means a member of the Board or the board of directors of any Related Entity.
- (r) “Disability” means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Plan Administrator.
- (s) “Dividend Equivalent” means a right, granted to a Participant under Section 6(g) hereof, to receive cash, Shares, other Awards or other property equal in value to dividends paid with respect to a specified number of Shares or other periodic payments.
- (t) “Effective Date” means the effective date of this Plan, which shall be the date this Plan is adopted by the Board, subject to the approval of the shareholders of the Company.
- (u) “Eligible Person” means each officer, Director, Employee or Consultant. The foregoing notwithstanding, only employees of the Company, any Parent or any Subsidiary shall be Eligible Persons for purposes of receiving Incentive Stock Options. An Employee on leave of absence may be considered as still in the employ of the Company or a Related Entity for purposes of eligibility for participation in the Plan.
- (v) “Employee” means any person, including an officer or Director, who is an employee of the Company or any Related Entity. The payment of a director’s fee by the Company or a Related Entity shall not be sufficient to constitute “employment” by the Company.
- (w) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.
- (x) “Executive Officer” means an executive officer of the Company as defined under the Exchange Act.
- (y) “Fair Market Value” means the fair market value of Shares, Awards or other property as determined by the Plan Administrator, or under procedures established by the Plan Administrator. Unless otherwise determined by the Plan Administrator, the Fair Market Value of Shares as of any given date, after which the Shares are publicly traded on a stock exchange or market, shall be the closing sale price per share reported on a consolidated basis for stock listed on the principal stock exchange or market on which Shares is traded on the date as of which such value is being determined or, if there is no sale on that date, then on the last previous day on which a sale was reported.

(z) “Good Reason” shall, with respect to any Participant, have the meaning specified in the Award Agreement. In the absence of any definition in the Award Agreement, “Good Reason” shall have the equivalent meaning (or the same meaning as “good reason” or “for good reason”) set forth in any employment, consulting, change in control or other agreement for the performance of services between the Participant and the Company or a Related Entity or, in the absence of any such definition in such agreement(s), such term shall mean (i) the assignment to the Participant of any duties inconsistent in any material respect with the Participant’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as assigned by the Company (or a Related Entity) or any other action by the Company (or a Related Entity) which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company (or a Related Entity) promptly after receipt of notice thereof given by the Participant; (ii) any failure by the Company (or a Related Entity) to comply with its obligations to the Participant as agreed upon, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company (or a Related Entity) promptly after receipt of notice thereof given by the Participant; (iii) the Company’s (or Related Entity’s) requiring the Participant to be based at any office or location more than fifty (50) miles from the location of employment as of the date of Award, except for travel reasonably required in the performance of the Participant’s responsibilities; (iv) any purported termination by the Company (or a Related Entity) of the Participant’s Continuous Service otherwise than for Cause, as defined in Section 2(f), death, or by reason of the Participant’s Disability as defined in Section 2(o); or (v) any reduction in the Participant’s base salary (unless such reduction is part of Company-wide reduction that affects a majority of the persons of comparable level to the Participant).

(aa) “Incentive Stock Option” means any Option intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.

(bb) “Management Plan Award” means a stock award granted under the Management Stock Option Plan.

(cc) “Non-Employee Director” means a Director of the Company who is not an Employee.

(dd) “Non-Qualified Stock Option” means any Option that is not intended to be designated as an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto.

(ee) “Option” means a right, granted to a Participant under Section 6(b) hereof, to purchase Shares or other Awards at a specified price during specified time periods.

(ff) “Other Stock-Based Awards” means Awards granted to a Participant pursuant to Section 6(h) hereof.

(gg) “Parent” means any corporation (other than the Company), whether now or hereafter existing, in an unbroken chain of corporations ending with the Company, if each of the

corporations in the chain (other than the Company) owns stock possessing fifty percent (50%) or more of the combined voting power of all classes of stock in one of the other corporations in the chain.

(hh) “Participant” means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(ii) “Performance Award” means a right, granted to an Eligible Person under Sections 6(h) or 7 hereof, to receive Awards based upon performance criteria specified by the Plan Administrator.

(jj) “Performance Period” means that period established by the Plan Administrator at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Plan Administrator with respect to such Award are to be measured.

(kk) “Person” has the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, and shall include a “group” as defined in Section 12(d) thereof.

(ll) “Plan” means this TTM Technologies, Inc. 2006 Incentive Compensation Plan.

(mm) “Plan Administrator” means the Board or any Committee delegated by the Board to administer the Plan. There may be different Plan Administrators with respect to different groups of Eligible Persons.

(nn) “Related Entity” means any Parent, Subsidiary and any business, corporation, partnership, limited liability company or other entity designated by the Plan Administrator in which the Company, a Parent or a Subsidiary, directly or indirectly, holds a substantial ownership interest.

(oo) “Restricted Stock” means Stock granted to a Participant under Section 6(d) hereof, that is subject to certain restrictions, including a risk of forfeiture.

(pp) “Rule 16b-3” and “Rule 16a-1(c)(3)” means Rule 16b-3 and Rule 16a-1(c)(3), as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(qq) “Share” means a share of the Company’s Common Stock, and the share of such other securities as may be substituted (or resubstituted) for Stock pursuant to Section 10(c) hereof.

(rr) “Stock” means the Company’s Common Stock, and such other securities as may be substituted (or resubstituted) for the Company’s Common Stock pursuant to Section 10(c) hereof.

(ss) "Stock Appreciation Right" means a right granted to a Participant pursuant to Section 6(c) hereof.

(tt) "Stock Unit" means a right, granted to a Participant pursuant to Section 6(e) hereof, to receive Shares, cash or a combination thereof at the end of a specified period of time.

(uu) "Subsidiary" means any corporation (other than the Company), whether now or hereafter existing, in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(vv) "Voting Stock" means the stock of the Company with a right to vote for the election of Directors.

3. Administration.

(a) Administration by Board. The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in Section 3(c). The Board and/or Committee(s) administering the Plan shall be the Plan Administrator.

(b) Powers of the Plan Administrator. The Plan Administrator shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) Subject to Section 3(g) below, to determine from time to time which of the persons eligible under the Plan shall be granted Awards; when and how each Award shall be granted; what type or combination of types of Award shall be granted; the provisions of each Award granted (which need not be identical), including the time or times when a person shall be permitted to receive Shares or cash pursuant to an Award; and the number of Shares or amount of cash with respect to which an Award shall be granted to each such person.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Plan Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan or an Award as provided in Section 10(e).

(iv) To terminate or suspend the Plan as provided in Section 10(e).

(v) To adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or Related Entities may operate to assure the viability of the benefits from Awards granted to Participants performing services in such countries and to meet the objectives of the Plan.

(vi) Generally, to exercise such powers and to perform such acts as the Plan Administrator deems necessary or appropriate to promote the best interests of the Company and that are not in conflict with the provisions of the Plan.

(c) Delegation to Committee.

(i) General. The Board may delegate administration of the Plan to a Committee or Committees of more members of the Board, and the term "Committee" shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, to the extent delegated by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise, subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

(ii) Section 162(m) and Rule 16b-3 Compliance. In the discretion of the Board, the Committee may consist solely of two or more "Outside Directors", in accordance with Section 162(m) of the Code, and/or solely of two or more "Non-Employee Directors", in accordance with Rule 16b-3. In addition, the Plan Administrator may delegate to a committee of two or more members of the Board the authority to grant Awards to Eligible Persons who are either (a) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Award, (b) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code or (c) not then subject to Section 16 of the Exchange Act.

(d) Effect of Plan Administrator's Decision. All determinations, interpretations and constructions made by the Plan Administrator shall be made in good faith and shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

(e) Arbitration. Any dispute or claim concerning any Award granted (or not granted) pursuant to the Plan or any disputes or claims relating to or arising out of the Plan shall be fully, finally and exclusively resolved by binding and confidential arbitration conducted pursuant to the rules of Judicial Arbitration and Mediation Services, Inc. ("JAMS") in the nearest city in which JAMS conducts business to the city in which the Participant is employed by the Company. The Company shall pay all arbitration fees. In addition to any other relief, the arbitrator may award to the prevailing party recovery of its attorneys' fees and costs. By accepting an Award, the Participant and the Company waive their respective rights to have any such disputes or claims tried by a judge or jury.

