

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 28, 2016

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.)

1665 Scenic Avenue Suite 250, Costa Mesa, California 92626
(Address of principal executive offices)

(714) 327-3000
(Registrant's telephone number, including area code)

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

Number of shares of common stock, \$0.001 par value, of registrant outstanding at May 4, 2016: 100,165,908

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

TTM TECHNOLOGIES, INC.
Consolidated Condensed Balance Sheets

	As of	
	March 28, 2016	December 28, 2015
	(Unaudited)	
	(In thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 183,678	\$ 259,100
Restricted cash	—	3,530
Accounts receivable, net	432,252	456,000
Inventories	264,555	268,923
Prepaid expenses and other current assets	27,725	34,967
Total current assets	908,210	1,022,520
Property, plant and equipment, net	1,075,613	1,103,067
Goodwill	347,014	346,990
Definite-lived intangibles, net	144,916	150,874
Deposits and other non-current assets	20,079	16,682
	<u>\$ 2,495,832</u>	<u>\$ 2,640,133</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt, including current portion of long-term debt	\$ 80,358	\$ 157,375
Accounts payable	328,042	377,222
Accrued salaries, wages and benefits	90,682	108,649
Other accrued expenses	99,324	101,748
Total current liabilities	598,406	744,994
Long-term debt, net of discount and issuance costs	1,021,866	1,013,411
Other long-term liabilities	57,633	55,059
Total long-term liabilities	1,079,499	1,068,470
Commitments and contingencies (Note 12)		
Equity:		
Common stock, \$0.001 par value; 200,000 shares authorized, 100,165 and 99,137 shares issued and outstanding in 2016 and 2015, respectively	100	99
Additional paid-in capital	747,853	745,608
Retained earnings	38,699	45,963
Statutory surplus reserve	25,812	25,812
Accumulated other comprehensive (loss) income	(2,215)	1,623
Total TTM Technologies, Inc. stockholders' equity	810,249	819,105
Noncontrolling interest	7,678	7,564
Total equity	817,927	826,669
	<u>\$ 2,495,832</u>	<u>\$ 2,640,133</u>

See accompanying notes to consolidated condensed financial statements.

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TTM TECHNOLOGIES, INC.
Consolidated Condensed Statements of Operations
For the Quarters Ended March 28, 2016 and March 30, 2015

	Quarter Ended	
	March 28, 2016	March 30, 2015
(Unaudited)		
(In thousands, except per share data)		
Net sales	\$ 583,258	\$ 329,164
Cost of goods sold	499,695	277,605
Gross profit	83,563	51,559
Operating expenses:		
Selling and marketing	17,306	9,455
General and administrative	36,206	34,469
Amortization of definite-lived intangibles	5,947	1,874
Impairment of long-lived assets	3,346	—
Restructuring charges	1,856	—
Gain on sale of asset	—	(2,504)
Total operating expenses	64,661	43,294
Operating income	18,902	8,265
Other income (expense):		
Interest expense	(21,784)	(5,765)
Other, net	1,209	(415)
Total other expense, net	(20,575)	(6,180)
(Loss) income before income taxes	(1,673)	2,085
Income tax (provision) benefit	(5,477)	1,361
Net (loss) income	(7,150)	3,446
Less: Net income attributable to the non-controlling interest	(114)	—
Net (loss) income attributable to TTM Technologies, Inc. stockholders	\$ (7,264)	\$ 3,446
(Loss) income per share attributable to TTM Technologies, Inc. stockholders:		
Basic (loss) earnings per share	\$ (0.07)	\$ 0.04
Diluted (loss) earnings per share	\$ (0.07)	\$ 0.04
Weighted-average shares used in computing per share amounts:		
Basic	99,596	83,603
Diluted	99,596	84,465

See accompanying notes to consolidated condensed financial statements.

TTM TECHNOLOGIES, INC.

Consolidated Condensed Statements of Comprehensive Income (Loss)
For the Quarters Ended March 28, 2016 and March 30, 2015

	Quarter Ended	
	March 28, 2016	March 30, 2015
	(Unaudited) (In thousands)	
Net (loss) income	\$ (7,150)	\$ 3,446
Other comprehensive (loss) income:		
Foreign currency translation adjustments, net of tax	(3,873)	1,063
Less: reclassification into earnings, net of tax	—	(1,786)
Net	<u>(3,873)</u>	<u>(723)</u>
Net unrealized (losses) gains on cash flow hedges:		
Unrealized loss on effective cash flow hedges during the period, net	(7)	(53)
Loss realized in net earnings	42	42
Net	<u>35</u>	<u>(11)</u>
Other comprehensive loss, net of tax	<u>(3,838)</u>	<u>(734)</u>
Comprehensive (loss) income	<u>(10,988)</u>	<u>2,712</u>
Less: Comprehensive income attributable to the non-controlling interest	(114)	—
Comprehensive (loss) income attributable to TTM Technologies, Inc. stockholders	<u><u>\$ (11,102)</u></u>	<u><u>\$ 2,712</u></u>

See accompanying notes to consolidated condensed financial statements.

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T TM TECHNOLOGIES, INC.
Consolidated Condensed Statements of Cash Flows
For the Quarters Ended March 28, 2016 and March 30, 2015

	Quarter Ended	
	March 28, 2016	March 30, 2015
	(Unaudited) (In thousands)	
Cash flows from operating activities:		
Net (loss) income	\$ (7,150)	\$ 3,446
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	40,227	24,536
Amortization of definite-lived intangible assets	5,947	1,874
Accretion of convertible notes debt discount and amortization of debt issuance costs	6,125	2,625
Deferred income taxes	(1,229)	2,255
Stock-based compensation	2,246	2,040
Impairment of long-lived assets	3,346	—
Net gain on sale of asset	—	(2,504)
Other	1,771	(1,415)
Changes in operating assets and liabilities:		
Accounts receivable, net	23,748	69,200
Inventories	4,368	(8,733)
Prepaid expenses and other current assets	6,985	3,600
Accounts payable	(48,691)	(23,629)
Accrued salaries, wages and benefits and other accrued expenses	(19,801)	(5,941)
Net cash provided by operating activities	<u>17,892</u>	<u>67,354</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment and equipment deposits	(20,116)	(22,776)
Release of restricted cash to cash and cash equivalents	3,530	—
Proceeds from sale of property, plant and equipment and assets held for sale	—	7,187
Net cash used in investing activities	<u>(16,586)</u>	<u>(15,589)</u>
Cash flows from financing activities:		
Repayment of long-term debt	(76,482)	(48,101)
Proceeds from exercise of stock options	—	262
Net cash used in financing activities	<u>(76,482)</u>	<u>(47,839)</u>
Effect of foreign currency exchange rates on cash and cash equivalents	(246)	—
Net (decrease) increase in cash and cash equivalents	(75,422)	3,926
Cash and cash equivalents at beginning of period	259,100	279,042
Cash and cash equivalents at end of period	<u>\$183,678</u>	<u>\$282,968</u>
Noncash transactions:		
Purchases of property, plant and equipment recorded in accounts payable and accrued expenses	\$ 23,988	\$ 40,380
Receivable for consideration on sale of assets	\$ —	\$ 14,093

See accompanying notes to consolidated condensed financial statements.

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements
(Unaudited)
(Dollars and shares in thousands, except per share data)

(1) Nature of Operations and Basis of Presentation

TTM Technologies, Inc. (the Company or TTM) is a major global printed circuit board (PCB) manufacturer, focusing on quick-turn and technologically advanced PCBs and electro-mechanical solutions (E-M Solutions). The Company provides time-to-market and advanced technology products and offers a one-stop manufacturing solution to customers from engineering support to prototype development through final volume production. This one-stop manufacturing solution allows the Company to align technology developments with the diverse needs of the Company's customers and to enable them to reduce the time required to develop new products and bring them to market.

The Company serves a diversified customer base in various markets throughout the world, including manufacturers of networking/communications infrastructure products, tablets and smartphones, as well as the aerospace and defense, automotive controls and information systems, high-end computing, and medical, industrial and instrumentation related products. The Company's customers include both original equipment manufacturers (OEMs) and electronic manufacturing services (EMS) providers.

The accompanying consolidated condensed financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations. These consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position, the results of operations and cash flows of the Company for the periods presented. It is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's most recent Annual Report on Form 10-K. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's consolidated condensed financial statements and accompanying notes. Actual results could differ materially from those estimates. The Company uses a 13-week fiscal quarter accounting period with the fourth quarter ending on the Monday nearest December 31.

Recently Adopted and Issued Accounting Standards

In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-09, *Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The objective of this update is to simplify several aspects of the accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the new guidance to determine the impact it may have on its consolidated condensed financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The objective of this update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those annual periods and is to be applied utilizing a modified retrospective approach. The Company is currently evaluating the new guidance to determine the impact it may have on its consolidated financial statements and related disclosures.

In April 2015, the FASB issued ASU 2015-03, *Imputation of Interest*, as amended, which requires an entity to record debt issuance costs related to debt reported in the balance sheet as a direct deduction from the face amount of that debt. The update is effective for annual periods ending after December 15, 2015. Early application is permitted. The standard requires the use of the retrospective transition method. In the first quarter ended March 28, 2016, the Company adopted the new standard. Accordingly, as of March 28, 2016, approximately \$29,230 of unamortized debt issuance costs were presented as a reduction of long-term debt on the Company's consolidated condensed balance sheets. Furthermore, the Company reclassified approximately \$31,171 of unamortized debt issuance costs that had been presented as other non-current assets as of December 28, 2015.

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, as amended, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company at the beginning of fiscal year 2018, however application of the standard is allowed as early as the beginning of fiscal 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated condensed financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

(2) Acquisition of Viasystems Group, Inc.

On May 31, 2015, the Company completed the acquisition of Viasystems Group, Inc. (Viasystems), for total consideration of \$248,824 in cash and 15,082 shares of TTM common stock with a fair value of \$149,006, to acquire all of the outstanding shares of capital stock and other equity rights of Viasystems. Additionally, in connection with the completion of the acquisition, the Company assumed and refinanced Viasystems' debt, which was approximately \$669,024 as of May 31, 2015. Viasystems was a worldwide provider of complex multi-layer rigid, flexible, and rigid-flex PCBs and custom electronic assemblies.

Bank fees and legal, accounting, and other professional service costs associated with the acquisition of Viasystems of \$691 and \$8,235 for the quarters ended March 28, 2016 and March 30, 2015, respectively, have been expensed and recorded as general and administrative expense in the consolidated condensed statements of operations.

Preliminary Purchase Price Allocation

The purchase price of the Viasystems acquisition was allocated to tangible and intangible assets acquired, liabilities assumed and noncontrolling interest based on preliminary estimates the fair value at the date of the acquisition (May 31, 2015). The excess of the purchase price over the fair value of net assets acquired and noncontrolling interest was allocated to goodwill. The fair value assigned to intangible assets acquired was based on estimates and assumptions made by management at the time of acquisition.

Due to the magnitude of the transaction and as significant information to be obtained and analyzed resides in a foreign jurisdiction, the Company's fair value estimates for the purchase price allocation are preliminary and may change during the allowable measurement period, which is up to the point the Company obtains and analyzes the information that existed as of the date of the acquisition necessary to determine the fair values of the assets acquired, liabilities assumed and noncontrolling interest, but in no case to exceed more than one year from the date of acquisition. As of March 28, 2016, the Company had not finalized the determination of fair values allocated to certain foreign tax liabilities and other liabilities. Any changes in the fair values of the liabilities assumed during the measurement period may result in material adjustments to goodwill.

The goodwill acquired in the acquisition is not deductible for income tax purposes.

Pro forma Financial Information

The unaudited pro forma financial information in the table below gives effect to this acquisition as if it had occurred at the beginning of fiscal 2015. The pro forma financial information presented includes the effects of adjustments related to the fair value step up of acquired inventory, amortization of acquired intangible assets and depreciation of acquired fixed assets, and other non-recurring transactions costs directly associated with the acquisitions such as legal, accounting and banking fees.

	<u>For the Quarter Ended March 30, 2015</u> (In thousands, except per share data)
Net sales	\$ 633,792
Net loss attributable to TTM Technologies, Inc. stockholders	\$ (27,538)
Basic loss per share	\$ (0.28)
Dilutive loss per share	\$ (0.28)

The pro forma financial information as presented above is for informational purposes only and is not necessarily indicative of the actual results that would have been achieved had the Viasystems acquisition occurred at the beginning of the period presented, or the results that may be achieved in future periods.

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

(3) Consolidation Plan, Restructuring and Impairment Charges

On September 29, 2015, the Company announced a consolidation plan that will result in the closure of the Company's facilities in Cleveland, Ohio, Milpitas, California and Juarez, Mexico (the Consolidation Plan) and the layoff of approximately 480 employees at these sites. The Consolidation Plan is part of the Company's integration strategy to improve total plant utilization, operational performance and customer focus following its recent acquisition of Viasystems. In accordance with the Consolidation Plan, the Company will combine its Cleveland and Milpitas facilities into its North Jackson, Ohio and Silicon Valley, California facilities, respectively, and close its Juarez facility.

In connection with the Consolidation Plan and other global realignment restructuring efforts, the Company recognized a total of \$726 in employee separation costs for the quarter ended March 28, 2016. These costs were classified as restructuring charges in the consolidated condensed statement of operations. The Company recognized \$570 of employee separation costs in its PCB operating segment and \$156 in its E-M Solutions operating segment. As of March 28, 2016, \$3,520 of accrued separation costs remain for employees yet to be separated and are included as a component of accrued salaries, wages and benefits in the consolidated condensed balance sheet. The Company expects the remaining employees to be separated and the remaining accrued restructuring costs to be substantially paid out by June 2016.

Additionally, during the first quarter ended March 28, 2016, the Company incurred \$1,130 in contract termination and other costs which primarily represented plant closure costs for Cleveland, Ohio, Milpitas, California, and Juarez, Mexico. The Company recognized \$611 of contract termination and other costs in its PCB operating segment and \$519 in its E-M Solutions operating segment. These remaining unpaid estimated contract termination and other costs as of March 28, 2016 are included as a component of other accrued expenses in the consolidated condensed balance sheet.

The below table shows the utilization of the accrued restructuring costs during the quarter ended March 28, 2016:

	Severance	Contract Termination and Other Costs	Total
	(In thousands)		
Accrued at December 28, 2015	\$ 6,044	\$ 535	\$ 6,579
Charged to expense	726	1,130	1,856
Amount paid	(3,250)	(1,085)	(4,335)
Accrued at March 28, 2016	<u>\$ 3,520</u>	<u>\$ 580</u>	<u>\$ 4,100</u>

As of March 28, 2016, the Company has incurred approximately \$9,237 of restructuring charges since the September 29, 2015 announcement and estimates that it will incur total charges of approximately \$10,000 to \$15,000 related to these closures.