(f) Limitation of Liability. The Board and any Committee(s), and each member thereof, who act as the Plan Administrator, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or Employee, the Company's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Board and any Committee(s), and any officer or Employee acting at the direction or on behalf of the Board and any Committee(s), shall not be personally liable for any

action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

(g) Administration of the Plan For Non-Employee Directors. Notwithstanding the foregoing, the grant of all Awards to the Non-Employee Directors shall be approved by a majority of the Directors who qualify as independent under the stock exchange rules with which the Company complies or a Committee composed solely of such independent Directors.

4. Shares Issuable Under the Plan.

(a) Number of Shares Available for Issuance Under Plan. Subject to adjustment as provided in Section 10(c) hereof, the total number of Shares reserved and available for issuance in connection with Awards shall be 3,000,000 Shares. In addition, any shares available for issuance under the 2000 Equity Compensation Plan and the Management Stock Option Plan that are not subject to an outstanding award under the 2000 Equity Compensation Plan and the Management Stock Option Plan as of the date of shareholder approval of this Plan shall become available for issuance under this Plan, and shall no longer be available for issuance under the 2000 Equity Compensation Plan and the Management Stock Option Plan, as applicable. Any Shares issued under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.

(b) Availability of Shares Not Issued pursuant to Awards

(i) If any Shares subject to an Award or to a 2000 Plan Award or Management Plan Award are forfeited, expire or otherwise terminate without issuance of such Shares or any Award, 2000 Plan Award or Management Plan Award is settled for cash or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award, 2000 Plan Award or Management Plan Award, the Shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, be available for Awards under the Plan, subject to Section 4(b)(iv) below.

(ii) If any Shares issued pursuant to an Award, 2000 Plan Award or Management Plan Award are forfeited back to or repurchased by the Company, including, but not limited to, any repurchase or forfeiture caused by the failure to meet a contingency or condition required for the vesting of such shares, then the Shares forfeited or repurchased shall revert to and become available for issuance under the Plan, subject to Section 4(b)(iv) below.

(iii) In the event that any Option or other Award granted hereunder is exercised through the withholding of Shares from the Award by the Company or withholding tax liabilities arising from such Option or other Award are satisfied by the withholding of Shares from the Award by the Company, then only the number of Shares issued net of the Shares withheld shall be counted as issued for purposes of determining the maximum number of Shares available for grant under the Plan, subject to Section 4(b)(iv) below. In the event that any 2000 Plan Award or Management Plan Award is exercised through the withholding of Shares by the Company from the 2000 Plan Award or the Management Plan Award or withholding tax liabilities arising from such 2000 Plan Award or Management Plan Award are satisfied by the withholding of Shares from the

2000 Plan Award or Management Plan Award by the Company, then Shares withheld shall become available for issuance under the Plan, subject to Section 4(b)(iv) below.

(iv) Notwithstanding anything in this Section 4(b) to the contrary, solely for purposes of determining whether Shares are available for the grant of Incentive Stock Options, the maximum aggregate number of Shares that may be granted under this Plan through Incentive Stock Options shall be determined without regard to any Shares restored pursuant to this Section 4(b) that, if taken into account, would cause the Plan, for purposes of the grant of Incentive Stock Options, to fail the requirement under Code Section 422 that the Plan designate a maximum aggregate number of shares that may be issued.

(c) Application of Limitations. The limitation contained in this Section 4 shall apply not only to Awards that are settled by the delivery of Shares but also to Awards relating to Shares but settled only in cash (such as cash-only Stock Appreciation Rights). The Plan Administrator may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and may make adjustments if the number of Shares actually delivered differs from the number of shares previously counted in connection with an Award.

5. Eligibility; Per-Person Award Limitations. Awards may be granted under the Plan only to Eligible Persons.

In any one calendar year, an Eligible Person may not be granted Options or Stock Appreciation Rights under which more than 1,000,000 Shares could be received by the Participant, subject to adjustment as provided in Section 10(c). In any one calendar year, an Eligible Person may not be granted Awards (other than an Option or Stock Appreciation Right) under which more than 1,000,000 Shares could be received by the Participant in any one calendar year, subject to adjustment as provided in Section 10(c). In addition, the maximum dollar value payable in cash to any one Participant with respect to Performance Awards is \$5,000,000 per calendar year.

6. Terms of Awards.

(a) General. Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Plan Administrator may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Plan Administrator shall determine, including terms requiring forfeiture of Awards in the event of termination of the Participant's Continuous Service and terms permitting a Participant to make elections relating to his or her Award. The Plan Administrator shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan.

(b) Options. The Plan Administrator is authorized to grant Options to any Eligible Person on the following terms and conditions:

(i) Stock Option Agreement. Each grant of an Option shall be evidenced by an Award Agreement. Such Award Agreement shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are

not inconsistent with the Plan and which the Plan Administrator deems appropriate for inclusion in the Award Agreement. The provisions of the various Award Agreements entered into under the Plan need not be identical.

(ii) Number of Shares. Each Award Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 10(c) hereof. The Award Agreement shall also specify whether the Stock Option is an Incentive Stock Option or a Non-Qualified Stock Option.

(iii) Exercise Price.

(A) In General. The Plan Administrator shall determine (which determination shall be included in each Award Agreement) the price at which Shares subject to the Option may be purchased (the "Exercise Price"), provided that such exercise price shall be not less than 100% of the Fair Market Value of the Stock on the date of grant (except in the case of substituted awards in connection with a merger or other acquisition).

(B) Ten Percent Shareholder. If a Participant owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Parent or Subsidiary, any Incentive Stock Option granted to such Employee must have an exercise price per Share of at least 110% of the Fair Market Value of a Share on the date of grant.

(iv) Time and Method of Exercise. The Plan Administrator shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which the exercise price may be paid or deemed to be paid (including, in the discretion of the Plan Administrator, a cashless exercise procedure), the form of such payment, including, without limitation, cash, Stock, net exercise, other Awards or awards granted under other plans of the Company or a Related Entity, other property (including notes or other contractual obligations of Participants to make payment on a deferred basis) or any other form of consideration legally permissible, and the methods by or forms in which Stock will be delivered or deemed to be delivered to Participants.

(v) Termination of Service. Subject to earlier termination of the Option as otherwise provided in the Plan and unless otherwise provided by the Plan Administrator with respect to an Option and set forth in the Award Agreement, an Option shall be exercisable after a Participant's termination of Continuous Service only during the applicable time period determined in accordance with this Section and thereafter shall terminate and no longer be exercisable:

(A) Death or Disability. If the Participant's Continuous Service terminates because of the death or Disability of the Participant, the Option, to the extent unexercised and exercisable on the date on which the Participant's Continuous Service terminated, may be exercised by the Participant (or the Participant's legal representative or estate) at any time prior to the expiration of twelve (12) months (or such other period of time as determined by the

Plan Administrator, in its discretion) after the date on which the Participant's Continuous Service terminated, but in any event only with respect to the vested portion of the Option and no later than the date of expiration of the Option's term as set forth in the Award Agreement evidencing such Option (the "Option Expiration Date").

(B) Termination for Cause. Notwithstanding any other provision of the Plan to the contrary, if the Participant's Continuous Service is terminated for Cause, the Option shall terminate and cease to be exercisable immediately upon such termination of Continuous Service.

(C) Other Termination of Service. If the Participant's Continuous Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable by the Participant on the date on which the Participant's Continuous Service terminated, may be exercised by the Participant at any time prior to the expiration of three (3) months (or such longer period of time as determined by the Plan Administrator, in its discretion) after the date on which the Participant's Continuous Service terminated, but in any event only with respect to the vested portion of the Option and no later than the Option Expiration Date.

(vi) Incentive Stock Options. The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. If and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(1) The Option shall not be exercisable more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Parent or Subsidiary and the Incentive Stock Option is granted to such Participant, the Incentive Stock Option shall not be exercisable (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant; and

(2) If the aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the Shares with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Company, its Parent or any Subsidiary are exercisable for the first time by a Participant during any calendar year in excess of \$100,000, then such Participant's Incentive Stock Option(s) or portions thereof that exceed such \$100,000 limit shall be treated as Non-Qualified Stock Options (in the reverse order in which they were granted, so that the last Incentive Stock Option will be the first treated as a Non-Qualified Stock Option). This paragraph shall only apply to the extent such limitation is applicable under the Code at the time of the grant.