The Company also recognized \$3,346 in impairment charges during the quarter ended March 28, 2016. As a result of the above mentioned plant closures and other plant realignment efforts, \$1,393 of impairment charges were recognized in the consolidated condensed statement of operations related to machinery and equipment in the PCB operating segment. Additionally during the quarter ended March 28, 2016, the Company expensed \$1,953 of capitalized software costs in the Corporate operating segment.

(4) Inventories

Inventories as of March 28, 2016 and December 28, 2015 consist of the following:

	As of	
	March 28, 2016	December 28, 2015
	(In thousands)	
Inventories:		
Raw materials	\$ 67,823	\$ 70,577
Work-in-process	105,699	97,193
Finished goods	91,033	101,153
	<u>\$ 264,555</u>	<u>\$ 268,923</u>

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

(5) Goodwill

As of March 28, 2016 and December 28, 2015, goodwill was as follows:

	Total (In thousands)
Balance as of December 28, 2015	\$ 346,990
Foreign currency translation adjustment and other	24
Balance as of March 28, 2016	\$ 347,014

All goodwill relates to the Company's PCB reportable segment. The assignment of goodwill related to the acquisition of Viasystems is preliminary and will be completed in conjunction with the final purchase price allocation.

Goodwill balances include foreign currency translation adjustments related to foreign subsidiaries with functional currencies other than the U.S. Dollar.

(6) Definite-lived Intangibles

As of March 28, 2016 and December 28, 2015, the components of definite-lived intangibles were as follows:

	Gross Amount	Accumulated Amortization	Foreign Currency Translation Adjustment	Net Carrying Amount	Weighted Average Amortization Period (years)
	(In thousands)				
March 28, 2016:					
Customer relationships	\$203,563	\$ (60,936)	\$ 116	\$142,743	8.1
Technology	3,000	(827)	—	2,173	3.0
	\$206,563	\$ (61,763)	\$ 116	\$144,916	
December 28, 2015:					
Customer relationships	\$ 91,492	\$ (80,152)	\$ 426	\$ 11,766	9.2
Trade name	10,302	(10,313)	11	—	6.0
Acquired intangibles from Viasystems acquisition					
Customer relationships	147,500	(10,815)	—	136,685	8.1
Technology	3,000	(577)	—	2,423	3.0
	\$252,294	\$ (101,857)	\$ 437	\$150,874	

The March 28, 2016 and December 28, 2015 definite-lived intangible balances include foreign currency translation adjustments related to foreign subsidiaries with functional currencies other than the U.S. Dollar.

Definite-lived intangibles are generally amortized using the straight line method of amortization over the useful life, with the exception of certain customer relationship intangibles, which are amortized using an accelerated method of amortization based on estimated cash flows. Amortization expense was \$5,947 and \$1,874, for the quarters ended March 28, 2016 and March 30, 2015, respectively.

Estimated aggregate amortization for definite-lived intangible assets for the next five years and thereafter is as follows:

	(In thousands)
Remaining 2016	\$ 17,924
2017	23,647
2018	22,889
2019	18,746
2020	18,746
Thereafter	42,964
	\$ 144,916

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

(7) Long-term Debt and Letters of Credit

The following table summarizes the long-term debt of the Company as of March 28, 2016 and December 28, 2015:

	Average Effective Interest Rate as of March 28, 2016	March 28, 2016	Average Effective Interest Rate as of December 28, 2015	December 28, 2015
		(In thousands)		
Term loan due May 2021	6.00%	\$ 871,143	6.00%	\$ 947,625
U.S. ABL revolving loan due May 2020	2.19%	80,000	2.17%	80,000
Convertible Senior Notes due December 2020	1.75%	250,000	1.75%	250,000
Capital lease	6.43%	2,038		—
		1,203,181		1,277,625
Less: Long-term debt unamortized discount		(71,727)		(75,668)
Long-term debt unamortized debt issuance costs		(29,230)		(31,171)
		1,102,224		1,170,786
Less: current maturities		(80,358)		(157,375)
Long-term debt, less current maturities		<u>\$1,021,866</u>		<u>\$ 1,013,411</u>

The fiscal calendar maturities of long-term debt through 2020 and thereafter are as follows:

	(In thousands)
Remaining 2016	\$ 80,358
2017	377
2018	28,419
2019	47,927
2020	297,975
Thereafter	748,125
	<u>\$ 1,203,181</u>

Term and Revolving Loans

On May 31, 2015, in conjunction with the acquisition of Viasystems, the Company entered into a \$950,000 Term Loan Credit Agreement (Term Loan). Additionally, the Company entered into a \$150,000 U.S. Asset-Based Lending Credit Agreement (U.S. ABL) and a \$150,000 Asia Asset-Based Lending Credit agreement (Asia ABL) (collectively the ABL Revolving Loans). The Company drew \$80,000 of the U.S. ABL at the closing of the acquisition of Viasystems.

The Term Loan was issued at a discount at 96.5% and bears interest at a floating rate of LIBOR, with a 1.0% LIBOR floor, plus an applicable interest margin of 5.0%, or JP Morgan Chase Bank's prime rate, with a 2% floor, plus a margin of 4%, at the Company's option. At March 28, 2016, the weighted average interest rate on the outstanding borrowings under the Term Loan was 6.0%. There is no provision, other than an event of default, for the interest margin to increase. The Term Loan will mature on May 31, 2021. The Term Loan is secured by a significant amount of the assets of the Company and its domestic subsidiaries and a pledge of 65% of voting stock of the Company's first tier foreign subsidiaries and is structurally senior to the Company's convertible senior notes. See Convertible Senior Notes below.

The U.S. ABL consists of three tranches comprised of a revolving credit facility of up to \$150,000, a letter of credit facility of up to \$75,000, and swingline loans of up to \$30,000, provided that at no time may amounts outstanding under the tranches exceed in aggregate \$150,000 or the applicable borrowing base, which is a percentage of the principal amount of Eligible Accounts, as defined in the U.S. ABL agreement. Borrowings under the U.S. ABL bear interest at either a floating rate of LIBOR plus a margin of 175 basis points or JP Morgan Chase Bank's prime rate plus a margin of 75 basis points, at the Company's option. At March 28, 2016, the weighted average interest rate on the outstanding borrowings under the U.S. ABL was 2.19%. Beginning in 2016, the applicable margin can vary based on the remaining availability of the facility, from 150 to 200 basis points for LIBOR-based loans or from 50 to 100 basis points for JP Morgan Chase Bank's prime rate-based loans. Other than availability and an event of default, there are no other provisions for the interest margin to increase. The U.S. ABL will mature on May 31, 2020. Loans made under the U.S. ABL are secured first by all of the Company's domestic cash, receivables and inventories as well as by a second position against a significant amount of the assets of the Company and its domestic subsidiaries and a pledge of 65% of voting stock of the Company's first tier foreign subsidiaries and are structurally senior to the Company's convertible senior notes. See Convertible Senior Notes below. At March 28, 2016, \$80,000 of the U.S. ABL was outstanding and classified as short-term debt.

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

The Company and its domestic subsidiaries have fully and unconditionally guaranteed the full and timely payment of all Term Loan and U.S. ABL related obligations.

The Asia ABL consists of two tranches comprised of a revolving credit facility of up to \$150,000 and a letter of credit facility of up to \$100,000, provided that at no time may amounts outstanding under both tranches exceed in aggregate \$150,000 or the applicable borrowing base, which is a percentage of the principal amount of Eligible Accounts, as defined in the Asia ABL agreement. Borrowings under the Asia ABL bear interest at a floating rate of LIBOR plus 175 basis points. There is no provision, other than an event of default, for the interest margin to increase. The Asia ABL will mature on May 22, 2020. Loans made under the Asia ABL are secured by a portion of the Company's Asia Pacific cash and receivables and are structurally senior to the Company's domestic obligations, including the convertible senior notes. See Convertible Senior Notes below. The Company's Asia Pacific subsidiary and certain of its subsidiaries have fully and unconditionally guaranteed the full and timely payment of all Asia ABL related obligations. At March 28, 2016, none of the Asia ABL was outstanding.

The Company is required to make scheduled payments of the outstanding Term Loan balance on a quarterly basis which began on October 1, 2015. Based on certain parameters defined in the Term Loan agreement, the Company may be required to make an additional principal payment on an annual basis. Any additional annual payments reduce future required quarterly scheduled payments. During the quarter ended March 28, 2016, the Company made debt principal payments totaling \$76,482 representing normally scheduled principal payments as well as an additional prepayment of principal. Any other outstanding balances under the Term Loan are due at the maturity date of May 31, 2021. Borrowings under the Term Loan are subject to various financial and operating covenants including maintaining a maximum total leverage ratio. Under the occurrence of certain events, the U.S. ABL and the Asia ABL are subject to various financial and operational covenants, including maintaining minimum fixed charge coverage ratios. At March 28, 2016, the Company was in compliance with the covenants under the Term Loan, the U.S. ABL and the Asia ABL.

As of March 28, 2016 and December 28, 2015, remaining unamortized debt discount of \$28,261 and \$30,242, respectively, and debt issuance costs of \$24,874 and \$26,619, respectively, related to the Term Loan. These debt discount and debt issuance costs are recorded as a reduction of the Term Loan and are amortized over the duration of the Term Loan into interest expense using an effective interest rate of 7.50%.

Additionally, remaining unamortized debt issuance costs related to the ABL Revolving Loans were \$4,060 and \$4,303 as of March 28, 2016 and December 28, 2015, respectively. These debt issuance costs are included in other non-current assets and are amortized to interest expense over the duration of the ABL Revolving Loans using the straight line method of amortization.

At March 28, 2016, the remaining amortization period for the unamortized debt discount and debt issuance costs for both the Term Loan and the ABL Revolving Loans was 5.1 years.

The Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the U.S. ABL or Asia ABL. The U.S. ABL commitment fee may vary from 0.25% to 0.375% based on utilization levels. Additionally, the Company also paid commitment fees of 0.5% per annum on the unused portion of the \$90,000 senior secured revolving loan associated with the terminated 2012 credit agreement for the quarter ended March 30, 2015. The Company incurred total commitment fees related to unused borrowing availability of \$194 and \$173 for the quarters ended March 28, 2016 and March 30, 2015, respectively. As of March 28, 2016, the outstanding amount of the Term Loan was \$871,143, all of which is included as long-term debt. Additionally, \$80,000 of the U.S. ABL and none of the Asia ABL was outstanding as of March 28, 2016. Available borrowing capacity under the U.S. ABL and Asia ABL was \$63,033 and \$141,128, which considers letters of credit outstanding of \$6,967 and \$8,872 mentioned below, respectively, at March 28, 2016.

Letters of Credit

The Company has up to \$75,000 and \$100,000 Letters of Credit Facilities under the U.S. ABL and the Asia ABL, respectively, as mentioned above. As of March 28, 2016, letters of credit in the amount of \$6,967 were outstanding under the U.S. ABL and \$8,872 were outstanding under the Asia ABL with various expiration dates through February 2017.

At December 28, 2015, certain letters of credit were securitized by cash collateral. As such the Company had recorded such cash as restricted cash on the consolidated condensed balance sheet as of December 28, 2015. As of March 28, 2016, none of the letters of credit are securitized by cash collateral.

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

Convertible Senior Notes

Convertible Senior Notes due 2020

The Company issued 1.75% convertible senior notes due December 15, 2020, in a public offering for an aggregate principal amount of \$250,000 in 2013. The convertible senior notes bear interest at a rate of 1.75% per annum. Interest is payable semiannually in arrears on June 15 and December 15 of each year. The convertible senior notes are senior unsecured obligations and rank equally to the Company's future unsecured senior indebtedness and are senior in right of payment to any of the Company's future subordinated indebtedness.

Convertible Senior Notes due 2015

The Company issued 3.25% convertible senior notes due on May 15, 2015, in a public offering for an aggregate principal amount of \$175,000. In May 2015 the outstanding principal of \$32,395 plus accrued interest was paid in full.

As of March 28, 2016 and December 28, 2015, the following summarizes the equity components of the convertible senior notes included in additional paid-in capital:

	As of March 28, 2016 and December 28, 2015	
	Embedded conversion option — Convertible Senior Notes	Embedded conversion option — Convertible Senior Notes Issuance Costs
	(in thousands)	Total
Convertible senior notes due 2020	<u>\$ 60,227</u>	<u>\$ (1,916)</u>
		<u>\$ 58,311</u>

The components of interest expense resulting from the convertible senior notes for the quarters ended March 28, 2016 and March 30, 2015 are as follows:

	For the Quarter Ended	
	March 28, 2016	March 30, 2015
	(In thousands)	
Contractual coupon interest		
Convertible senior notes due 2020	\$ 1,094	\$ 1,094
Convertible senior notes due 2015	—	263
	<u>\$ 1,094</u>	<u>\$ 1,357</u>
Amortization of debt discount		
Convertible senior notes due 2020	\$ 1,960	\$ 1,838
Convertible senior notes due 2015	—	367
	<u>\$ 1,960</u>	<u>\$ 2,205</u>
Amortization of debt issuance costs		
Convertible senior notes due 2020	\$ 196	\$ 184
Convertible senior notes due 2015	—	37
	<u>\$ 196</u>	<u>\$ 221</u>

As of March 28, 2016 and December 28, 2015, remaining unamortized debt discount of \$43,466 and \$45,426, respectively, and debt issuance costs of \$4,356 and \$4,552, respectively, related to the convertible senior notes. These debt discount and debt discount issuance costs are recorded as a reduction of the convertible senior notes and are being amortized to interest expense over the term of the convertible senior notes using the effective interest rate method. At March 28, 2016, the remaining weighted average amortization period for the unamortized senior convertible note discount and debt issuance costs was 4.7 years.

For the quarters ended March 28, 2016 and March 30, 2015, the amortization of the convertible senior notes due 2020 debt discount and debt issuance costs is based on an effective interest rate of 6.48%. For the quarter ended March 30, 2015, the amortization of the convertible senior notes due 2015 debt discount and debt issuance costs is based on an effective interest rate of 8.37%.

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

Other Credit Facility

Additionally, the Company is party to a revolving loan credit facility (Chinese Revolver) with a lender in China. Under this arrangement, the lender has made available to the Company approximately \$35,300 in unsecured borrowing with all terms of the borrowing to be negotiated at the time the Chinese Revolver is drawn upon. There are no commitment fees on the unused portion of the Chinese Revolver, and this arrangement expires in December 2016. As of March 28, 2016, the Chinese Revolver had not been drawn upon.

(8) Income Taxes

The Company's effective tax rate will generally differ from the U.S. federal statutory rate of 35% due to favorable tax rates associated with earnings from the Company's operations in lower-tax jurisdictions such as China, the apportioned state income tax rates, generation of other credits and deductions available to the Company, changes in valuation allowances, and certain non-deductible items.

During the quarter ended March 28, 2016, the Company's effective tax rate was impacted by a net discrete benefit of \$351 related to a tax holiday and accrued interest on existing uncertain tax positions. Additionally, no tax benefit was recorded on the losses incurred in the U.S. and certain foreign jurisdictions as a result of corresponding increases in the valuation allowances in these jurisdictions. The Company's foreign earnings attributable to certain subsidiaries in China will be indefinitely reinvested in such foreign jurisdictions and, therefore, no deferred tax liabilities for U.S. income taxes on undistributed earnings are recorded.

Certain entities in China operated under tax incentives effective through 2016. The tax incentives decreased Chinese taxes by \$1,664, which increased both basic and diluted earnings per share by \$0.02 for the quarter ended March 28, 2016.

As of March 28, 2016, the Company had not finalized the determination of fair values allocated to various assets and liabilities, including, deferred taxes, tax uncertainties, and income taxes payable related to the acquisition of Viasystems. Any changes in the fair values of these liabilities assumed during the measurement period may result in material adjustments to goodwill.

(9) Accumulated Other Comprehensive Income (Loss)

The following provides a summary of the components of accumulated other comprehensive income (loss) as of March 28, 2016 and December 28, 2015:

	Foreign Currency Translation	Gains (Losses) on Cash Flow Hedges	Total
	(In thousands)		
Ending balance at December 28, 2015	\$ 2,895	\$ (1,272)	\$ 1,623
Other comprehensive loss before reclassifications	(3,873)	(7)	(3,880)
Amounts reclassified from accumulated other comprehensive income	—	42	42
Other comprehensive (loss) income	(3,873)	35	(3,838)
Ending balance at March 28, 2016	<u>\$ (978)</u>	<u>\$ (1,237)</u>	<u>\$ (2,215)</u>

The following provides a summary of reclassifications out of accumulated other comprehensive income (loss) for the quarters ended March 28, 2016 and March 30, 2015:

Details about Accumulated Other Comprehensive Income Components	Statement of Operations Location	Amount Reclassified from Accumulated Other Comprehensive Income For the Quarter Ended	
		March 28, 2016	March 30, 2015
(In thousands)			
Gain on foreign currency translation	Gain on sale of assets, net of tax	\$ —	\$ (1,786)
Loss on cash flow hedges	Depreciation expense, net of tax	\$ 42	\$ 42

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

(10) Significant Customers and Concentration of Credit Risk

In the normal course of business, the Company extends credit to its customers, which are concentrated primarily in the computer, networking and communications and aerospace and defense industries. Most customers to which the Company extends credit are located outside the United States, with the exception of certain customers in the aerospace and defense industries. The Company performs ongoing credit evaluations of customers, does not require collateral, and considers the credit risk profile of the entity from which the receivable is due in further evaluating collection risk.

The Company's customers include both OEMs and EMS companies. The Company's OEM customers often direct a significant portion of their purchases through EMS companies. While the Company's customers include both OEM and EMS providers, the Company measures customer concentration based on OEM companies, as they are the ultimate end customers.

For the quarters ended March 28, 2016 and March 30, 2015, one customer accounted for approximately 10% and 27%, respectively, of the Company's net sales. There were no other customers that accounted for 10% or more of net sales for the quarters ended March 28, 2016 and March 30, 2015.

(11) Fair Value Measures

The Company measures at fair value its financial and non-financial assets by using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price, based on the highest and best use of the asset or liability.

The carrying amount and estimated fair value of the Company's financial instruments at March 28, 2016 and December 28, 2015 were as follows:

	March 28, 2016		December 28, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Term and Revolving Loans	\$898,008	\$907,586	\$970,764	\$935,000
Convertible senior notes due 2020	202,178	220,350	200,022	230,950
Capital lease	2,038	2,038	—	—

The fair value of the long-term debt was estimated based on quoted market prices or discounting the debt over its life using current market rates for similar debt as of March 28, 2016 and December 28, 2015, which are considered Level 1 and Level 2 inputs.

The fair value of the convertible senior notes was estimated based on quoted market prices of the securities on an active exchange, which are considered Level 1 and Level 2 inputs.

As of March 28, 2016 and December 28, 2015, the Company's other financial instruments also included cash and cash equivalents, accounts receivable, accounts payable and equipment payables. Due to short-term maturities, the carrying amount of these instruments approximates fair value. Our cash and cash equivalents at March 28, 2016 consisted of \$41,640 held in the U.S., with the remaining \$142,038 held by foreign subsidiaries.

The majority of the Company's non-financial assets and liabilities, which include goodwill, intangible assets, inventories, and property, plant and equipment, are not required to be carried at fair value on a recurring basis. However, if certain triggering events occur (or are tested at least annually for goodwill) such that a non-financial instrument is required to be evaluated for impairment, based upon a comparison of the non-financial instrument's fair value to its carrying value, an impairment is recorded to reduce the carrying value to the fair value, if the carrying value exceeds the fair value.

For the quarter ended March 28, 2016, the following assets were measured at fair value on a nonrecurring basis using the type of inputs shown:

	March 28, 2016	Fair Value Measurements Using:			Total Losses for the Quarter Ended March 28, 2016
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
	(In thousands)				
Assets held for sale	\$ 155	\$ —	\$ 155	\$ —	\$ 1,393
Long-lived assets held and use	2,254	—	—	2,254	1,953
					<u>\$ 3,346</u>

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

There was no impairment of long-lived assets recognized in the quarter ended March 30, 2015.

The fair values of assets held for sale were primarily determined using appraisals and comparable prices of similar assets, which are considered to be Level 2 inputs.

Additionally, the Company has capitalized software costs in accordance with U.S. GAAP. During the first quarter ended March 28, 2016, the Company determined that certain capitalized costs no longer had benefit primarily as a result of the Viasystems acquisition. Because the primary determination of fair value was based on management's assumptions and estimates of capitalized costs to dispose, the resulting fair value is considered a Level 3 input.

(12) Commitments and Contingencies

Legal Matters

The Company is subject to various legal matters, which it considers normal for its business activities. While the Company currently believes that the amount of any reasonably possible 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 as of March 28, 2016 and December 28, 2015. However, these amounts are not material to the consolidated condensed financial statements of the Company.

Environmental Matters

The process to manufacture PCBs requires adherence to city, county, state, federal, and foreign environmental regulations regarding the storage, use, handling and disposal of chemicals, solid wastes and other hazardous materials, as well as compliance with air quality standards and chemical use reporting. The Company believes that its facilities in the United States, Canada and Mexico comply in all material respects with applicable environmental laws and regulations. In China, governmental authorities have adopted new rules and regulations governing environmental issues. An update to the Chinese environmental waste water law was issued in late 2012, allowing for an interim period in which plants subject to such law may install equipment that meets the new regulatory regime. Some of the Company's plants in China are not yet in full compliance with the updated environmental regulations. The Company believes it has developed plans acceptable to the Chinese government and is in the process of implementing these plans. The Company does not anticipate any immediate risk of government fines or temporary closure of its Chinese plants. The Company has established and enacted an investment plan related to the efforts to come into full compliance with the new regulations. The 2016 capital expenditure costs expected for these plans are included in the Company's capital expenditure projections.

(13) Earnings Per Share

The following is a reconciliation of the numerator and denominator used to calculate basic (loss) earnings per share and diluted (loss) earnings per share for the quarters ended March 28, 2016 and March 30, 2015:

	Quarter Ended	
	March 28, 2016	March 30, 2015
	(In thousands, except per share amounts)	
Net (loss) income	\$ (7,264)	\$ 3,446
Weighted average shares outstanding	99,596	83,603
Dilutive effect of performance-based stock units, restricted stock units and stock options	—	862
Diluted shares	99,596	84,465
(Loss) earnings per share:		
Basic	\$ (0.07)	\$ 0.04
Diluted	\$ (0.07)	\$ 0.04

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

For the quarter ended March 28, 2016, potential shares of common stock, consisting of stock options to purchase approximately 387 shares of common stock at exercise prices ranging from \$5.78 to \$16.82 per share, 3,118 restricted stock units (RSUs), and 301 performance-based restricted stock units (PRUs) were not included in the computation of diluted earnings per share because the Company incurred a net loss and, as a result, the impact would be anti-dilutive.

For the quarter ended March 30, 2015, PRUs, RSUs, and stock options to purchase 438 of shares of common stock were not considered in calculating diluted earnings per share because the options' exercise prices or the total assumed proceeds under the treasury stock method for PRUs, RSUs, or stock options was greater than the average market price of common shares during the applicable year and, therefore, the effect would be anti-dilutive.

Additionally, for the quarter ended March 28, 2016, the effect of shares of common stock related to the Company's convertible senior notes, based on the if-converted method, were not included in the computation of dilutive earnings per share because the Company incurred a net loss from operations and, as a result, the impact would be anti-dilutive.

For the quarter ended March 30, 2015, the effect of shares of common stock related to the Company's convertible senior notes, based on the treasury stock method, were not included in the computation of dilutive earnings per share because the conversion price of the convertible senior notes were greater than the average market price of common shares during the quarter, and therefore, the effect would be anti-dilutive.

Outstanding warrants for the quarters ended March 28, 2016 and March 30, 2015, to purchase common stock of 25,940 and 27,970, respectively, were not included in the computation of dilutive earnings per share because the strike price of the warrants to purchase the Company's common stock were greater than the average market price of common shares during the applicable quarter, and therefore, the effect would be anti-dilutive.

(14) Stock-Based Compensation

Stock-based compensation expense is recognized in the accompanying consolidated condensed statements of operations as follows:

	Quarter Ended	
	March 28, 2016	March 30, 2015
	(In thousands)	
Cost of goods sold	\$ 320	\$ 225
Selling and marketing	210	271
General and administrative	1,716	1,544
Stock-based compensation expense recognized	<u>\$ 2,246</u>	<u>\$ 2,040</u>

Performance-based Restricted Stock Units

The Company maintains a long-term incentive program for executives that provides for the issuance of PRUs, representing hypothetical shares of the Company's common stock that may be issued. Under the PRU program, a target number of PRUs is awarded at the beginning of each three-year performance period. The number of shares of common stock released at the end of the performance period will range from zero to 2.4 times the target number depending on performance during the period. The performance metrics of the PRU program are based on (a) annual financial targets, which are based on revenue and EBITDA (earnings before interest, tax, depreciation, and amortization expense), each equally weighted, and (b) an overall modifier based on the Company's total stockholder return (TSR) relative to a group of peer companies selected by the Company's compensation committee, over the three-year performance period.

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

The Company records stock-based compensation expense for PRU awards granted based on management's periodic assessment of the probability of the PRU awards vesting. For the quarter ended March 28, 2016, management determined that vesting of the PRU awards was probable. PRUs activity for the quarter ended March 28, 2016 was as follows:

	Shares (In thousands)	Weighted Average Fair Value
Outstanding target shares at December 28, 2015	301	\$ 8.58
Granted	347	6.46
Change in units due to annual financial target performance achievement	—	—
Outstanding target shares at March 28, 2016	<u>648</u>	<u>\$ 7.45</u>

The fair value for PRUs granted is calculated using a Monte Carlo simulation model, as the TSR modifier contains a market condition. For the quarters ended March 28, 2016 and March 30, 2015 the following assumptions were used in determining the fair value:

	March 28, 2016 ¹	March 30, 2015 ²
Weighted-average fair value	\$ 6.46	\$ 7.22
Risk-free interest rate	0.84%	0.5%
Dividend yield	—	—
Expected volatility	40%	37%
Expected term in months	24	22

- (1) Reflects the weighted-averages for the third year of the three-year performance period applicable to PRUs granted in 2014, second year of the three-year performance period applicable to PRUs granted in 2015 and first year of the three-year performance period applicable to PRUs granted in 2016.
- (2) Reflects the weighted-averages for the third year of the three-year performance period applicable to PRUs granted in 2013, second year of the three-year performance period applicable to PRUs granted in 2014 and first year of the three-year performance period applicable to PRUs granted in 2015.

Restricted Stock Units

The Company granted 1,683 and 970 RSUs during the quarters ended March 28, 2016 and March 30, 2015, respectively. The RSUs granted have a weighted-average fair value per unit of \$6.75 and \$8.80 for the quarters ended March 28, 2016 and March 30, 2015, respectively. The fair value for RSUs granted is based on the closing share price of the Company's common stock on the date of grant.

Stock Options

The Company did not grant any stock option awards during the quarters ended March 28, 2016 and March 30, 2015.

Summary of Unrecognized Compensation Costs

The following is a summary of total unrecognized compensation costs as of March 28, 2016:

	Unrecognized Stock-Based Compensation Cost (In thousands)	Remaining Weighted Average Recognition Period (years)
RSU awards	\$ 17,882	1.7
PRU awards	<u>3,110</u>	1.9
	<u>\$ 20,992</u>	

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

(15) Segment Information

The operating segments reported below are the Company's segments for which separate financial information is available and upon which operating results are evaluated by the chief operating decision maker to assess performance and to allocate resources. As a result of the acquisition of Viasystems and the new business structure implemented in the quarter ended March 28, 2016, the Company has reassessed its reportable operating segments and determined that it has two reportable operating segments: PCB and E-M Solutions. This determination was made based on the criteria of earning revenues and incurring expenses, the Company's organizational structure which has segment managers who report to the chief operating decision maker and discrete financial information, and the aggregation of similar operating segments into reportable operating segments. Factors considered to determine whether operating segments can be aggregated into reportable segments included similarity regarding economic characteristics, products, production processes, type or classes of customers, distribution methods and regulatory environments. All prior-period amounts have been adjusted retrospectively to reflect our reportable segment changes.

The Company, including the chief operating decision maker, evaluates segment performance based on operating segment income, which is operating income before amortization of intangibles. Interest expense 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 inter-segment transactions have been eliminated.

The Company accounts for inter-segment sales and transfers consistent with the Company's revenue recognition policy. The inter-segment sales for the quarters ended March 28, 2016 and March 30, 2015, are sales primarily from the PCB to the E-M Solutions operating segment.