(c) Stock Appreciation Rights. The Plan Administrator is authorized to grant Stock Appreciation Rights to Participants on the following terms and conditions:

(i) Agreement. Each grant of a Stock Appreciation Right shall be evidenced by an Award Agreement. Such Award Agreement shall be subject to all applicable

terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Plan Administrator deems appropriate for inclusion in the Award Agreement. The provisions of the various Award Agreements entered into under the Plan need not be identical.

(ii) Right to Payment. A Stock Appreciation Right shall confer on the Participant to whom it is granted a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of stock on the date of exercise over (B) the grant price of the Stock Appreciation Right as determined by the Plan Administrator. The per Share grant price of each Stock Appreciation Right shall not be less than the Fair Market Value of a Share on the grant date.

(iii) Other Terms. The Plan Administrator shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a Stock Appreciation Right may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which Stock Appreciation Rights shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the form of payment upon exercise of Shares, cash or other property, the method of exercise, method of settlement, form of consideration payable in settlement (either cash, Shares or other property), method by or forms in which Stock will be delivered or deemed to be delivered to Participants, whether or not a Stock Appreciation Right shall be in tandem or in combination with any other Award, and any other terms and conditions of any Stock Appreciation Right. Stock Appreciation Rights may be either freestanding or in tandem with other Awards. Notwithstanding any other provision of the Plan, unless otherwise exempt from Section 409A of the Code or otherwise specifically determined by the Plan Administrator, each Stock Appreciation Right shall be structured to avoid the imposition of any excise tax under Section 409A of the Code.

(d) Restricted Stock. The Plan Administrator is authorized to grant Restricted Stock to any Eligible Person on the following terms and conditions:

(i) Grant and Restrictions. Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Plan Administrator may impose, or as otherwise provided in this Plan. The terms of any Restricted Stock granted under the Plan shall be set forth in a written Award Agreement which shall contain provisions determined by the Plan Administrator and not inconsistent with the Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Plan Administrator may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award Agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Plan Administrator). During the restricted period applicable to the Restricted Stock, subject to Section 10(b) below, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant. Notwithstanding the foregoing, all grants of Restricted Stock shall comply with the vesting terms of Section 8(f).

(ii) Forfeiture. Except as otherwise determined by the Plan Administrator, upon termination of a Participant's Continuous Service during the applicable restriction period, the Participant's Restricted Stock that is at that time subject to a risk of forfeiture that has not lapsed or otherwise been satisfied shall be forfeited to or reacquired by the Company; provided that, the Plan Administrator may provide, by rule or regulation or in any Award Agreement or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Plan Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock. Notwithstanding the foregoing, all grants of Stock Units shall comply with the vesting acceleration terms of Sections 8(g).

(iii) Certificates for Shares. Restricted Stock granted under the Plan may be evidenced in such manner as the Plan Administrator shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Plan Administrator may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, that the certificates be kept with an escrow agent and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) Dividends and Splits. As a condition to the grant of an Award of Restricted Stock, the Plan Administrator may require that any cash dividends paid on a share of Restricted Stock be automatically reinvested in additional shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Unless otherwise determined by the Plan Administrator, Shares distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Shares or other property has been distributed.

(e) Stock Units. The Plan Administrator is authorized to grant Stock Units to Participants, which are rights to receive Shares, cash or other property, or a combination thereof at the end of a specified time period, subject to the following terms and conditions:

(i) Award and Restrictions. Satisfaction of an Award of Stock Units shall occur upon expiration of the time period specified for such Stock Units by the Plan Administrator (or, if permitted by the Plan Administrator, as elected by the Participant). In addition, Stock Units shall be subject to such restrictions (which may include a risk of forfeiture) as the Plan Administrator may impose, if any, which restrictions may lapse at the expiration of the time period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, as the Plan Administrator may determine. The terms of an Award of Stock Units shall be set forth in a written Award Agreement which shall contain provisions determined by the Plan Administrator and not inconsistent with the Plan. Stock Units may be satisfied by delivery of Stock, cash equal to the Fair Market Value of the specified number of Shares covered by the Stock Units, or a combination thereof, as determined by the Plan Administrator at the date of grant or thereafter. Prior to satisfaction of an Award of Stock Units, an Award of Stock Units carries no voting or dividend or other rights associated with share ownership. Notwithstanding the foregoing, all grants of Stock Units shall comply with the vesting terms of Sections 8(f). Notwithstanding any

other provision of the Plan, unless otherwise exempt from Section 409A of the Code or otherwise specifically determined by the Plan Administrator, each Stock Unit shall be structured to avoid the imposition of any excise tax under Section 409A of the Code.

(ii) Forfeiture. Except as otherwise determined by the Plan Administrator, upon termination of a Participant's Continuous Service during the applicable time period thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the Stock Units), the Participant's Stock Units (other than those Stock Units subject to deferral at the election of the Participant) shall be forfeited; provided that the Plan Administrator may provide, by rule or regulation or in any Award Agreement or may determine in any individual case, that restrictions or forfeiture conditions relating to Stock Units shall be waived in whole or in part in the event of terminations resulting from specified causes, and the Plan Administrator may in other cases waive in whole or in part the forfeiture of Stock Units. Notwithstanding the foregoing, all grants of Stock Units shall comply with the vesting acceleration terms of Sections 8(g).

(iii) Dividend Equivalents. Unless otherwise determined by the Plan Administrator at date of grant, any Dividend Equivalents that are granted with respect to any Award of Stock Units shall be either (A) paid with respect to such Stock Units at the dividend payment date in cash or in Shares of unrestricted Stock having a Fair Market Value equal to the amount of such dividends or (B) deferred with respect to such Stock Units and the amount or value thereof automatically deemed reinvested in additional Stock Units, other Awards or other investment vehicles, as the Plan Administrator shall determine or permit the Participant to elect.

(f) Bonus Stock and Awards in Lieu of Obligations. The Plan Administrator is authorized to grant Shares as a bonus or to grant Shares or other Awards in lieu of Company obligations to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, provided that, in the case of Participants subject to Section 16 of the Exchange Act, the amount of such grants remains within the discretion of the Plan Administrator to the extent necessary to ensure that acquisitions of Shares or other Awards are exempt from liability under Section 16(b) of the Exchange Act. Shares or Awards granted hereunder shall be subject to such other terms as shall be determined by the Plan Administrator. Notwithstanding the foregoing, all grants Shares pursuant to this Section shall comply with the vesting terms of Section 8(f) and the vesting acceleration terms of Section 8(g).

(g) Dividend Equivalents. The Plan Administrator is authorized to grant Dividend Equivalents to any Eligible Person entitling the Eligible Person to receive cash, Shares, other Awards, or other property equal in value to dividends paid with respect to a specified number of Shares, or other periodic payments. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award. The terms of an Award of Dividend Equivalents shall be set forth in a written Award Agreement which shall contain provisions determined by the Plan Administrator and not inconsistent with the Plan. The Plan Administrator may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Stock, Awards, or other investment vehicles, and subject to such restrictions on transferability and risks of forfeiture, as the Plan Administrator may specify. Notwithstanding any other provision of the Plan, unless otherwise exempt from Section 409A of the Code or otherwise specifically determined by the Plan Administrator, each Dividend

Equivalent shall be structured to avoid the imposition of any excise tax under Section 409A of the Code.

(h) Performance Awards. The Plan Administrator is authorized to grant Performance Awards to any Eligible Person payable in cash, Shares, other property, or other Awards, on terms and conditions established by the Plan Administrator, subject to the provisions of Section 7 if and to the extent that the Plan Administrator shall, in its sole discretion, determine that an Award shall be subject to those provisions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Plan Administrator upon the grant of each Performance Award. Except as provided in this Plan or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Plan Administrator and may be based upon the criteria set forth in Section 7(b), or in the case of an Award that the Plan Administrator determines shall not be subject to Section 7 hereof, any other criteria that the Plan Administrator, in its sole discretion, shall determine should be used for that purpose. The amount of the Award to be distributed shall be conclusively determined by the Plan Administrator. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Plan Administrator, on a deferred basis. Notwithstanding the foregoing, all grants of Performance Awards which would qualify as Full Value Awards (as defined in Section 8(f)) shall comply with the vesting terms of Section 8(f).