	For the Quarters Ended	
	March 28, 2016	March 30, 2015
	(In thousands)	
Net Sales:		
PCB	\$ 529,945	\$ 310,324
E-M Solutions	56,478	19,462
Total sales	586,423	329,786
Inter-segment sales	(3,165)	(622)
Total net sales	<u>\$ 583,258</u>	<u>\$ 329,164</u>
Operating Segment Income (Loss):		
PCB	\$ 49,367	\$ 23,260
E-M Solutions	387	651
Corporate	(24,905)	(13,772)
Total operating segment income	24,849	10,139
Amortization of definite-lived intangibles	(5,947)	(1,874)
Total operating income	18,902	8,265
Total other expense	(20,575)	(6,180)
(Loss) income before income taxes	<u>\$ (1,673)</u>	<u>\$ 2,085</u>

The Corporate category includes operating expenses that are not included in the segment operating performance measures. Corporate consists primarily of corporate governance functions such as finance, accounting, information technology, facilities and human resources personnel, as well as global sales and marketing personnel and acquisition and integration costs associated with the acquisition of Viasystems. Bank fees and legal, accounting, and other professional service costs associated with the acquisition of Viasystems of \$691 and \$8,235 for the quarters ended March 28, 2016 and March 30, 2015, respectively, are included in Corporate.

(16) Related Party Transactions

In the normal course of business, the Company's foreign subsidiaries purchase laminate and prepreg from related parties in which a significant shareholder of the Company holds an equity interest. For the quarters ended March 28, 2016 and March 30, 2015, the Company's foreign subsidiaries purchased \$15,998 and \$9,945, respectively, of laminate and prepreg from these related parties.

TTM TECHNOLOGIES, INC.
Notes to Consolidated Condensed Financial Statements—(Continued)

Dongguan Shengyi Electronics Ltd. (SYE) is also a related party as it is a wholly owned subsidiary of an entity in which a significant shareholder of the Company holds an equity interest. The Company sells PCBs to SYE and purchases PCBs including various services relating to PCB manufacturing from SYE. Sales to SYE for the quarters ended March 28, 2016 and March 30, 2015 were \$311 and \$1,481, respectively. Purchases of PCBs including various services relating to PCB manufacturing for the quarters ended March 28, 2016 and March 30, 2015 were \$28 and \$439, respectively.

As of March 28, 2016 and December 28, 2015, the Company's consolidated condensed balance sheets included \$19,886 and \$29,306, respectively, in accounts payable due to related parties for purchases of laminate and prepreg and various PCB manufacturing services and such balances are included as a component of accounts payable on the consolidated condensed balance sheets. Additionally, the Company's consolidated condensed balance sheets included \$976 and \$1,999, respectively, in accounts receivable due from a related party for sales of PCBs to SYE, as mentioned above, and such balances are included as a component of accounts receivable, net on the consolidated condensed balance sheets.

(17) Sale of Suzhou, China Manufacturing Facility

During the quarter ended March 30, 2015, the Company sold its Meadville Aspocomp (Suzhou) Electronic Co., Ltd. subsidiary, which held its Suzhou, China manufacturing facility, for \$21,275 and recognized a gain of \$2,504. This subsidiary was included in the Company's PCB operating segment.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated condensed financial statements and the related notes and the other financial information included in this Quarterly Report on Form 10-Q. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of specified factors, including those set forth in Item 1A "Risk Factors" of Part II below and elsewhere in this Quarterly Report on Form 10-Q.

This discussion and analysis should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our Annual Report on Form 10-K for the fiscal year ended December 28, 2015, filed with the SEC.

COMPANY OVERVIEW

We are a leading global printed circuit board (PCB) manufacturer, focusing on quick-turn and technologically advanced PCBs and electro-mechanical solutions (E-M Solutions). We focus on providing time-to-market and advanced technology products and offer a one-stop manufacturing solution to our customers from engineering support to prototype development through final volume production. This one-stop manufacturing solution allows us to align technology development with the diverse needs of our customers and to enable them to reduce the time required to develop new products and bring them to market. We serve a diversified customer base consisting of approximately 1,500 customers in various markets throughout the world, including manufacturers of networking/communications infrastructure products, smartphones, tablets and ultra notebooks, as well as the aerospace and defense, automotive controls and information systems, high-end computing, and medical, industrial and instrumentation related products. Our customers include both original equipment manufacturers (OEMs) and electronic manufacturing services (EMS) providers.

On May 31, 2015, we completed the acquisition of Viasystems Group, Inc. (Viasystems), for total consideration of \$248.8 million in cash and 15.1 million shares of TTM common stock with a fair value of \$149.0 million, to acquire all of the outstanding shares of capital stock and other equity rights of Viasystems. Additionally, in connection with the completion of the acquisition, we assumed and refinanced Viasystems' debt, which was approximately \$669.0 million as of May 31, 2015. Viasystems was a worldwide provider of complex multi-layer rigid, flexible, and rigid-flex PCBs and custom electronic assemblies.

While our customers include both OEMs and EMS providers, we measure customers based on OEM companies, as they are the ultimate end customers. Sales to our 10 largest customers accounted for 41% and 59% of our net sales for the quarters ended March 28, 2016 and March 30, 2015, respectively. We sell to OEMs both directly and indirectly through EMS providers.

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

End Markets(1)(2)	Quarter Ended	
	March 28, 2016 (4)	March 30, 2015
Aerospace and Defense	15%	15%
Automotive(2)	21	3
Cellular Phone(3)	9	30
Computing/Storage/Peripherals(3)	13	11
Medical/Industrial/Instrumentation/Other.	16	9
Networking/Communications	24	29
Other(2)(3)	2	3
Total	100%	100%

- (1) Sales to EMS companies are classified by the end markets of their OEM customers.
- (2) Certain reclassifications of prior year end market percentages have been made to conform to the current year presentation. Beginning 2015, Automotive has been reclassified from the Other end market.
- (3) Smartphones are included in the Cellular Phone end market, tablets are included in the Computing/Storage/Peripherals end market and other mobile devices such as e-readers are included in the Other end market.
- (4) Amounts includes activity of Viasystems, which we acquired on May 31, 2015.

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We derive revenues primarily from the sale of PCBs and custom electronic assemblies using customer-supplied engineering and design plans. We recognize revenues when persuasive evidence of a sales arrangement exists, the sales terms are fixed or determinable, title and risk of loss have transferred, and collectability is reasonably assured — generally when products are shipped to the customer. Net sales consist of gross sales less an allowance for returns, which typically have been less than 3% of gross sales. We provide our customers a limited right of return for defective PCBs and backplane assemblies. We record an estimate for sales returns and allowances at the time of sale based on historical results. Purchase orders may be cancelled prior to shipment. We generally charge customers a fee, based on the percentage completed, if an order is cancelled once it has entered production.

Cost of goods sold consists of materials, labor, outside services, and overhead expenses incurred in the manufacture and testing of our products. Shipping and handling fees and related freight costs and supplies associated with shipping products are also included as a component of cost of goods sold. Many factors affect our gross margin, including capacity utilization, product mix, production volume, and yield. We generally 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.

Selling and marketing expenses consist primarily of salaries, labor related benefits, and commissions paid to our internal sales force, independent sales representatives, and our sales support staff, as well as costs associated with marketing materials and trade shows.

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, and gains or losses on the sale or disposal of property, plant and equipment.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated condensed financial statements included in this report have been prepared in accordance with U.S. GAAP. 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.

See Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operation*, in our Annual Report on Form 10-K for the fiscal year ended December 28, 2015 for further discussion of critical accounting policies and estimates. There were no material changes to our critical accounting policies and estimates since December 28, 2015.

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RESULTS OF OPERATIONS

The Viasystems acquisition occurred on May 31, 2015. Accordingly, the results of operations of Viasystems are not included in our fiscal quarter end March 30, 2015. The acquisition has had and will continue to have a significant effect on our operations as discussed below.

The following table sets forth the relationship of various items to net sales in our consolidated condensed statements of operations:

	Quarter Ended	
	March 28, 2016	March 30, 2015
Net sales	100.0%	100.0%
Cost of goods sold	85.7	84.3
Gross profit	14.3	15.7
Operating expenses:		
Selling and marketing	3.0	2.9
General and administrative	6.2	10.5
Amortization of definite-lived intangibles	1.0	0.6
Impairment of long-lived assets	0.6	—
Restructuring charges	0.3	—
Gain on sale of assets	—	(0.8)
Total operating expenses	11.1	13.2
Operating income	3.2	2.5
Other income (expense):		
Interest expense	(3.7)	(1.8)
Other, net	0.2	(0.1)
Total other expense, net	(3.5)	(1.9)
(Loss) income before income taxes	(0.3)	0.6
Income tax (provision) benefit	(0.9)	0.4
Net (loss) income	(1.2)	1.0
Less: Net income attributable to the non-controlling interest	—	—
Net (loss) income attributable to TTM Technologies, Inc. stockholders	(1.2)%	1.0%

As a result of the acquisition of Viasystems and the new business structure implemented in the quarter ended March 28, 2016, we have reassessed our reportable operating segments and determined that we have two reportable operating segments: PCB and E-M Solutions. This determination was made based on the criteria of earning revenues and incurring expenses, our organizational structure which has segment managers who report to the chief operating decision maker and discrete financial information, and the aggregation of similar operating segments into reportable operating segments.

The following table compares net sales by reportable segment for the quarters ended March 28, 2016 and March 30, 2015:

	For the Quarters Ended	
	March 28, 2016	March 30, 2015
	(In thousands)	
Net Sales:		
PCB	\$ 529,945	\$ 310,324
E-M Solutions	56,478	19,462
Total sales	586,423	329,786
Inter-segment sales	(3,165)	(622)
Total net sales	\$ 583,258	\$ 329,164

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Net Sales

Total net sales increased \$254.1 million, or 77.2%, from \$329.2 million for the quarter ended March 30, 2015 to \$583.3 million for the quarter ended March 28, 2016.

Net sales for the PCB operating segment, excluding inter-segment sales, increased \$217.0 million, or 70.0%, from \$309.8 million for the quarter ended March 30, 2015 to \$526.8 million for the quarter ended March 28, 2016. This increase is primarily due to the additional sales resulting from the acquisition of Viasystems, which accounted for \$241.1 million in PCB sales for the quarter ended March 28, 2016, partially offset by lower demand in our Cellular Phone end market. These changes, including the sales from Viasystems, resulted in a 181.9% increase in PCB shipments as compared to the quarter ended March 30, 2015, partially offset by an average PCB selling price decrease of 38.7%, which was driven by a product mix shift resulting from the acquisition.

Net sales for the E-M Solutions operating segment increased \$37.1 million from \$19.4 million for the quarter ended March 30, 2015 to \$56.5 million for the quarter ended March 28, 2016. This increase is due to the additional sales resulting from the acquisition of Viasystems, which accounted for \$37.2 million in E-M Solutions sales for the quarter ended March 28, 2016.

Gross Margin

Overall gross margin decreased from 15.7% for the quarter ended March 30, 2015 to 14.3% for the quarter ended March 28, 2016.

Gross margin for the PCB operating segment decreased from 16.2% for the quarter ended March 30, 2015 to 15.6% for the quarter ended March 28, 2016 primarily due to lower utilization at our advanced technology plants.

Gross margin for the E-M Solutions operating segment decreased from 7.7% for the quarter ended March 30, 2015 to 6.6% for the quarter ended March 28, 2016 primarily due to the acquisition of Viasystems with lower margins than our existing business.

Selling and Marketing Expenses

Selling and marketing expenses increased \$7.8 million, from \$9.5 million for the quarter ended March 30, 2015 to \$17.3 million for the quarter ended March 28, 2016. As a percentage of net sales, selling and marketing expenses were 2.9% for the quarter ended March 30, 2015, as compared to 3.0% for the quarter ended March 28, 2016. The increase in selling and marketing expense primarily relates to increased selling and marketing expense incurred by Viasystems, partially offset by workforce reductions associated with global realignment efforts.

General and Administrative Expenses

General and administrative expenses increased \$1.7 million from \$34.5 million, or 10.5% of net sales, for the quarter ended March 30, 2015 to \$36.2 million, or 6.2% of net sales, for the quarter ended March 28, 2016. The increase in expense primarily relates to increased general and administrative expense incurred related to Viasystems, partially offset by a \$7.5 million decrease in acquisition related costs. The decrease in general and administrative expense as percentage of net sales is primarily due to higher net sales.

Impairment of Long-Lived Assets and Restructuring Charges

For the quarter ended March 28, 2016, we incurred restructuring charges of \$1.9 million which primarily related to the September 29, 2015 announced consolidation plan that will result in the closure of our facilities in Cleveland, Ohio, Milpitas, California, Juarez, Mexico (the Consolidation Plan). These charges primarily represent severance and contract termination and other costs. Approximately \$1.2 million of these restructuring charges were recognized in our PCB operating segment and \$0.7 million in our E-M Solutions operating segment. As of March 28, 2016, we have incurred approximately \$9.2 million of such charges since the September 29, 2015 announcement and estimate that we will incur total charges of approximately \$10.0 million to \$15.0 million related to these closures.

Additionally, as a result of the above mentioned plant closures and other plant realignment efforts, we also recognized \$3.3 million in impairment charges during the quarter ended March 28, 2016, of which \$1.4 million related to our PCB operating segment and \$1.9 million related to the Corporate operating segment. The impairment charge for the PCB operating segment related to machinery and equipment while the impairment charge for the Corporate operating segment related to the write-off of capitalized software costs.

If forecasts and assumptions used to support the realizability of our long-lived assets change in the future, significant impairment or restructuring charges could result that would adversely affect our results of operations and financial condition.

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Other Income (Expense)

Other expense, net increased \$14.4 million from \$6.2 million for the quarter ended March 30, 2015 to \$20.6 million for the quarter ended March 28, 2016. The increase in other expense, net was primarily due to an increase in interest expense related to the Term Loan and U.S. ABL, currently totaling \$951.1 million at a weighted average interest rate of 5.7%, which was entered into on May 31, 2015 in connection with the acquisition of Viasystems. The increase in other expense, net was partially offset by \$1.1 million higher foreign currency transaction gains for the quarter ended March 28, 2016 due to the devaluation of the Renminbi, which is utilized at certain of our Asia operations.

Income Taxes

The provision for income taxes increased by \$6.9 million from a tax benefit of \$1.4 million for the quarter ended March 30, 2015 to income tax expense of \$5.5 million for the quarter ended March 28, 2016. The increase in income tax expense in 2016 is primarily due to no tax benefit being recognized on U.S. losses with a full valuation allowance. Further, the income tax expense for the quarter ended March 28, 2016 was higher due to inclusion of Viasystems earnings from foreign subsidiaries.

Our effective tax rate was primarily impacted by tax rates in China and Hong Kong, the U.S. federal income tax rate, apportioned state income tax rates, generation of other credits and deductions available to us, valuation allowance establishment, and certain non-deductible items. Certain foreign losses generated are not more likely than not to be realizable, and thus no income tax benefit has been recognized on these losses. As of March 28, 2016, we had net deferred income tax liabilities of approximately \$11.7 million and as of December 28, 2015, we had net deferred income tax liabilities of approximately \$13.1 million.

Liquidity and Capital Resources

Our principal sources of liquidity have been cash provided by operations, the issuance of convertible senior notes, and term and revolving debt. Our principal uses of cash have been to finance acquisitions and capital expenditures, meet debt service requirements, fund working capital requirements, and refinance existing debt. We anticipate that servicing debt, financing capital expenditures, financing acquisitions, and funding working capital requirements will continue to be the principal demands on our cash in the future.

Cash flow provided by operating activities during the quarter ended March 28, 2016 was \$17.9 million as compared to \$67.4 million in the same period in 2015. The decrease in cash flow was due to seasonal volatility and timing of receivable collections. As of March 28, 2016, we had net working capital of approximately \$309.8 million compared to \$277.5 million as of December 28, 2015. Cash cycle days were 54 days for the quarter ended March 28, 2016 as compared to 53 days for the quarter ended March 30, 2015, essentially unchanged.

Net cash used in investing activities was approximately \$16.6 million for the quarter ended March 28, 2016 primarily reflecting purchases of property, plant and equipment of \$20.1 million less release of restricted cash to cash and cash equivalents of \$3.5 million. For the quarter ended March 30, 2015, net cash used in investing activities was approximately \$15.6 million reflecting purchases of property, plant and equipment of \$22.8 million, net of proceeds from the sale of such property, plant and equipment and other asset held for sale of \$7.2 million.

Net cash used in financing activities was approximately \$76.5 million for the quarter ended March 28, 2016 reflecting the repayment of normally scheduled principal payments as well as an additional prepayment of principal of long-term debt. For the quarter ended March 30, 2015, net cash used in financing activities was approximately \$47.8 million reflecting the repayment of long-term debt of \$48.1 million, offset by proceeds from the exercise of stock options of \$0.3 million.

As of March 28, 2016, we had cash and cash equivalents of approximately \$183.7 million, of which approximately \$142.0 million was held by our foreign subsidiaries, primarily Asia. Cash and cash equivalents held by our foreign locations are expected to be used in local operations.

Our 2016 capital expenditure plan is expected to be in the range of \$110 million to \$120 million. The expenditures will fund capital equipment purchases to increase production capacity, especially for advanced technology manufacturing, comply with changing environmental regulations, replace aging equipment, and expand our technological capabilities.

Term and Revolving Loans

On May 31, 2015, in conjunction with the acquisition of Viasystems, we entered into a \$950.0 million Term Loan Credit Agreement (Term Loan). Additionally, we entered into a \$150.0 million U.S. Asset-Based Lending Credit Agreement (U.S. ABL) and a \$150.0 million Asia Asset-Based Lending Credit agreement (Asia ABL). We drew \$80.0 million of the U.S. ABL at the closing of the acquisition of Viasystems.

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The Term Loan Credit agreement was issued at a discount at 96.5% and bears interest at a floating rate of LIBOR, with a 1.0% LIBOR floor, plus an applicable interest margin of 5.0%. At March 28, 2016, the weighted average interest rate on the outstanding borrowings under the Term Loan was 6.0%. There is no provision, other than an event of default, for the interest margin to increase. The Term Loan will mature on May 31, 2021. The Term Loan is secured by a significant amount of our assets and our domestic subsidiaries and a pledge of 65% of the voting stock of our first tier foreign subsidiaries and is structurally senior to our convertible senior notes. See Convertible Senior Notes due 2020 below.

The U.S. ABL consists of three tranches comprised of a revolving credit facility of up to \$150.0 million, a letter of credit facility of up to \$75.0 million, and swingline loans of up to \$30.0 million, provided that at no time may amounts outstanding under the tranches exceed in aggregate \$150.0 million or the applicable borrowing base, which is a percentage of the principal amount of Eligible Accounts, as defined in the U.S. ABL agreement. Borrowings under the U.S. ABL bear interest at a floating rate of LIBOR plus a margin of 175 basis points. At March 28, 2016, the weighted average interest rate on the outstanding borrowings under the U.S. ABL was 2.19%. Beginning in 2016, the applicable margin can vary based on the remaining availability of the facility, from 150 to 200 basis points for LIBOR-based loans. The U.S. ABL will mature on May 31, 2020. Loans made under the U.S. ABL are secured first by all of our domestic cash, receivables and inventories as well as by a second position against a significant amount of our assets and our domestic subsidiaries and a pledge of 65% of the voting stock of our first tier foreign subsidiaries and are structurally senior to our convertible senior notes. See Convertible Senior Notes due 2020 below. At March 28, 2016, \$80.0 million of the U.S. ABL was outstanding and classified as a current liability.

We and our domestic subsidiaries have fully and unconditionally guaranteed the full and timely payment of all Term Loan and U.S. ABL related obligations.

The Asia ABL consists of two tranches comprised of a revolving credit facility of up to \$150.0 million and a letter of credit facility of up to \$100.0 million provided that at no time may amounts outstanding under both tranches exceed in aggregate \$150.0 million or the applicable borrowing base, which is a percentage of the principal amount of Eligible Accounts, as defined in the Asia ABL agreement. Borrowings under the Asia ABL bear interest at a floating rate of LIBOR plus 175 basis points. There is no provision, other than an event of default, for the interest margin to increase. The Asia ABL will mature on May 22, 2020. Loans made under the Asia ABL are secured by a portion of our Asia Pacific cash and receivables and are structurally senior to our domestic obligations, including our convertible senior notes. See Convertible Senior Notes due 2020 below. Our Asia Pacific subsidiary and certain of its subsidiaries have fully and unconditionally guaranteed the full and timely payment of all Asia ABL related obligations. At March 28, 2016, none of the Asia ABL was outstanding.

We are required to make scheduled payments of the outstanding Term Loan balance on a quarterly basis which began on October 1, 2015. Based on certain parameters defined in the Term Loan agreement, we may be required to make an additional principal payment on an annual basis. Any additional annual payments reduce future required quarterly scheduled payments. During the quarter ended March 28, 2016, we made debt principal payments totaling \$76.5 million representing normally scheduled principal payments as well as an additional prepayment of principal. Any other outstanding balances under the Term Loan are due at the maturity date of May 31, 2021. Borrowings under the Term Loan are subject to various financial and operating covenants including maintaining a maximum total leverage ratio. Under the occurrence of certain events, the U.S. ABL and the Asia ABL are subject to various financial and operational covenants, including maintaining minimum fixed charge coverage ratios. At December 28, 2015, we were in compliance with the covenants under the Term Loan, the U.S. ABL and the Asia ABL.

We are also required to pay a commitment fee of 0.375% per annum on any unused portion of the U.S. ABL or Asia ABL. The U.S. ABL commitment fee may vary from 0.25% to 0.375% based on utilization levels. Additionally, we also paid commitment fees of 0.5% per annum on the unused portion of the \$90.0 million senior secured revolving loan associated with the terminated 2012 credit agreement for the quarter ended March 30, 2015. We incurred total commitment fees related to unused borrowing availability of \$0.2 million for each of the quarters ended March 28, 2016 and March 30, 2015, respectively. As of March 28, 2016, the outstanding amount of the Term Loan was \$871.1 million, all of which is included as long-term debt. Additionally, \$80.0 million of the U.S. ABL and none of the Asia ABL was outstanding as of March 28, 2016. Available borrowing capacity under the U.S. ABL and Asia ABL was \$63.0 million and \$141.1 million, which includes \$7.0 million and \$8.9 million, respectively, of outstanding letters of credit mentioned below at March 28, 2016.

Letters of Credit

We have up to \$75.0 million and \$100.0 million Letters of Credit Facilities available under the U.S. ABL and the Asia ABL, respectively. As of March 28, 2016, letters of credit in the amount of \$7.0 million were outstanding under the U.S. ABL and \$8.9 million were outstanding under the Asia ABL with various expiration dates through February 2017.

Chinese Revolver

We are party to a revolving loan credit facility with a lender in China. Under this arrangement, the lender has made available to us approximately \$35.3 million in unsecured borrowing with all terms of the borrowing to be negotiated at the time the Chinese Revolver is drawn upon. There are no commitment fees on the unused portion of the Chinese Revolver, and this arrangement expires in December 2016. As of March 28, 2016, the Chinese Revolver had not been drawn upon.

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Convertible Senior Notes due 2020

On December 2013, we issued 1.75% convertible senior notes due December 15, 2020, in a public offering for an aggregate principal amount of \$250.0 million. The convertible senior notes bear interest at a rate of 1.75% per annum. Interest is payable semiannually in arrears on June 15 and December 15 of each year. The convertible senior notes are senior unsecured obligations and rank equally to our future unsecured senior indebtedness and senior in right of payment to any of our future subordinated indebtedness. Offering expenses are being amortized to interest expense over the term of the convertible senior notes.

In connection with the issuance of the convertible senior notes due 2020, we entered into a convertible note hedge and warrant transaction (the Call Spread Transaction), with respect to our common stock. The convertible note hedge consists of our option to purchase up to 25.9 million common stock shares at a price of \$9.64 per share. The hedge expires on December 15, 2020 and can only be executed upon the conversion of the above mentioned convertible senior notes due 2020. Additionally, we sold warrants to purchase 25.9 million shares of our common stock at a price of \$14.26 per share. The warrants expire ratably from March 2021 through January 2022. The Call Spread Transaction has no effect on the terms of the convertible senior notes due 2020 and reduces potential dilution by effectively increasing the conversion price of the convertible senior notes due 2020 to \$14.26 per share of our common stock.

Based on our current level of operations, we believe that cash generated from operations, cash on hand and cash from the issuance of term and revolving debt will be adequate to meet our currently anticipated capital expenditure, debt service, and working capital needs for the next 12 months.

Contractual Obligations and Commitments

The following table provides information on our contractual obligations as of March 28, 2016:

	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
Contractual Obligations (1)			(In thousands)		
Long-term debt obligations	\$ 953,181	\$ 80,358	\$ 40,671	\$ 95,902	\$736,250
Convertible debt obligations	250,000	—	—	250,000	—
Interest on debt obligations	296,606	58,981	114,187	105,030	18,408
Equipment payables	13,984	13,984	—	—	—
Purchase obligations	61,943	52,854	9,089	—	—
Operating lease commitments	27,736	8,816	8,986	3,781	6,153
Total contractual obligations	\$1,603,450	\$214,993	\$172,933	\$454,713	\$760,811

(1) Unrecognized uncertain tax benefits of \$15.4 million are not included in the table above as the settlement timing is uncertain.

Off Balance Sheet Arrangements

We do not currently have, nor have we ever had, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts. As a result, we are not materially exposed to any financing, liquidity, market, or credit risk that could arise if we had engaged in these relationships.

Seasonality

As manufacturers of electronic components, orders for our products generally correspond to the production schedules of our customers. We historically experience higher net sales in the third and fourth quarters due to end customer demand in the fourth quarter for consumer electronics products. Seasonal fluctuations also include the Chinese New Year holidays in the first quarter, which typically results in lower net sales. We attribute this decline to shutdowns of our customers' manufacturing facilities surrounding the Chinese New Year public holidays, which normally occur in January or February of each year.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

In the normal course of business we are exposed to risks associated with fluctuations in interest rates and fluctuations in foreign currency exchange rates associated with transactions that are denominated in currencies other than our functional currencies, as well as the effects of translating amounts denominated in a foreign currency to the U.S. Dollar as a normal part of the reporting process. Certain of our Asia operations utilize the Renminbi (RMB) and the Hong Kong Dollar (HKD) as their functional currencies, which results in us recording a translation adjustment that is included as a component of accumulated other comprehensive income. Our foreign exchange exposure results primarily from employee-related and other costs of running operations in foreign countries, foreign currency denominated purchases and translation of balance sheet accounts denominated in foreign currencies. Our primary foreign exchange exposure is to the RMB. We do not engage in hedging to manage foreign currency risk related to revenue and expenses denominated in RMB and HKD nor do we currently use derivative instruments to reduce exposure to foreign currency risk for a majority of our loans due from our foreign subsidiaries. However, we may consider the use of derivatives in the future. In general, our Chinese customers pay us in RMB, which partially mitigates this foreign currency exchange risk.

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Additionally, we do not enter into derivative financial instruments for trading or speculative purposes, nor have we experienced any losses to date on any derivative financial instruments due to counterparty credit risk.

See *Liquidity and Capital Resources and Credit Agreement, Term and Revolving Loans, Chinese Revolver and Convertible Senior Notes due 2020* appearing in Item 2 of this Form 10-Q for further discussion of our financing facilities and capital structure. As of March 28, 2016, approximately 20.9% of our total debt was based on fixed rates. Based on our borrowings as of March 28, 2016, after consideration of the 1% LIBOR floor currently reflected in our interest rates, an assumed 100 basis point change in variable rates would cause our annual interest cost to change by \$6.3 million.

Debt Instruments

The table below presents information about certain of our debt instruments as of March 28, 2016 and December 28, 2015.

	As of March 28, 2016							Fair Market Value	Weighted Average Interest Rate
	Remaining 2016	2017	2018	2019	2020	Thereafter	Total		
	(In thousands)								
US\$ Variable Rate	\$ 80,000	\$—	\$28,018	\$47,500	\$ 47,500	\$748,125	\$ 951,143	\$ 907,586	5.68%
US\$ Fixed Rate	358	377	401	427	\$250,475	—	252,038	222,388	1.79%
Total	\$ 80,358	\$377	\$28,419	\$47,927	\$297,975	\$748,125	\$1,203,181	\$1,129,974	

	As of December 28, 2015							Fair Market Value	Weighted Average Interest Rate
	2016	2017	2018	2019	2020	Thereafter	Total		
	(In thousands)								
US\$ Variable Rate	\$157,375	\$—	\$27,125	\$47,500	\$ 47,500	\$748,125	\$1,027,625	\$ 935,000	5.70%
US\$ Fixed Rate	—	—	—	—	250,000	—	250,000	230,950	1.75%
Total	\$157,375	\$—	\$27,125	\$47,500	\$297,500	\$748,125	\$1,277,625	\$1,165,950	

See Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, in our Annual Report on Form 10-K for the year ended December 28, 2015 for further discussion of market risks associated with interest rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on this evaluation, our CEO and CFO have concluded that, as of March 28, 2016, such disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures.