(i) Other Stock-Based Awards. The Plan Administrator is authorized, subject to limitations under applicable law, to grant to any Eligible Person such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Plan Administrator to be consistent with the purposes of the Plan, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Plan Administrator, and Awards valued by reference to the book value of Stock or the value of securities of or the performance of specified Related Entities or business units. The Plan Administrator shall determine the terms and conditions of such Awards. The terms of any Award pursuant to this Section shall be set forth in a written Award Agreement which shall contain provisions determined by the Plan Administrator and not inconsistent with the Plan. Stock delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(h) shall be purchased for such consideration (including without limitation loans from the Company or a Related Entity), paid for at such times, by such methods, and in such forms, including, without limitation, cash, Stock, other Awards or other property, as the Plan Administrator shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, may also be granted pursuant to this Section 6(h). Notwithstanding any other provision of the Plan, unless otherwise exempt from Section 409A of the Code or otherwise specifically determined by the Plan Administrator, each such Award shall be structured to avoid the imposition of any excise tax under Section 409A of the Code. Notwithstanding the foregoing, all grants of Other Stock Based Award which would qualify as Full Value Awards (as defined in Section 8(f)) shall comply with the vesting terms of Section 8(f) and the vesting acceleration terms of Section 8(g).

7. Tax Qualified Performance Awards

(a) Covered Employees. A Committee, composed in compliance with the requirements of Section 162(m) of the Code, in its discretion, may determine at the time an Award is granted to an Eligible Person who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, that the provisions of this Section 7 shall be applicable to such Award.

(b) Performance Criteria. If an Award is subject to this Section 7, then the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be contingent upon achievement of one or more objective performance goals. Performance goals shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code and regulations thereunder including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being “substantially uncertain.” One or more of the following business criteria for the Company, on a consolidated basis, and/or for Related Entities, or for business or geographical units of the Company and/or a Related Entity (except with respect to the total stockholder return and earnings per share criteria), shall be used by the Committee in establishing performance goals for such Awards: (1) earnings per share; (2) revenues or gross margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital, or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the Company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total stockholder return; and (13) debt reduction. Any of the above goals may be determined on an absolute or relative basis or as compared to the performance of a published or special index deemed applicable by the Committee including, but not limited to, the Standard & Poor’s 500 Stock Index or a group of companies that are comparable to the Company. The Committee shall exclude the impact of an event or occurrence which the Committee determines should appropriately be excluded, including without limitation (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company’s management, or (iii) a change in accounting standards required by generally accepted accounting principles.

(c) Performance Period; Timing For Establishing Performance Goals. Achievement of performance goals in respect of such Performance Awards shall be measured over a Performance Period, as specified by the Committee. Performance goals shall be established not later than ninety (90) days after the beginning of any Performance Period applicable to such Performance Awards, or at such other date as may be required or permitted for “performance-based compensation” under Section 162(m) of the Code.

(d) Adjustments. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Awards subject to this Section 7, but may not

exercise discretion to increase any such amount payable to a Covered Employee in respect of an Award subject to this Section 7. The Committee shall specify the circumstances in which such Awards shall be paid or forfeited in the event of termination of Continuous Service by the Participant prior to the end of a Performance Period or settlement of Awards.

(e) Committee Certification. Within a reasonable period of time after the performance criteria have been satisfied (but no later than three (3) months after the satisfaction of the performance criteria), in order to meet the requirements of Section 162(m) of the Code, the Committee shall certify, by resolution or other appropriate action in writing, that the performance criteria and any other material terms previously established by the Committee or set forth in the Plan, have been satisfied to the extent necessary to qualify as "performance based compensation" under Section 162(m) of the Code. To the extent that the performance criteria have been satisfied, but the Committee has not certified such result within three (3) months after such satisfaction, then the Participant shall receive the payment provided for under the Participant's Award.

8. Certain Provisions Applicable to Awards or Sales

(a) Stand-Alone, Additional, Tandem and Substitute Awards. Awards granted under the Plan may, in the discretion of the Plan Administrator, be granted either alone or in addition to, in tandem with or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any Related Entity or any business entity to be acquired by the Company or a Related Entity or any other right of a Participant to receive payment from the Company or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Plan Administrator shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any Related Entity.

(b) Form and Timing of Payment Under Awards; Deferrals. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Plan Administrator shall determine, including, without limitation, cash, other Awards or other property, and may be made in a single payment or transfer, in installments or on a deferred basis. The settlement of any Award may be accelerated, and cash paid in lieu of Shares in connection with such settlement, in the discretion of the Plan Administrator or upon occurrence of one or more specified events (in addition to a Change in Control). Installment or deferred payments may be required by the Plan Administrator (subject to Section 10(g) of the Plan) or permitted at the election of the Participant on terms and conditions established by the Plan Administrator. Payments may include, without limitation, provisions for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Shares.

(c) Exemptions from Section 16(b) Liability. It is the intent of the Company that this Plan comply in all respects with applicable provisions of Rule 16b-3 or Rule 16a-1(c)(3) to the extent necessary to ensure that neither the grant of any Awards to nor other transaction by a

Participant who is subject to Section 16 of the Exchange Act is subject to liability under Section 16(b) thereof (except for transactions acknowledged in writing to be non-exempt by such Participant). Accordingly, if any provision of this Plan or any Award Agreement does not comply with the requirements of Rule 16b-3 or Rule 16a-1(c)(3) as then applicable to any such transaction, such provision will be construed or deemed amended to the extent necessary to conform to the applicable requirements of Rule 16b-3 or Rule 16a-1(c)(3) so that such Participant shall avoid liability under Section 16(b).

(d) Code Section 409A. If and to the extent that the Plan Administrator believes that any Awards may constitute a “nonqualified deferred compensation plan” under Section 409A of the Code, the terms and conditions set forth in the Award Agreement for that Award shall be drafted in a manner that is intended to comply with, and shall be interpreted in a manner consistent with, the applicable requirements of Section 409A of the Code, unless otherwise agreed to in writing by the Participant and the Company.

(e) No Option Repricing. Other than pursuant to Section 10(c), without approval of the Company’s shareholders, the Plan Administrator shall not be permitted to (A) lower the exercise price per Share of an Option after it is granted, (B) cancel an Option when the exercise price per Share exceeds the Fair Market Value of the underlying Shares in exchange for another Award or cash, or (C) take any other action with respect to an Option that may be treated as a repricing.

(f) Vesting Restrictions for Full Value Awards. Each award of Restricted Stock, Stock Units, Bonus Stock, a Performance Award or Other Stock Based Award where the Participant is not required to pay more than the par value of the Award in cash for the Shares delivered (each a “Full Value Award”) shall have a minimum vesting schedule of (A) with respect to Full Value Awards that vest over time, a three (3) year vesting schedule with a maximum of one-third (1/3rd) of the Full Value Award vesting in any one (1) year; (B) with respect to Full Value Awards that vest based upon the achievement of performance goals, the performance period shall be a minimum of one (1) year in length; provided, however, that five percent (5%) of the Shares reserved under the Plan may be granted as Full Value Awards that are not subject to the vesting requirements of the last sentence.

(g) Vesting Acceleration for Full Value Awards. Except with respect to “extraordinary circumstances”, the Plan Administrator may not waive the forfeiture or repurchase rights with respect to the unvested portion of any Full Value Award, where the forfeiture or repurchase would otherwise occur upon the cessation of the Participant’s Continuous Service or the non-attainment of the performance objectives applicable to the Full Value Award. The Plan Administrator shall, in its discretion, determine what constitutes extraordinary circumstances, provided, however that the following shall be considered extraordinary circumstances: a Change in Control, a termination of Continuous Service as a result of the death, Disability or retirement of the Participant. Any waiver may be effected upon the occurrence of the extraordinary circumstances or at any time after the occurrence of the extraordinary circumstances, and may be conditioned upon additional events after the occurrence of the extraordinary circumstances, such as the Participant’s cessation of Continuous Service.

9. Change in Control; Corporate Transaction.

(a) Change in Control.

(i) The Plan Administrator may, in its discretion, accelerate the vesting, exercisability, lapsing of restrictions or expiration of deferral of any Award, including upon a Change in Control. In addition, the Plan Administrator may provide in an Award Agreement that the performance goals relating to any Award will be deemed to have been met upon the occurrence of any Change in Control.