In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

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Changes in Internal Control Over Financial Reporting

As a result of our acquisition of Viasystems on May 31, 2015, we have adopted certain existing controls of Viasystems; however, there have been no other material changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 28, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. 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 believe that the amount of any reasonably possible or probable loss for known matters would not be material to our financial statements; however, 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 our financial condition, results of operations, or cash flows in a particular period.

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. The risk factors described below are not the only ones we face. Risks and uncertainties not known to us currently, or that may appear immaterial, also may have a material adverse effect on our business, financial condition, and results of operations.

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 report 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 Business

We have substantial outstanding indebtedness, and our outstanding indebtedness could adversely impact our liquidity and flexibility in obtaining additional financing, our ability to fulfill our debt obligations and our financial condition and results of operations.

We have substantial debt and, as a result, we have significant debt service obligations. On May 31, 2015, we entered into a \$950.0 million Term Loan, a \$150.0 million U.S. ABL, and a \$150.0 million Asia ABL. We drew \$80.0 million of the U.S. ABL at the closing of the acquisition of Viasystems. In addition, we and a number of our direct and indirect subsidiaries have various credit, letters of credit and guarantee facilities. The agreements governing these facilities have certain provisions that require us to repay borrowings in scheduled quarterly installments, which began on October 1, 2015. We may also be required to make an additional principal payment on an annual basis, based on certain parameters defined these agreements. During the quarter ended March 28, 2016, we made debt principal payments totaling \$76.5 million representing normal scheduled principal payments as well as an additional prepayment of principal. Such debt agreements also contain certain financial covenants which require us to maintain a specified consolidated leverage ratio and under the occurrence of certain events, a consolidated fixed charge coverage ratio.

Our indebtedness could have important consequences to us and our shareholders because in certain circumstances we may need to comply with the covenants in the agreements governing such indebtedness and dedicate funds to service our outstanding debt. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, which could in turn result in an event of default on such indebtedness;
- require us to use a substantial portion of our cash flow from operations for debt service payments, thereby reducing the availability of cash for working capital, capital expenditures, acquisitions and other general corporate purposes;
- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and other investments or general corporate purposes, which may limit our ability to execute our business strategy;
- diminish our ability to withstand a downturn in our business, the industry in which we operate or the economy generally and restrict us from exploiting business opportunities or making acquisitions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate or the general economy;

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- increase our vulnerability to general adverse economic and industry conditions, including movements in interest rates, which could result in increased borrowing costs;
- limit management's discretion in operating our business; and
- place us at a competitive disadvantage as compared to our competitors that have less debt as it could limit our ability to capitalize on future business opportunities and to react to competitive pressures or adverse changes.

We may be able to incur substantial additional debt in the future, some or all of which may be secured by a lien on our assets. If new debt or other liabilities or obligations are added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

Servicing our debt requires a significant amount of cash and we may not be able to generate sufficient cash to service all of our debt and may be forced to take other actions to satisfy our obligations under our debt, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations and to fund planned capital expenditures and expansion efforts depends on our ability to generate cash in the future and our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain regulatory, competitive, financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our debt.

If we are unable to meet our debt service obligations, we may be forced to reduce or delay investments or to sell assets, seek additional capital (which could include obtaining additional equity capital on terms that may be onerous or highly dilutive) or restructure or refinance our debt. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our operating results and available cash may in the future be insufficient to meet our debt service obligations. We could face substantial liquidity challenges and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or, if consummated, the proceeds of such dispositions may not be adequate to meet any debt service obligations then due.

We have pursued and intend to continue to pursue acquisitions of other businesses and may encounter risks associated with these activities, which could harm our business and operating results.

On May 31, 2015, we consummated the acquisition of Viasystems. This transaction and any other acquisitions we may pursue in the future 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 business. Risks related to an acquisition may include:

- 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;
- unforeseen expenses associated with the 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;
- 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 indefinite-lived intangible assets that will be subject to impairment testing and potential periodic impairment charges;
- become subject to litigation and environmental issues, which include product material content certifications related to conflict minerals;

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- incur unanticipated costs;
- incur large and immediate write-offs; 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. Failure to manage and successfully integrate acquisitions we make could have a material adverse effect on our business, financial condition, and results of operations. 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 any such acquisition.

Uncertainty and adverse changes in the economy and financial markets could have an adverse impact on our business and operating results.

Uncertainty or adverse changes in the economy could lead to a significant decline in demand for the end products manufactured by our customers, which, in turn, could result in a decline in the demand for our products and pressure to reduce our prices. As a result of the recent global economic downturn, many businesses appear to be experiencing weaker demand for their products and services and, as a result, are taking a more conservative stance in ordering component inventory. Any decrease in demand for our products could have an adverse impact on our financial condition, operating results and cash flows. Uncertainty and adverse changes in the economy could also increase the cost and decrease the availability of potential sources of financing and increase our exposure to losses from bad debts, either of which could have a material adverse effect on our financial condition, operating results and cash flows.

We may not fully realize the anticipated positive impacts to future financial results from our restructuring efforts.

In our Form 8-K filed on September 29, 2015, we announced restructuring plans that are designed to align capacity, overhead costs and operating expenses with market demand. Our ability to achieve the anticipated cost savings and other benefits from our restructuring efforts within expected time frames is subject to many estimates and assumptions, and may vary materially based on factors such as market conditions and the effect of our restructuring efforts on our work force. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. There can be no assurance that we will fully realize the anticipated positive impacts to future financial results from our current or future restructuring efforts. If our estimates and assumptions are incorrect or if other unforeseen events occur, we may not achieve the cost savings expected from such restructurings, and our business and results of operations could be adversely affected.

We may not realize the anticipated cost savings from the acquisition of Viasystems or may incur additional costs because of integration difficulties and other challenges, which could materially adversely affect our business, financial condition, and results of operations.

On May 31, 2015, we closed our acquisition of Viasystems. The success of the acquisition of Viasystems will depend, in part, on our ability to integrate Viasystems' business with our existing business and achieve efficiencies and cost savings, and no assurances can be given that we will be able to do so. In addition, in order to obtain the benefits of the acquisition of Viasystems, we must integrate Viasystems' operations. Such integration may be complex, and the failure to do so quickly and effectively may negatively affect earnings. The integration process may be complex, costly and time-consuming. The difficulties of integrating the operations of Viasystems' business include, among others:

- failure to implement our business plan for the combined business;
- unanticipated changes in applicable laws and regulations;
- failure to retain key employees;
- failure to retain customers;
- operating, competitive and market risks inherent in Viasystems' business and our business;
- the impact of the acquisition of Viasystems on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002; and
- unanticipated issues, expenses and liabilities.

Although we expect to realize strategic, operational, and financial benefits as a result of the acquisition of Viasystems, we cannot be certain whether, and to what extent, such benefits will be achieved in the future. We may not accomplish the integration of Viasystems' business smoothly, successfully or within the anticipated cost range or timeframe. The diversion of our management's attention from our current operations to the integration effort and any difficulties encountered in combining operations could prevent us from realizing the full benefits anticipated to result from the acquisition of Viasystems and could adversely affect our business, financial condition, and results of operations.

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We have identified \$55 million in annual cost savings, which are expected to be implemented within the first 12 months following the consummation of the acquisition of Viasystems. While our management believes these cost savings are achievable, our ability to achieve such estimated cost savings in the timeframe described is subject to various assumptions by management, which may or may not be realized. As a consequence, we may not be able to realize all of these cost savings within the time frame expected or at all. In addition, we may incur additional and/or unexpected costs in order to realize these cost savings.

We are subject to risks of currency fluctuations.

A portion of our cash and other current assets is held in currencies other than the U.S. dollar. As of March 28, 2016, we had an aggregate of approximately \$141.5 million in current assets denominated in Chinese Renminbi (RMB) and the Hong Kong Dollar (HKD). 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 on 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. To the extent that we may have outstanding indebtedness denominated in the U.S. dollar or in the HKD, the depreciation of the RMB against the U.S. dollar or the HKD may have a material adverse effect on our business, financial condition, and results of operations (including the cost of servicing, and the value on our balance sheet of, the U.S. dollar and HKD-denominated indebtedness). Additionally, we have revenues and costs denominated in currencies other than the U.S. dollar (primarily the RMB). Fluctuations in the exchange rates between the U.S. dollar and the RMB could result in increases or decreases in our costs or revenues which could negatively impact our business, financial condition, and results of operations. Significant inflation or disproportionate changes in foreign exchange rates could occur as a result of general economic conditions, acts of war or terrorism, changes in governmental monetary or tax policy, or changes in local interest rates. The impact of future exchange rate fluctuations between the U.S. dollar and the RMB and the U.S. dollar and the HKD cannot be predicted. Further, China's government imposes controls over the convertibility of RMB into foreign currencies, which subjects us to further currency exchange risk.

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. 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 PCB, 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. In addition, we manufacture products for a range of automotive customers. If any of our products are or are alleged to be defective, we may be required to participate in a recall of such products. As suppliers become more integral to the vehicle design process and assume more of the vehicle assembly functions, vehicle manufacturers are increasingly looking to their suppliers for contributions when faced with product liability claims or recalls. In addition, vehicle manufacturers, which have traditionally borne the costs associated with warranty programs offered on their vehicles, are increasingly requiring suppliers to guarantee or warrant their products and may seek to hold us responsible for some or all of the costs related to the repair and replacement of parts supplied by us to the vehicle manufacturer.

We are heavily dependent upon the worldwide electronics industry, which is characterized by economic cycles and fluctuations in product demand. A downturn in the electronics industry or prolonged global economic crisis could result in decreased demand for our manufacturing services and materially adversely affect our business, financial condition, and results of operations.

A majority of our revenue is generated from the electronics industry, which is characterized by intense competition, relatively short product life cycles, and significant fluctuations in product demand. The industry is subject to economic cycles and recessionary periods. 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. Consequently, our past operating results, earnings, and cash flows may not be indicative of our future operating results, earnings, and cash flows.

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We depend upon a relatively small number of OEM customers for a large portion of our sales, and a decline in sales to major customers would materially adversely affect our business, financial condition, and results of operations.

A small number of customers are responsible for a significant portion of our sales. Our five largest OEM customers accounted for approximately 29% and 47% of our net sales for the quarters ended March 28, 2016 and March 30, 2015, respectively, and one customer represented 10% of our sales for the quarter ended March 28, 2016. Sales attributed to OEMs include both direct sales as well as sales that the OEMs place through EMS providers. 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 would materially adversely affect our business, financial condition, and results of operations. 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 business, financial condition, and results of operations would be materially adversely affected.

In addition, during industry downturns, we may need to reduce prices to limit the level of order losses, and we may be unable to collect payments from our customers. There can be no assurance that key customers would not cancel orders, that they would continue to place orders with us in the future at the same levels as experienced by us in prior periods, that they would be able to meet their payment obligations, or that the end-products that use our products would be successful. This concentration of customer base may materially adversely affect our business, financial condition, and results of operations due to the loss or cancellation of business from any of these key customers, significant changes in scheduled deliveries to any of these customers, or decreases in the prices of the products sold to any of these customers.

If we are unable to maintain satisfactory capacity utilization rates, our business, financial condition, and results of operations would be materially adversely affected.

Given the high fixed costs of our operations, decreases in capacity utilization rates can have a significant effect on our business. Accordingly, our ability to maintain or enhance gross margins will continue to depend, in part, on maintaining satisfactory capacity utilization rates. In turn, our ability to maintain satisfactory capacity utilization will depend on the demand for our products, the volume of orders we receive, and our ability to offer products that meet our customers' requirements at competitive prices. If current or future production capacity fails to match current or future customer demands, our facilities would be underutilized, our sales may not fully cover our fixed overhead expenses, and we would be less likely to achieve expected gross margins. 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 materially adversely affect our business, financial condition, and results of operations.

In addition, we generally schedule our quick turnaround 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, as well as potentially causing disruptions in our ability to supply customers.

We rely on the cellular phone and mobile technology industry for a significant portion of sales. The economic volatility in this industry has had, and may continue to have, a material adverse effect on our ability to forecast demand and production and to meet desired sales levels.

A large percentage of our business is conducted with customers who are in the cellular phone and mobile technology industry. This industry is characterized by intense competition, short product life cycles, seasonality, particularly around the year-end holiday season, and significant fluctuations in consumer demand. This industry is heavily dependent on consumers and therefore can be affected by their demand patterns. If the volatility in this industry continues, it would have a material adverse effect on our business, financial condition, and results of operations.

Our 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.

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

- 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 cellular phone and tablet industries and quick-turn ordering patterns affect the overall PCB industry. These seasonal trends have caused fluctuations in our operating results in the past and may continue to do so in the future. Results of operations in any period should not be considered indicative of the results that may 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.

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We rely on the telecommunication industry for a significant portion of sales. The economic volatility in this industry has had, and may continue to have, a material adverse effect on our ability to forecast demand and production and to meet desired sales levels.

A large percentage of our business is conducted with customers who are in the telecommunication industry. This industry is characterized by intense competition, relatively short product life cycles, and significant fluctuations in product demand. This industry is heavily dependent on the end markets it serves and therefore can be affected by the demand patterns of those markets. If the volatility in this industry continues, it would have a material adverse effect on our business, financial condition, and results of operations.

Our results can be adversely affected by rising labor costs.

There is uncertainty with respect to rising labor costs, particularly within China, where we have most of our manufacturing facilities. In recent periods there have been regular and significant increases in the minimum wage payable in various provinces of China. In addition, we have experienced very high employee turnover in our manufacturing facilities in China, generally after the Chinese New Year, and we are experiencing ongoing difficulty in recruiting employees for these facilities. Furthermore, labor disputes and strikes based partly on wages have in the past slowed or stopped production by certain manufacturers in China. In some cases, employers have responded by significantly increasing the wages of workers at such plants. Any increase in labor costs due to minimum wage laws or customer requirements about scheduling and overtime that we are unable to recover in our pricing to our customers could materially adversely affect our business, financial condition, and results of operations. In addition, the high turnover rate and our difficulty in recruiting and retaining qualified employees and the other labor trends we are noting in China could result in a potential for defects in our products, production disruptions or delays, or the inability to ramp production to meet increased customer orders, resulting in order cancellation or imposition of customer penalties if we are unable to deliver products in a timely manner.

To respond to competitive pressures and customer requirements, we may further expand internationally in lower-cost locations. If we pursue such expansions, we may be required to make additional capital expenditures. In addition, the cost structure in certain countries that are now considered to be favorable may increase as economies develop or as such countries join multinational economic communities or organizations, causing local wages to rise. As a result, we may need to continue to seek new locations with lower costs and the employee and infrastructure base to support PCB manufacturing. We cannot assure investors that we will realize the anticipated strategic benefits of our international operations or that our international operations will contribute positively to our operating results.

In our North America operations, rising health care costs pose a significant labor-related risk. We work with our insurance brokers and carriers to control the cost of health care for our employees. However, there can be no assurance that our efforts will succeed, especially given recent and pending changes in government oversight of health care.

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

We are subject to income taxes in 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 materially adversely affected by changes in the mix of earnings in countries and states with differing statutory tax rates, changes in the valuation of deferred income 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 materially adversely affect our business, financial condition, and results of operations.

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 a valuation allowance against our net deferred income tax assets.

Certain of our foreign subsidiaries have deferred income tax assets. Based on our forecast for future taxable earnings for these foreign subsidiaries, we believe we will utilize the deferred income tax assets in future periods. However, if our estimates of future earnings decline, we may have to increase our valuation allowance against our net deferred income tax assets, resulting in a higher income tax provision, which would reduce our cash flows.

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As a result of the acquisition of Viasystems, our goodwill, indefinite-lived intangible assets, and other intangible assets on our consolidated condensed balance sheet have increased. If our goodwill, indefinite-lived intangible assets, or other intangible assets become impaired in the future, we would be required to record a material, non-cash charge to earnings, which would also reduce our stockholders' equity.

As of March 28, 2016, our consolidated condensed balance sheet reflected \$491.9 million of goodwill and definite-lived intangible assets. We periodically evaluate whether events and circumstances have occurred, such that the potential for reduced expectations for future cash flows coupled with further decline in the market price of our stock and market capitalization may indicate that the remaining balance of goodwill and definite-lived 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 definite-lived intangible assets, which could harm our results during the periods in which such a reduction is recognized.

We will perform our fiscal year 2016 annual impairment test during our fourth fiscal quarter. Given the recent volatility of our market capitalization, it is reasonably possible that we could record an impairment charge by fiscal year end when we conduct our annual impairment test.

Employee strikes and other labor-related disruptions may materially adversely affect our business, financial condition, and results of operations.

Our business is labor intensive, utilizing large numbers of engineering and manufacturing personnel. Strikes or labor disputes with our unionized employees, primarily in China, may adversely affect our ability to conduct our business. If we are unable to reach agreement with any of our unionized work groups on future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions or stoppages. Any of these events could be disruptive to our operations and could result in negative publicity, loss of contracts, and a decrease in revenues. We may also become subject to additional collective bargaining agreements in the future if more employees or segments of our workforce become unionized, including any of our employees in the United States. We have not experienced any labor problems resulting in a work stoppage, except for a brief work stoppage associated with the announcement of the closure of our Suzhou, China facility in September 2013.

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 five largest OEM customers accounted for approximately 29% and 47% of our net sales for the quarters ended March 28, 2016 and March 30, 2015, respectively. Additionally, our OEM customers often direct a significant portion of their purchases through a relatively limited number of EMS companies. Sales to EMS companies represented approximately 37% and 38% of our net sales for the quarters ended March 28, 2016 and March 30, 2015, respectively. 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 this 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 business, financial condition, and results of operations would be materially adversely affected.

We rely on suppliers for the timely delivery of raw materials and components used in manufacturing our PCBs and E-M Solutions. If a raw material supplier fails to satisfy our product quality standards, it could harm our customer relationships.

Although we have preferred suppliers for most of our raw materials, the materials we use are generally readily available in the open market, and other potential suppliers exist. The components for backplane assemblies in some cases have limited or sole sources of supply. 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 or component supplier fails to satisfy our product quality standards, including standards relating to "conflict minerals" (See "—We are subject to risks for the use of certain metals from "conflict minerals" originating in the Democratic Republic of the Congo."), 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.

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We serve customers and have manufacturing facilities outside the United States and are subject to the risks characteristic of international operations.

We have significant manufacturing operations in Asia and sales offices located in Asia and Europe, and we continue to consider additional opportunities to make foreign investments and construct new foreign facilities.

For the quarter ended March 28, 2016, we generated approximately 70% of our net sales from non-U.S. operations, and a significant portion of our manufacturing material was provided by international suppliers during this period. As a result, we are subject to risks relating to significant international operations, including but not limited to:

- managing international operations;
- imposition of governmental controls;
- unstable regulatory environments;
- compliance with employment laws;
- implementation of disclosure controls, internal controls, financial reporting systems, and governance standards to comply with U.S. accounting and securities laws and regulations;
- limitations on imports or exports of our product offerings;
- fluctuations in the value of local currencies;
- inflation or changes in political and economic conditions;
- labor unrest, rising wages, difficulties in staffing, and geographical labor shortages;
- 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;
- other potentially adverse tax consequences;
- imposition of restrictions on currency conversion or the transfer of funds;
- travel restrictions;
- expropriation of private enterprises; and
- the potential reversal of current favorable policies encouraging foreign investment and trade.

Our operations in China subject us to risks and uncertainties relating to the laws and regulations of China.

Under its current leadership, the government of China has been pursuing economic reform policies, including the encouragement of foreign trade and investment and greater economic decentralization. No assurance can be given, however, that the government of China will continue to pursue such policies, that such policies will be successful if pursued, or that such policies will not be significantly altered from time to time. Despite progress in developing its legal system, China does not have a comprehensive and highly developed system of laws, particularly with respect to foreign investment activities and foreign trade. Enforcement of existing and future laws and contracts is uncertain, and implementation and interpretation thereof may be inconsistent. As the Chinese legal system develops, the promulgation of new laws, changes to existing laws, and the preemption of local regulations by national laws may adversely affect foreign investors. Further, any litigation in China may be protracted and may result in substantial costs and diversion of resources and management's attention. In addition, though changes in government policies and rules are timely published or communicated, there is usually no indication of the duration of any grace period before which full implementation and compliance will be required. As a result, we may operate our business in violation of new rules and policies before full compliance can be achieved. These uncertainties could limit the legal protections available to us.

We depend on the U.S. government for a substantial portion of our business, which involves unique risks. Changes in government defense spending or regulations could have a material adverse effect on our business, financial condition, and results of operations.

A significant portion of our revenues is derived from products and services ultimately sold to the U.S. government by our OEM and EMS customers and is 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. The contracts between our direct customers and the government end user are subject to political and budgetary constraints and processes, changes in short-range and long-range strategic plans, the timing of contract awards, 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.

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For the quarter ended March 28, 2016, aerospace and defense sales accounted for approximately 15% of our total net sales. The substantial majority of aerospace and defense sales are related to both U.S. and foreign military and defense programs. While we do not sell any significant volume of products directly to the U.S. government, we are a supplier to the U.S. government and its agencies, as well as foreign governments and agencies. Consequently, our sales are affected by changes in the defense budgets of the U.S. and foreign governments and may be affected by federal budget sequestration measures.

The domestic and international threat of terrorist activity, emerging nuclear states, and conventional military threats have led to an increase in demand for defense products and services and homeland security solutions in the recent past. The U.S. government, however, is facing unprecedented budgeting constraints. 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, financial condition, and results of operations.

Future changes to the U.S. Munitions List could reduce or eliminate restrictions that currently apply to some of the products we produce. If these regulations or others are changed in a manner that reduces restrictions on products being manufactured overseas, we would likely face an increase in the number of competitors and increased price competition from overseas manufacturers, who are restricted by the current export laws from manufacturing products for U.S. defense systems.

We are subject to the requirements of the National Industrial Security Program Operating Manual for our facility security clearance, which is a prerequisite to our ability to perform on classified contracts for the U.S. government.

A facility security clearance is required in order to be awarded and perform on classified contracts for the Department of Defense and certain other agencies of the U.S. government. As a cleared entity, we must comply with the requirements of the National Industrial Security Program Operating Manual (NISPOM), and any other applicable U.S. government industrial security regulations. Further, due to the fact that a significant portion of our voting equity is owned by a non-U.S. entity, we are required to be governed by and operate in accordance with the terms and requirements of the Special Security Agreement (the SSA). The terms of the SSA have been previously disclosed in our SEC filings.

If we were to violate the terms and requirements of the SSA, the NISPOM, or any other applicable U.S. government industrial security regulations (which may apply to us under the terms of classified contracts), we could lose our security clearance. We cannot be certain that we will be able to maintain our security clearance. If for some reason our security clearance is invalidated or terminated, we may not be able to continue to perform on classified contracts and would not be able to enter into new classified contracts, which could materially adversely affect our business, financial condition, and results of operations.

We participate in the competitive automotive industry, which has strict quality control standards.

As a result of the acquisition of Viasystems, a significant portion of our sales are to customers within the automotive industry. If there was a destabilization of the automotive industry or a market shift away from our automotive customers, it may have a materially adverse effect on our business, financial condition, and results of operations.

In addition, for safety reasons, automotive customers have strict quality standards that generally exceed the quality requirements of other customers. If such products do not meet these quality standards, our business, financial condition, and results of operations may be materially adversely affected. These automotive customers may require long periods of time to evaluate whether our manufacturing processes and facilities meet their quality standards. If we were to lose automotive customers due to quality control issues, we might not be able to regain those customers or gain new automotive customers for long periods of time, which could have a material adverse effect on our business, financial condition, and results of operations. Moreover, we may be required under our contracts with automotive industry customers to indemnify them for the cost of warranties and recalls relating to our products.

Competition in the PCB 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 PCB 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 PCB and substrate competitors include AT & S Austria Technologie & Systemtechnik AG, Chin Poon Industrial Co., LTD., Compeq Manufacturing Co., Ltd., IBIDEN Co., Ltd., ISU Petasys Co., Ltd., Multek Corporation, Sanmina Corporation, Tripod Technology Corp., Unimicron Technology Corp., and Wus Printed Circuit Co., Ltd. Our principal E-M Solutions competitors include Amphenol Corp, Flex, Jabil Circuit, Inc. and Sanmina Corporation. 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;

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- 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 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 would cause our gross margins to decline.

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. For example, in 2016 we expect to continue to make significant capital expenditures to expand our HDI and other advanced manufacturing capabilities. We may not be able to obtain access to additional sources of funds in order to respond to technological changes as quickly as our competitors.

In addition, the PCB 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 will require us to make significant capital investments.

An increase in the cost of raw materials could have a material adverse effect on our business, financial condition, and results of operations and reduce our gross margins.

To manufacture PCBs, 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. 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. If raw material and component prices increase, it may reduce our gross margins.

If we are unable to provide our customers with high-end technology, high-quality products, and responsive service, or if we are unable to deliver our products to our customers in a timely manner, our business, financial condition, and results of operations may be materially adversely affected.

In order to maintain our existing customer base and obtain business from new customers, we must demonstrate our ability to produce our products at the level of technology, quality, responsiveness of service, timeliness of delivery, and cost that our customers require. If our products are of substandard quality, if they are not delivered on time, if we are not responsive to our customers' demands, or if we cannot meet our customers' technological requirements, our reputation as a reliable supplier of our products would likely be damaged. If we are unable to meet anticipated product and service standards, we may be unable to obtain new contracts or keep our existing customers, and this would have a material adverse effect on our business, financial condition, and results of operations.

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We are subject to risks for the use of certain metals from “conflict minerals” originating in the Democratic Republic of the Congo.

During the third quarter of 2012, the SEC adopted rules implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). These rules impose diligence and disclosure requirements regarding the use of “conflict minerals” mined from the Democratic Republic of Congo and adjoining countries as required by Dodd-Frank. While these new rules continue to be the subject of ongoing litigation and, as a result, uncertainty, we submitted a conflict minerals report on Form SD with the SEC on June 2, 2014 and May 14, 2015. Compliance with these rules is likely to result in additional costs and expenses, including costs and expenses incurred for due diligence to determine and verify the sources of any conflict minerals used in our products, in addition to the costs and expenses of remediation and other changes to products, processes, or sources of supply as a consequence of such verification efforts. These rules may also affect the sourcing and availability of minerals used in the manufacture of our PCBs, as there may be only a limited number of suppliers offering “conflict free” minerals that can be used in our products. There can be no assurance that we will be able to obtain such minerals in sufficient quantities or at competitive prices. Also, since our supply chain is complex, we may, at a minimum, face reputational challenges with our customers, stockholders, and other stakeholders if we are unable to sufficiently verify the origins of the minerals used in our products. We may also encounter customers who require that all of the components of our products be certified as conflict free. If we are not able to meet customer requirements, such customers may choose to disqualify us as a supplier, which could impact our sales and the value of portions of our inventory.

Damage to our manufacturing facilities due to fire, natural disaster, or other events could materially adversely affect our business, financial condition, and results of operations.

The destruction or closure of any of our facilities for a significant period of time as a result of fire, explosion, blizzard, act of war or terrorism, flood, tornado, earthquake, lightning, other natural disasters, an outbreak of epidemics such as Ebola or severe acute respiratory syndrome, required maintenance, or other events could harm us financially, increasing our costs of doing business and limiting our ability to deliver our manufacturing services on a timely basis.

Our insurance coverage with respect to damages to our facilities or our customers’ products caused by natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate or continue to be available at commercially reasonable rates and terms.

In the event one or more of our facilities is closed on a temporary or permanent basis as a result of a natural disaster, required maintenance or other event, or in the event that an outbreak of a serious epidemic results in quarantines, temporary closures of offices or manufacturing facilities, travel restrictions or the temporary or permanent loss of key personnel, our operations could be significantly disrupted. Such events could delay or prevent product manufacturing and shipment for the time required to transfer production or repair, rebuild or replace the affected manufacturing facilities. This time frame could be lengthy and result in significant expenses for repair and related costs. While we have disaster recovery plans in place, there can be no assurance that such plans will be sufficient to allow our operations to continue in the event of every natural or man-made disaster, pandemic, required repair or other extraordinary event. Any extended inability to continue our operations at unaffected facilities following such an event would reduce our revenue and potentially damage our reputation as a reliable supplier.

We face constant pricing pressure from our customers and competitors, which may decrease our profit margins.

Competition in the PCB market is intense, and we expect that competition will continue to increase, thereby creating a highly aggressive pricing environment. We and some of our competitors have reduced average selling prices in the past. In addition, competitors may reduce their average selling prices faster than our ability to reduce costs, which can also accelerate the rate of decline of our selling prices. When prices decline, we may also be required to write down the value of our inventory.