(ii) In addition to the terms of Sections 9(a)(i) above, the effect of a “change in control,” may be provided (1) in an employment, compensation or severance agreement, if any, between the Company or any Related Entity and the Participant, relating to the Participant’s employment, compensation or severance with or from the Company or such Related Entity or (2) in the Award Agreement.

(b) Corporate Transactions. In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (together, the “Successor Corporation”) may either (i) assume any or all Awards outstanding under the Plan; (ii) continue any or all Awards outstanding under the Plan; or (iii) substitute similar stock awards for outstanding Awards (it being understood that similar awards include, but are not limited to, awards to acquire the same consideration paid to the shareholders or the Company, as the case may be, pursuant to the Corporate Transaction). In the event that the Successor Corporation does not assume or continue any or all such outstanding Awards or substitute similar stock awards for such outstanding Awards, then with respect to Awards that have been not assumed, continued or substituted, such Awards shall terminate if not exercised (if applicable) at or prior to such effective time (contingent upon the effectiveness of the Corporate Transaction).

The Administrator, in its sole discretion, shall determine whether each Award is assumed, continued, substituted or terminated. Notwithstanding the foregoing, to the extent that substantially all of the holders of the Company’s Voting Stock hold or receive directly or indirectly ninety percent (90%) or more of the Voting Stock of the resulting entity or a parent company thereof, in substantially the same proportions as their ownership of the Company immediately prior to the transaction, the Awards shall be either assumed or substituted by the successor corporation or its parent or continued by the Company.

The Plan Administrator, in its discretion and without the consent of any Participant, may (but is not obligated to) either (i) accelerate the vesting of any Awards (determined on an Award by Award basis), including permitting the lapse of any repurchase rights held by the Company (and, if applicable, the time at which such Awards may be exercised), in full or as to some percentage of the Award, to a date prior to the effective time of such Corporate Transaction as the Plan Administrator shall determine (contingent upon the effectiveness of the Corporate Transaction) or (ii) provide for a cash payment in exchange for the termination of an Award or any portion thereof where such cash payment is equal to the Fair Market Value of the Shares that the Participant would receive if the Award were fully vested and exercised (if applicable) as of such date (less any applicable exercise price).

Notwithstanding any other provision in this Plan to the contrary, with respect to Restricted Stock and any other Award granted under the Plan with respect to which the Company has any reacquisition or repurchase rights, the reacquisition or repurchase rights for such Awards may be assigned by the Company to the successor of the Company (or the successor's parent company) in connection with such Corporate Transaction. In the event any such rights are not continued or assigned to the Successor Corporation, then such rights shall lapse and the Award shall be fully vested as of the effective time of the Corporate Transaction. In addition, the Plan Administrator, in its discretion, may (but is not obligated to) provide that any reacquisition or repurchase rights held by the Company with respect to any such Awards (determined on an Award by Award basis) shall lapse in whole or in part (contingent upon the effectiveness of the Corporate Transaction).

(c) Dissolution or Liquidation. In the event of a dissolution or liquidation of the Company, then all outstanding Awards shall terminate immediately prior to the completion of such dissolution or liquidation, and Shares subject to the Company's repurchase option may be repurchased by the Company notwithstanding the fact that the holder of such stock is still in Continuous Service.

10. General Provisions.

(a) Compliance With Legal and Other Requirements. The Company may, to the extent deemed necessary or advisable by the Plan Administrator, postpone the issuance or delivery of Shares or payment of other benefits under any Award until completion of such registration or qualification of such Shares or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Shares or other Company securities are listed or quoted or compliance with any other obligation of the Company, as the Plan Administrator may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Shares or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements or other obligations. The foregoing notwithstanding, in connection with a Change in Control, the Company shall take or cause to be taken no action, and shall undertake or permit to arise no legal or contractual obligation, that results or would result in any postponement of the issuance or delivery of Shares or payment of benefits under any Award or the imposition of any other conditions on such issuance, delivery or payment, to the extent that such postponement or other condition would represent a greater burden on a Participant than existed on the ninetieth (90th) day preceding the Change in Control.

(b) Limits on Transferability; Beneficiaries.

(i) General. Except as provided in the Award Agreement, a Participant may not assign, sell, transfer or otherwise encumber or subject to any lien any Award or other right or interest granted under this Plan, in whole or in part, other than by will or by operation of the laws of descent and distribution, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative.

(ii) Permitted Transfer of Option. The Plan Administrator, in its sole discretion, may permit the transfer of an Option (but not an Incentive Stock Option or any other right to purchase Shares other than an Option) as follows: (A) by gift to a member of the Participant's Immediate Family or (B) by transfer by instrument to a trust providing that the Option is to be passed to beneficiaries upon death of the Participant. For purposes of this Section 10(b)(ii), "Immediate Family" shall mean the Participant's spouse (including a former spouse subject to terms of a domestic relations order); child, stepchild, grandchild, child-in-law; parent, stepparent, grandparent, parent-in-law; sibling and sibling-in-law, and shall include adoptive relationships. If a determination is made by counsel for the Company that the restrictions contained in this Section 10(b)(ii) are not required by applicable federal or state securities laws under the circumstances, then the Plan Administrator, in its sole discretion, may permit the transfer of Awards (other than Incentive Stock Options and Stock Appreciation Rights in tandem therewith) to one or more Beneficiaries or other transferees during the lifetime of the Participant, which may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent permitted by the Plan Administrator pursuant to the express terms of an Award Agreement (subject to any terms and conditions which the Plan Administrator may impose thereon, and further subject to any prohibitions and restrictions on such transfers pursuant to Rule 16b-3). A Beneficiary, transferee or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award Agreement applicable to such Participant, except as otherwise determined by the Plan Administrator, and to any additional terms and conditions deemed necessary or appropriate by the Plan Administrator.

(c) Adjustments.

(i) Adjustments to Awards. In the event that any dividend or other distribution (whether in the form of cash, Shares or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Shares and/or such other securities of the Company or any other issuer such that a substitution, exchange or adjustment is determined by the Plan Administrator to be appropriate, then the Plan Administrator shall, in an equitable manner, substitute, exchange or adjust any or all of (A) the number and kind of Shares which may be delivered in connection with Awards granted thereafter, (B) the number and kind of Shares by which annual per-person Award limitations are measured under Section 5 hereof, (C) the number and kind of Shares subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Plan Administrator determines to be appropriate.

(ii) Other Adjustments. The Plan Administrator (which shall be a Committee to the extent such authority is required to be exercised by a Committee to comply with Code Section 162(m)) is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Awards subject to performance goals) in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Company, any Related Entity or any business unit, or the financial statements of the Company or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Plan Administrator's assessment of the business strategy of the Company, any Related

Entity or business unit thereof; performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that such authority or the making of such adjustment would cause Options, Stock Appreciation Rights or Performance Awards granted to Participants designated by the Plan Administrator as Covered Employees and intended to qualify as “performance-based compensation” under Code Section 162(m) and the regulations thereunder to otherwise fail to qualify as “performance-based compensation” under Code Section 162(m) and regulations thereunder.

(d) Taxes. The Company and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Plan Administrator may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of a Participant’s tax obligations, either on a mandatory or elective basis in the discretion of the Plan Administrator.

(e) Changes to the Plan and Awards. The Board may amend, alter, suspend, discontinue or terminate the Plan or the Committee’s authority to grant Awards under the Plan, without the consent of shareholders or Participants. Any amendment or alteration to the Plan shall be subject to the approval of the Company’s shareholders if such shareholder approval is deemed necessary and advisable by the Board or if required under the rules or regulations of the stock exchange that has the highest trading volume for the Shares for the prior calendar year. However, without the consent of an affected Participant, no such amendment, alteration, suspension, discontinuance or termination of the Plan may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. The Plan Administrator may waive any conditions or rights under or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award Agreement relating thereto, except as otherwise provided in the Plan; provided that, without the consent of an affected Participant, no such action may materially and adversely affect the rights of such Participant under such Award.

(f) Limitation on Rights Conferred Under Plan. Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ of the Company or a Related Entity; (ii) interfering in any way with the right of the Company or a Related Entity to terminate any Eligible Person’s or Participant’s Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees or (iv) conferring on a Participant any of the rights of a shareholder of the Company unless and until the Participant is duly issued or transferred Shares in accordance with the terms of an Award.

(g) Unfunded Status of Awards; Creation of Trusts. The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligations to deliver Shares pursuant to an Award,

nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Plan Administrator may authorize the creation of trusts and deposit therein cash, Shares, other Awards or other property or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Plan Administrator otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Plan Administrator may specify and in accordance with applicable law.

(h) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Plan Administrator to adopt such other incentive arrangements as it may deem desirable including incentive arrangements and awards which do not qualify under Code Section 162(m).

(i) Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Plan Administrator shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) Governing Law. The validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award Agreement shall be determined in accordance with the laws of the State of Delaware without giving effect to principles of conflicts of laws, and applicable federal law.

(k) Plan Effective Date and Shareholder Approval; Termination of Plan. The Plan shall become effective on the Effective Date, subject to subsequent approval within twelve (12) months of its adoption by the Board by shareholders of the Company eligible to vote in the election of directors, by a vote sufficient to meet the requirements of Code Sections 162(m) (if applicable) and 422, Rule 16b-3 under the Exchange Act (if applicable), applicable Nasdaq requirements, and other laws, regulations, and obligations of the Company applicable to the Plan. Awards may be granted subject to shareholder approval, but may not be exercised or otherwise settled in the event shareholder approval is not obtained. The Plan shall terminate no later than ten (10) years from the date of the later of (x) the Effective Date and (y) the date an increase in the number of shares reserved for issuance under the Plan is approved by the Board (so long as such increase is also approved by the shareholders).

TTM Technologies, Inc.
2006 INCENTIVE COMPENSATION PLAN
STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the 2006 Incentive Compensation Plan shall have the same defined meanings in this Stock Option Agreement.

I. NOTICE OF STOCK OPTION GRANT

Name: _____

Address: _____

The undersigned Optionee has been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Date of Grant: _____

Vesting Commencement Date: _____

Exercise Price per Share: _____

Total Number of Shares Granted: _____

Total Exercise Price: _____

Type of Option: ☐ Incentive Stock Option
☒ Nonstatutory Stock Option

Expiration Date: As provided in Section 3 of the Agreement.

Vesting Schedule: This Option shall be vested according to the following vesting schedule:

1/4th of the Shares subject to the Option shall vest on each of the first four anniversaries of the Vesting Commencement Date, subject to Optionee Continuous Service on such dates. In addition, this Option shall be subject to vesting acceleration pursuant to Section 2(c) of the Option Agreement.

Exercise Schedule: To the extent vested, this Option shall be exercisable during its term (as provided in Section 3 of the Stock Option Agreement).

II. AGREEMENT

1. Grant of Option. The Plan Administrator of the Company hereby grants to the person named in the Notice of Stock Option Grant (the "**Optionee**"), an option (the "**Option**") to purchase the number of Shares set forth in the Notice of Stock Option Grant, at the exercise price per Share set forth in the Notice of Stock Option Grant (the "**Exercise Price**"), and subject to the terms and conditions of the Notice of Stock Option Grant and the Plan, which are incorporated herein by reference. Subject to Section 10(e) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement or the Notice of Stock Option Grant, the terms and conditions of the Plan shall prevail.

If designated in the Notice of Stock Option Grant as an Incentive Stock Option ("**ISO**"), this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that it exceeds the \$100,000 rule of Code Section 422(d), this Option shall be treated as a Non-Qualified Stock Option ("**NSO**").

2. Exercise of Option.

(a) **Right to Exercise.** This Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Stock Option Grant and with the applicable provisions of the Plan and this Option Agreement.

(b) **Method of Exercise.** This Option shall be exercisable by delivery of an exercise notice in the form satisfactory to the Company (an example of which is attached as **Exhibit A**) (the "**Exercise Notice**") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to the Optionee on the date on which the Option is exercised with respect to such Shares.

The Option shall be deemed exercised when the Company receives (i) written or electronic notice of exercise (in accordance with this Option Agreement) from the Optionee (or other person entitled to exercise the Option), (ii) full payment for the Shares with respect to which the Option is exercised, and (iii) any other documents or agreements required by this Option Agreement or the Exercise Notice. Full payment may consist of any consideration and method of payment permitted by this Option Agreement. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse (to the extent permitted by law). Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 10(c) of the Plan.

Exercise of this Option in any manner shall result in a decrease in the number of Shares thereafter available for sale under the Option, by the number of Shares as to which the Option is exercised.

(c) Vesting Acceleration.

i) Upon a Change in Control, an additional number of Shares subject to the Option shall vest equal to the number of Shares subject to the Option that would vest during the one year period beginning on the date of the consummation of the Change in Control. Subject to the other terms of this Option, after such vesting acceleration, the Option shall then continue to vest in accordance with its original vesting schedule, so that the result of the vesting acceleration is that the Option shall fully vest sooner than it otherwise would have and without any change in the number of shares that vested for any installment.

ii) Upon the termination of your Continuous Service by the Company without Cause or by reason of your death or Disability, an additional number of Shares subject to the Option shall vest equal to the product of (x) number of Shares subject to the Option that would vest during the 12 month period commencing on the date of grant of the Option as listed in the Notice of Stock Option Grant (the "Grant Date"), or, if later, the last anniversary of the Grant Date and (y) the fraction of (i) the number of whole months from the Grant Date, or, if later, the last anniversary of the Grant Date and (ii) twelve (12), rounded down to the nearest whole Share.

iii) If your Continuous Service is terminated without Cause by the Company within twelve (12) months after the close of a Change in Control, then your Option shall become fully vested and exercisable as of the date of termination of your Continuous Service.

3. Term. Optionee may not exercise the Option before the commencement of its term or after its term expires. During the term of the Option, Optionee may only exercise the Option to the extent vested. The term of the Option commences on the Grant Date and expires upon the ***earliest*** of the following:

- (a) With respect to the unvested portion of the Option, upon termination of your Continuous Service;
- (b) With respect to the vested portion of the Option, ninety (90) days after the termination of your Continuous Service by the Company without Cause;
- (c) With respect to the vested portion of the Option, thirty (30) days after the termination of your Continuous Service upon your voluntary resignation for any reason;
- (d) With respect to the vested portion of the Option, immediately upon the termination of your Continuous Service for Cause;
- (e) With respect to the vested portion of the Option, twelve (12) months after the termination of your Continuous Service due to your Disability or death;

(f) With respect to the vested portion of the Option, twelve (12) months after the termination of your Continuous Service by the Company without Cause within twelve (12) months after the close of a Change in Control;

(g) Immediately prior to the close of certain Corporate Transactions, pursuant to Section 9(b) of the Plan; or

(h) The day before the tenth (10th) anniversary of the Grant Date.

4. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash or check;

(b) subject to the approval of the Company at the time of exercise, consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(c) subject to the approval of the Company at the time of exercise, surrender of other Shares which, (i) in the case of Shares acquired from the Company, either directly or indirectly, have been owned by the Optionee for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares.

(d) subject to the approval of the Company at the time of exercise, cancellation of a number of Shares subject to the Option which have vested and are being exercised equal to the largest number of whole Shares that has a Fair Market Value that does not exceed the aggregate Exercise Price. With respect to any remaining balance of the aggregate Exercise Price, the Company shall accept a cash payment from the Optionee. The Shares used to pay the aggregate Exercise Price under this provision will be considered to have resulted from the exercise of the Option, and accordingly, the Option will not again be exercisable with respect to such Shares.

5. Optionee's Representations. In the event the Shares have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company an investment representation statement in a form satisfactory to the Company.

6. Lock-Up Period. Optionee hereby agrees that Optionee shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Optionee (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company

not to exceed one hundred eighty (180) days following the effective date of any registration statement of the Company filed under the Securities Act.

Optionee agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Optionee shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180) day period. Optionee agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section.

7. Restrictions on Exercise. This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.

8. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

9. Tax Obligations.

(a) **Withholding Taxes.** Optionee agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements applicable to the Option exercise. Optionee acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(b) **Share Withholding.** The Company, in compliance with any applicable legal conditions or restrictions, may withhold from fully vested Shares purchased through the exercise of the Option, otherwise deliverable to Optionee through the exercise of the Option, a whole number of Shares having a Fair Market Value, as determined by the Company as of the date of exercise, not in excess of the amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid adverse financial accounting treatment). To the extent that the withholding of the Shares is less than the tax withholding amount, the Optionee agrees to pay the remainder of the tax withholding in cash or check or to have such amount withheld by the

Company from the Optionee's compensation through payroll and any other amounts payable to Optionee.

(c) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Optionee herein is an ISO, and if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (1) the date two years after the Grant Date, or (2) the date one year after the date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

10. Entire Agreement; Governing Law. The Plan and the Notice of Stock Option Grant are incorporated herein by reference. The Plan, the Notice of Stock Option Grant and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the internal substantive laws but not the choice of law rules of California.

11. No Guarantee of Continued Service. Optionee acknowledges and agrees that the vesting of shares pursuant to the vesting schedule hereof is earned only by Continuing Service at the will of the Company (not through the act of being hired, being granted this Option or acquiring shares hereunder). Optionee further acknowledges and agrees that this Agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of Continued Service for the vesting period, for any period, or at all, and shall not interfere in any way with Optionee's right or the company's right to terminate Optionee's relationship with the Company at any time, with or without cause.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Plan Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Optionee

TTM Technologies, Inc.

Signature

Signature

Print Name

Print Name

Residence Address

Title

SIGNATURE PAGE OF OPTION AGREEMENT

EXHIBIT A

2006 INCENTIVE COMPENSATION PLAN

EXERCISE NOTICE

TTM Technologies, Inc.
[Street Address]
[City/State/Zip]

Attention:

1. Exercise of Option. Effective as of today, __, __, the undersigned ("**Optionee**") hereby elects to exercise Optionee's option to purchase __ shares of the Common Stock (the "**Shares**") of TTM Technologies, Inc. (the "**Company**") under and pursuant to the 2005 Incentive Compensation Plan (the "**Plan**"), the Notice of Stock Option Grant and the Stock Option Agreement dated __, __ (the "**Option Agreement**").

2. Delivery of Payment. Optionee herewith delivers to the Company the full purchase price of the Shares, as set forth in the Option Agreement, and any and all withholding taxes due in connection with the exercise of the Option.

3. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Stockholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares shall be issued to the Optionee as soon as practicable after the Option is exercised in accordance with the Option Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in Section 10(c) of the Plan.

5. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

6. Restrictive Legends and Stop-Transfer Orders.

(a) **Legends.** Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any

certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER FOR A PERIOD NOT TO EXCEED 180 DAYS FOLLOWING THE EFFECTIVE DATE OF AN UNDERWRITTEN PUBLIC OFFERING OF THE COMPANY'S SECURITIES AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF BY THE HOLDER WITHOUT THE CONSENT OF THE COMPANY OR THE MANAGING UNDERWRITER.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Notice or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

7. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

8. Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by Optionee or by the Company forthwith to the Plan Administrator which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Plan Administrator shall be final and binding on all parties.

9. Governing Law; Severability. This Exercise Notice is governed by the internal substantive laws but not the choice of law rules, of California. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Option Agreement will continue in full force and effect.

10. Entire Agreement. The Plan, the Notice of Stock Option Grant and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan, the Notice of Stock Option Grant and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

Optionee

Signature

Print Name

Residence Address

TTM Technologies, Inc.

Signature

Print Name

Title

SIGNATURE PAGE OF STOCK OPTION EXERCISE NOTICE

Participant: _____

Date of Grant: _____

Vesting Commencement Date: _____

Number of Restricted Stock Units: _____

Other Agreements: _____

Participant: _____

Signature

Date: _____

Attachments: Restricted Stock Unit Award Agreement and 2006 Incentive Compensation Plan.

Attachment I
ttm technologies, inc.
2006 incentive plan
restricted stock unit award agreement

TTM Technologies, Inc. (the "**Company**") wishes to grant to the person (the "**Participant**") named in the Notice of Grant of Restricted Stock Unit Award (the "**Notice of Grant**") a Restricted Stock Unit award (the "**Award**") pursuant to the provisions of the Company's 2006 Incentive Compensation Plan (the "**Plan**"). The Award will entitle Participant to shares of Common Stock from the Company, if Participant meets the vesting requirements described herein. Therefore, pursuant to the terms of the attached Notice of Grant and this Restricted Stock Unit Award Agreement (the "**Agreement**"), the Company grants Participant the number of Restricted Stock Units listed in the Notice of Grant.

The details of the Award are as follows:

1. Grant Pursuant to Plan. This Award is granted pursuant to the Plan, which is incorporated herein for all purposes. The Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all of the terms and conditions of this Agreement and of the Plan. All capitalized terms in this Agreement shall have the meaning assigned to them in this Agreement, or, if such term is not defined in this Agreement, such term shall have the meaning assigned to it under the Plan.

2. Restricted Stock Unit Award. The Company hereby grants to the Participant the Restricted Stock Units listed in the Notice of Grant as of the grant date specified in the Notice of Grant (the "**Grant Date**"). Such number of Restricted Stock Units may be adjusted from time to time pursuant to Section 10(c) of the Plan.

3. Vesting and Forfeiture of Restricted Stock Units.

(a) Vesting. The Participant shall become vested in the Restricted Stock Units in accordance with the vesting schedule in the Notice of Grant, except as otherwise accelerated pursuant to Section 3(b).

(b) Acceleration of Vesting.

(i) Upon the consummation of a Change in Control, an additional number of Restricted Stock Units shall vest equal to the number of Restricted Stock Units that would otherwise vest during the one-year period beginning on the date of the consummation of the Change in Control. Subject to the other terms of this Restricted Stock Unit, after such vesting acceleration, the remaining unvested Restricted Stock Units (to the extent such unvested Restricted Stock Units are assumed or continued by the successor corporation after the close of the Change in Control) shall then continue to vest in accordance with its original vesting schedule, so that the result of the vesting acceleration is that the Restricted Stock Unit shall fully vest sooner than it otherwise would have and without any change in the number of shares that vested for any installment.

(ii) Upon the termination of your Continuous Service by the Company without Cause or by reason of your death or Disability, an additional number of Restricted Stock Units shall vest equal to the product of (x) number of unvested Restricted Stock Units that would vest during the 12 month period commencing on the Grant Date or, if later, the last anniversary of the Grant Date and (y) the fraction of (i) the number of whole months from the Grant Date, or, if later, the last anniversary of the Grant Date and (ii) twelve (12), rounded down to the nearest whole Share.

(iii) If your Continuous Service is terminated without Cause by the Company within twelve (12) months after the close of a Change in Control, then your unvested Restricted Stock Units (to the extent such unvested Restricted Stock Units are assumed or continued by the successor corporation after the close of Change in Control) shall become fully vested as of the date of such termination of your Continuous Service.

(c) Forfeiture. The Participant shall forfeit any unvested Restricted Stock Units, if any, in the event that the Participant's Continuous Service is terminated for any reason, except (i) as otherwise provided in this Agreement or the Plan or (ii) as otherwise determined by the Plan Administrator in its sole discretion, which determination need not be uniform as to all Participants.

4. Settlement of Restricted Stock Unit Award.

(a) Settlement of Units for Stock. The Company shall deliver to the Participant one share of Common Stock for each vested Restricted Stock Unit subject of this Award on the appropriate Delivery Date (as defined in Section 4(b)). The Company shall not have any obligation to settle this Award for cash.

(b) Delivery of Common Stock. Shares of Common Stock shall be delivered on the delivery date(s) (each a "Delivery Date") specified in the Notice of Grant. Once a share of Common Stock is delivered with respect to a vested Restricted Stock Unit, such vested Restricted Stock Unit shall terminate and the Company shall have no further obligation to deliver shares of Common Stock or any other property for such vested Restricted Stock Unit.

(c) Deferral of Delivery. Notwithstanding the foregoing, the Participant may elect, in writing received by the Plan Administrator at least twelve (12) months prior to a Delivery Date, to defer that date until any later date (which such date is at least five years after the original Delivery Date).

5. No Rights as Shareholder until Delivery. The Participant shall not have any rights, benefits or entitlements with respect to any Common Stock subject to this Agreement unless and until the Common Stock has been delivered to the Participant. On or after delivery of the Common Stock, the Participant shall have, with respect to the Common Stock delivered, all of the rights of an equity interest holder of the Company, including the right to vote the Common Stock and the right to receive all dividends, if any, as may be declared on the Common Stock from time to time.

6. Tax Provisions.

(a) Tax Consequences. Participant has reviewed with Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Participant understands that Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

(b) Withholding Obligations. At the time the Award is granted, or at any time thereafter as requested by the Company, Participant hereby authorizes withholding from payroll and any other amounts payable to Participant, including shares of Common Stock deliverable pursuant to this Award, and otherwise agrees to make adequate provision for, any sums required to satisfy the minimum federal, state, local and foreign tax withholding obligations of the Company or a Affiliate, if any, which arise in connection with the Award.

The Company, in its sole discretion, and in compliance with any applicable legal conditions or restrictions, may withhold from fully vested shares of Common Stock otherwise deliverable to Participant upon the vesting of the Award a number of whole shares of Common Stock having a Fair Market Value,

as determined by the Company as of the date the Participant recognizes income with respect to those shares of Common Stock, not in excess of the amount of minimum tax required to be withheld by law (or such lower amount as may be necessary to avoid adverse financial accounting treatment). Any adverse consequences to Participant arising in connection with such Common Stock withholding procedure shall be the Participant's sole responsibility.

In addition, the Company, in its sole discretion, may establish a procedure whereby the Participant may make an irrevocable election to direct a broker (determined by the Company) to sell sufficient shares of Common Stock from the Award to cover the tax withholding obligations of the Company or any Affiliate and deliver such proceeds to the Company.

Unless the tax withholding obligations of the Company or any Affiliate are satisfied, the Company shall have no obligation to issue a certificate for such shares of Common Stock.

(c) Section 409A Amendments. The Company agrees to cooperate with Participant to amend this Agreement to the extent either the Company or Participant deems necessary to avoid imposition of any additional tax or income recognition prior to actual payment to Participant under Code Section 409A and any temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, but only to the extent such amendment would not have an adverse effect on the Company and would not provide Participant with any additional rights, in each case as determined by the Company, in its sole discretion.

7. Consideration. With respect to the value of the shares of Common Stock to be delivered pursuant to the Award, such shares of Common Stock are granted in consideration for the services Participant shall provide to the Company during the vesting period.

8. Transferability. The Restricted Stock Units granted under this Agreement are not transferable otherwise than by will or under the applicable laws of descent and distribution. In addition, the Restricted Stock Units shall not be assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise), and the Restricted Stock Units shall not be subject to execution, attachment or similar process.

9. General Provisions.

(a) Employment At Will. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue in the service of the Company or its Affiliates for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Affiliate employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's service at any time for any reason, with or without cause.

(b) Notices. Any notice required to be given under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the address indicated below such party's signature line on this Agreement or at such other address as such party may designate by ten (10) days' advance written notice under this paragraph to all other parties to this Agreement.

(c) No Limit on Other Compensation Arrangements. Nothing contained in this Agreement shall preclude the Company from adopting or continuing in effect other or additional compensation arrangements, and those arrangements may be either generally applicable or applicable only in specific cases.

(d) Severability. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or would disqualify this Agreement or the Award under

any applicable law, that provision shall be construed or deemed amended to conform to applicable law (or if that provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and the Award, that provision shall be stricken as to that jurisdiction and the remainder of this Agreement and the Award shall remain in full force and effect).

(e) No Trust or Fund Created. Neither this Agreement nor the grant of the Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and the Participant or any other person. The Restricted Stock Units subject to this Agreement represent only the Company's unfunded and unsecured promise to issue shares of Common Stock to the Participant in the future. To the extent that the Participant or any other person acquires a right to receive shares of Common Stock from the Company pursuant to this Agreement, that right shall be no greater than the right of any unsecured general creditor of the Company.

(f) Cancellation of Award. If any Restricted Stock Units subject to this Agreement are forfeited, then from and after such time, the Participant (and any other person from whom such Restricted Stock Units are forfeited) shall no longer have any rights to such Restricted Stock Units or the corresponding shares of Common Stock. Such Restricted Stock Units shall be deemed forfeited in accordance with the applicable provisions hereof.

(g) Participant Undertaking. Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either Participant or the shares of Common Stock deliverable pursuant to the provisions of this Agreement.

(h) Amendment, Modification, and Entire Agreement. No provision of this Agreement may be modified, waived or discharged unless that waiver, modification or discharge is agreed to in writing and signed by the Participant and the Plan Administrator. This Agreement constitutes the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan. In the event of a conflict between the Plan and this Agreement, the terms of the Plan shall govern. Participant further acknowledges that as of the Grant Date, this Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of Stock pursuant to this Award and supersede all prior oral and written agreements on that subject with the exception of awards from the Company previously granted and delivered to Participant. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

(i) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without regard to the conflict-of-laws rules thereof or of any other jurisdiction.

(j) Interpretation. The Participant accepts this Award subject to all the terms and provisions of this Agreement and the terms and conditions of the Plan. The undersigned Participant hereby accepts as binding, conclusive and final all decisions or interpretations of the Plan Administrator upon any questions arising under this Agreement.

(k) Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon Participant, Participant's assigns and the legal representatives, heirs and legatees of Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof. The Company may assign its rights and obligations under this Agreement, including, but not limited to, the forfeiture provision of Section 3(b) to any person or entity selected by the Board.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(m) Headings. Headings are given to the Paragraphs and Subparagraphs of this Agreement solely as a convenience to facilitate reference. The headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision thereof.

10. Representations. Participant acknowledges and agrees that Participant has reviewed the Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing and accepting the Award and fully understands all provisions of the Award.

[Remainder of page is intentionally blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

TTM TECHNOLOGIES, INC.

By: _____

Title: _____

PARTICIPANT

Address: _____

Attachment II
2006 incentive compensation plan
(SEE ATTACHED)

SUBSIDIARY LIST
TTM TECHNOLOGIES, INC.

<u>Name of Subsidiary</u>	<u>State or Sovereign Power of Incorporation</u>
I. TTM Technologies, Inc.	Delaware
II. Power Circuits, Inc.	California
II. TTM Advanced Circuits, Inc	Minnesota
II. TTM Printed Circuit Group, Inc.	Delaware
II. TTM Technologies International, Inc	Delaware
III. TTM Technologies International (Switzerland) GmbH	Switzerland
IV. TTM Technologies (Ireland) Limited	Ireland
V. TTM Technologies (Ireland) EU Limited	Ireland
IV. Tyco Iota Limited	Bermuda
V. Tyco Packaging Systems (Shanghai) Co. Ltd.	China

Consent of Independent Registered Public Accounting Firm

The Board of Directors
TTM Technologies, Inc.:

We consent to the incorporation by reference in the registration statements (Registration Nos. 333-46454 and 333-138219) on Forms S-8 of TTM Technologies, Inc. of our reports dated March 15, 2007, with respect to the consolidated balance sheets of TTM Technologies, Inc. and subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2006 and the related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 and the effectiveness of internal control over financial reporting as of December 31, 2006, which reports appear in the December 31, 2006, Annual Report on Form 10-K of TTM Technologies, Inc.

Our report dated March 15, 2007, on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of December 31, 2006, contains an explanatory paragraph that states that the Company acquired Tyco Printed Circuit Group LP (the "acquired entity") during 2006, and management excluded from its assessment of the effectiveness of TTM Technologies, Inc.'s internal control over financial reporting as of December 31, 2006, the acquired entity's internal control over financial reporting associated with the total assets of \$296 million and total revenues of \$73 million included in the consolidated financial statements of TTM Technologies, Inc. and subsidiaries as of and for the year ended December 31, 2006. Our audit of internal control over financial reporting of TTM Technologies, Inc. also excluded an evaluation of the internal control over financial reporting of the acquired entity.

Our report dated March 15, 2007, on the consolidated financial statements, refers to a change in method of accounting for stock-based compensation upon adoption of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" effective January 1, 2006.

/s/ KPMG LLP

Salt Lake City, Utah
March 15, 2007

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenton K. Alder, certify that:

1. I have reviewed this report on Form 10-K of TTM Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2007

By: /s/ Kenton K. Alder
Kenton K. Alder
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven W. Richards, certify that:

1. I have reviewed this report on Form 10-K of TTM Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2007

By: /s/ Steven W. Richards
Steven W. Richards
Chief Financial Officer and Secretary

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of TTM Technologies, Inc. (the "Company") for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenton K. Alder, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 15, 2007

By: /s/ Kenton K. Alder
Kenton K. Alder
President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of TTM Technologies, Inc. (the "Company") for the year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven W. Richards, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 15, 2007

By: /s/ Steven W. Richards
Steven W. Richards
Chief Financial Officer and Secretary