The effects of such pricing pressures on our business may be exacerbated by inflationary pressures that affect our costs of supply. When we are unable to extract comparable concessions from our suppliers on prices they charge us, this in turn reduces gross profit if we are unable to raise prices. Further, uncertainty or adverse changes in the economy could also lead to a significant decline in demand for our products and pressure to reduce our prices. As a result of the recent global economic downturn, many businesses have taken a more conservative stance in ordering inventory. Any decrease in demand for our products, coupled with pressure from the market and our customers to decrease our prices, would materially adversely affect our business, financial condition, and results of operations.

The pricing pressure we face on our products requires us to introduce new and more advanced technology products to maintain average selling prices or reduce any declines in average selling prices. As we shift production to more advanced, higher-density PCBs, we tend to make significant investments in plants and other capital equipment and incur higher costs of production, which may not be recovered.

The prominence of EMS companies as our customers could reduce our gross margins, potential sales, and customers.

Sales to EMS companies represented approximately 37% and 38% of our net sales for the quarters ended March 28, 2016 and March 30, 2015, respectively. 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 has in the past, and could in the future, 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 PCBs 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 PCBs and creation of backplane assemblies to these EMS providers, our business, financial condition, and results of operations may be materially adversely affected.

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If we are unable to manage our growth effectively, our business, financial condition, and results of operations could be materially adversely affected.

We have experienced, and expect to continue to experience, growth in the scope and complexity of our operations. This growth may strain our managerial, financial, manufacturing, and other resources. In order to manage our growth, we may be required to continue to implement additional operating and financial controls and hire and train additional personnel. There can be no assurance that we will be able to do so in the future, and failure to do so could jeopardize our expansion plans and seriously harm our operations. In addition, growth in our capacity could result in reduced capacity utilization and a corresponding decrease in gross margins.

Our international sales are subject to laws and regulations relating to corrupt practices, trade, and export controls and economic sanctions. Any non-compliance could have a material adverse effect on our business, financial condition, and results of operations.

We operate on a global basis and are subject to anti-corruption, anti-bribery, and anti-kickback laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act (the FCPA). The FCPA and similar anti-corruption, anti-bribery, and anti-kickback laws in other jurisdictions generally prohibit companies and their intermediaries and agents from making improper payments to government officials or any other persons for the purpose of obtaining or retaining business. We operate and sell our products in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-corruption, anti-bribery, and anti-kickback laws may conflict with local customs and practices. We also, from time to time, undertake business ventures with state-owned companies or enterprises.

Our global business operations must also comply with all applicable domestic and foreign export control laws, including International Traffic In Arms Regulations (ITAR), and Export Administration Regulations (EAR). Some items we manufacture are controlled for export by the U.S. Department of Commerce's Bureau of Industry and Security under EAR.

We train our employees concerning anti-corruption, anti-bribery, and anti-kickback laws and compliance with international regulations regarding trades and exports, and we have policies in place that prohibit employees from making improper payments. We cannot provide assurances that our internal controls and procedures will guarantee compliance by our employees or third parties with whom we work. If we are found to be liable for violations of the FCPA or similar anti-corruption, anti-bribery, or anti-kickback laws in international jurisdictions or for violations of ITAR, EAR, or other similar regulations regarding trades and exports, either due to our own acts or out of inadvertence, or due to the inadvertence of others, we could suffer criminal or civil fines or penalties or other repercussions, including reputational harm, which could have a material adverse effect on our business, financial condition, and results of operations.

Our global business operations also must be conducted in compliance with applicable economic sanctions laws and regulations, such as laws administered by the U.S. Department of the Treasury's Office of Foreign Asset Control, the U.S. State Department, and the U.S. Department of Commerce. We must comply with all applicable economic sanctions laws and regulations of the United States and other countries. Violations of these laws or regulations could result in significant additional sanctions including criminal or civil fines or penalties, more onerous compliance requirements, more extensive debarments from export privileges, or loss of authorizations needed to conduct aspects of our international business.

In certain countries, we may engage third-party agents or intermediaries, such as customs agents, to act on our behalf, and if these third-party agents or intermediaries violate applicable laws, their actions may result in criminal or civil fines or penalties or other sanctions being assessed against us. We take certain measures designed to ensure our compliance with U.S. export and economic sanctions laws, anti-corruption laws and regulations, and export control laws. However, it is possible that some of our products were sold or will be sold to distributors or other parties, without our knowledge or consent, in violation of applicable law. There can be no assurances that we will be in compliance in the future. Any such violation could result in significant criminal or civil fines, penalties, or other sanctions and repercussions, including reputational harm, which could have a material adverse effect on our business, financial condition, and results of operations.

Our failure to comply with the requirements of environmental laws could result in litigation, fines, revocation of permits necessary to our manufacturing processes, or debarment from our participation in federal government contracts.

Our operations are regulated under a number of federal, state, local, 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, the Toxic Substances Control Act, and the Federal Motor Carrier Safety Improvement Act, as well as analogous state, local, 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. 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, 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.

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Environmental law violations, including the failure to maintain required environmental permits, could subject us to fines, penalties, and other sanctions, including the revocation of our effluent discharge permits. This could require us to cease or limit production at one or more of our facilities and could have a material adverse effect on our business, financial condition, and results of operations. Even if we ultimately prevail, environmental lawsuits against us would be time consuming and costly to defend.

Environmental laws have generally become more stringent and this trend may continue 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 relocation to another global location where prohibitive regulations do not exist. It is possible that environmental compliance costs and penalties from new or existing regulations may materially adversely affect our business, financial condition, and results of operations.

We are increasingly required to certify compliance with various material content restrictions in our products based on laws of various jurisdictions or territories such as the Restriction of Hazardous Substances (RoHS) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) directives in the European Union and China's RoHS legislation. Similar laws have been adopted in other jurisdictions and may become increasingly prevalent. In addition, we must also certify as to the non-applicability of the EU's Waste Electrical and Electronic Equipment directive for certain products that we manufacture. The REACH directive requires the identification of Substances of Very High Concern (SVHCs) periodically. We must survey our supply chain and certify to the non-presence or presence of SVHCs to our customers. 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 certifications.

We are also subject to a variety of environmental laws and regulations in China, which impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage, and disposal of solid and hazardous wastes. The manufacturing of our products generates gaseous chemical wastes, liquid wastes, waste water, and other industrial wastes from various stages of the manufacturing process. Production sites in China are subject to regulation and periodic monitoring by the relevant environmental protection authorities. Environmental claims or the failure to comply with current or future regulations could result in the assessment of damages or imposition of fines against us, suspension of production, or cessation of operations.

The process to manufacture PCBs requires adherence to city, county, state, federal, and foreign environmental regulations regarding the storage, use, handling, and disposal of chemicals, solid wastes, and other hazardous materials, as well as compliance with air quality standards and chemical use reporting. In China, governmental authorities have adopted new rules and regulations governing environmental issues. An update to Chinese environmental waste water law was issued in late 2012, allowing for an interim period in which plants subject to such law may install equipment that meets the new regulatory regime. Our plants in China are not yet in full compliance with the newly adopted environmental regulations. There can be no assurance that violations will not occur in the future.

Employee theft or fraud could result in loss.

Certain of our employees have access to, or signature authority with respect to, bank accounts or other company assets, which could expose us to fraud or theft. In addition, certain employees have access to certain precious metals used in connection with our manufacturing and key information technology (IT) infrastructure and to customer and other information that is commercially valuable. Should any employee, for any reason, steal any such precious metals (which has occurred from time to time), compromise our IT systems, or misappropriate customer or other information, we could incur losses, including losses relating to claims by our customers against us, and the willingness of customers to do business with us may be damaged. Additionally, in the case of our defense business, we could be debarred from future participation in government programs. Any such losses may not be fully covered by insurance.

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.

Although we have long-term contracts with many customers, those contracts generally do not contain volume commitments. We generally sell to customers on a purchase order basis. Our quick-turn orders are subject to particularly short lead times. Consequently, our 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, subject to negotiations. The level and timing of orders placed by our customers may vary due to:

- customer attempts to manage inventory;

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- changes in customers' manufacturing strategies, such as a decision by a customer to either diversify or consolidate the number of PCB 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 materially adversely affect our business, financial condition, and results of operations.

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

Increasingly, our customers are requesting that we enter into supply agreements with them. These agreements typically do not include volume commitments, but do include provisions that generally serve to increase our exposure for product liability and limited sales returns, 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 could materially adversely affect our cash flow, business, financial condition, and results of operations.

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 financial results and future growth could be materially adversely affected.

Consolidation among our customers could materially adversely affect our business, financial condition, and results of operations.

Recently, some of our large customers have consolidated, and further consolidation of customers may occur. 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 could result in the termination of a product line that we currently support. While there is potential for increasing our position with the combined customer, 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 customer because of its increased market share.

We may need additional capital in the future to fund investments in our operations, refinance our indebtedness, and to maintain and grow our business, and such capital may not be available on a timely basis, on acceptable terms, or at all.

Our business is capital-intensive, and our ability to increase revenue, profit, and cash flow depends upon continued capital spending. To the extent that the funds generated by our ongoing operations are insufficient to cover our liquidity requirements, we may need to raise additional funds through financings. If we are unable to fund our operations and make capital expenditures as currently planned or if we do not have sufficient liquidity to service the interest and principal payments on our debt, it would have a material adverse effect on our business, financial condition, and results of operations. If we do not achieve our expected operating results, we would need to reallocate our sources and uses of operating cash flows. This may include borrowing additional funds to service debt payments, which may impair our ability to make investments in our business. Looking ahead at long-term needs, we may need to raise additional funds for a number of purposes, including the following:

- to fund capital equipment purchases to increase production capacity, upgrade and expand our technological capabilities and replace aging equipment or introduce new products;
- to refinance our existing indebtedness;
- to fund our operations beyond 2016;
- to fund working capital requirements for future growth that we may experience;
- to enhance or expand the range of services we offer;
- to increase our sales and marketing activities; or
- to respond to competitive pressures or perceived opportunities, such as investment, acquisition, and international expansion activities.

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Should we need to raise funds through incurring additional debt, we may become subject to covenants even more restrictive than those contained in our current debt instruments. There can be no assurance that additional capital, including any future equity or debt financing, would be available on a timely basis, on favorable terms, or at all. If such funds are not available to us when required or on acceptable terms, our business, financial condition, and results of operations could be materially adversely affected.

Our operations could be materially adversely affected by a shortage of utilities or a discontinuation of priority supply status offered for such utilities.

The manufacturing of PCBs requires significant quantities of electricity and water. Our Asia Pacific operations have historically purchased substantially all of the electrical power for their manufacturing plants in China from local power plants. Because China's economy has recently been in a state of growth, the strain on the nation's power plants is increasing, which has led to continuing power outages in various parts of the country. There may be times when our operations in China may be unable to obtain adequate sources of electricity to meet production requirements. Various regions in China have in the past experienced shortages of both electricity and water and unexpected interruptions of power supply. From time to time, the Chinese government rations electrical power, which can lead to unscheduled production interruptions at our manufacturing facilities.

In addition, certain of the areas in which our North America operations have manufacturing facilities, particularly in California, have experienced power and resource shortages from time to time, including mandatory periods without electrical power, changes to water availability, and significant increases in utility and resource costs. California has also recently experienced drought conditions, prompting the Governor of California to proclaim a Drought State of Emergency. Due to the severe drought conditions, some local and regional water districts and the state government are implementing policies or regulations that restrict water usage and increase the cost of water.

We do not generally maintain any back-up power generation facilities or reserves of water for our operations, so if we were to lose supplies of power or water at any of our facilities, we would be required to cease operations until such supply was restored. Any resulting cessation of operations could materially adversely affect our ability to meet our customers' orders in a timely manner, thus potentially resulting in a loss of business, along with increased costs of manufacturing, and under-utilization of capacity. In addition, the sudden cessation of our power or water supply could damage our equipment, resulting in the need for costly repairs or maintenance, as well as damage to products in production, resulting in an increase in scrapped products.

For example, in the third quarter of 2014, one of our principal plants was affected by a five day unexpected power outage, which increased our manufacturing costs and caused delivery delays. There can be no assurance that our required utilities would not in the future experience material interruptions, which could have a material adverse effect on our business, financial condition, and results of operations.

Outages, computer viruses, break-ins, and similar events could disrupt our operations, and breaches of our security systems may cause us to incur significant legal and financial exposure.

We rely on information technology networks and systems, some of which are owned and operated by third parties, to process, transmit, and store electronic information. In particular, we depend on our information technology infrastructure for a variety of functions, including worldwide financial reporting, inventory management, procurement, invoicing, and email communications. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks, and similar events. Despite the implementation of network security measures, our systems and those of third parties on which we rely may also be vulnerable to computer viruses, break-ins, and similar disruptions. If we or our vendors are unable to prevent such outages and breaches, our operations could be disrupted. If unauthorized parties gain access to our information systems or such information is used in an unauthorized manner, misdirected, lost, or stolen during transmission, any theft or misuse of such information could result in, among other things, unfavorable publicity, governmental inquiry and oversight, difficulty in marketing our services, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties, and possible financial obligations for damages related to the theft or misuse of such information, any of which could have a material adverse effect on our business, financial condition, and results of operations.

We may be unable to hire and retain sufficient qualified personnel, and the loss of any of our key executive officers could materially adversely affect our business, financial condition, and results of operations.

We believe that our future success will depend in large part on our ability to attract and retain highly skilled, knowledgeable, sophisticated, and qualified managerial and professional personnel. We may not be able to retain our executive officers and key personnel or attract additional qualified management in the future. We can make no assurances that future changes in executive management will not have a material adverse effect on our business, financial condition, or results of operations. 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.

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In addition, key employees may depart for a variety of reasons, including because of issues relating to the difficulty of integration or accelerated retirement in connection with our acquisition of Viasystems. If key employees depart, the integration process may be more difficult and could have a material adverse effect on our business, financial condition, and results of operations. Furthermore, we may have to incur significant costs in identifying and hiring replacements for departing employees and may lose significant expertise and talent relating to our businesses, and our ability to realize the anticipated benefits of the acquisition of Viasystems may be adversely affected. In addition, there could be disruptions to or distractions for the workforce and management associated with integrating employees. Accordingly, no assurance can be given that we will be able to attract or retain key employees or that the loss of any key executive officers would not materially adversely affect our business, financial condition, and results of operations.

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 materially adversely affect our business, financial condition, and results of operations.

We have limited patent or trade secret protection for our manufacturing processes. We rely on the collective experience of our employees involved in our manufacturing processes to ensure that 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. For example, we have experienced a significant amount of employee attrition in our China operations each year, which has negatively impacted our yield, costs of production, and service times.

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 rely on a combination of copyright, patent, trademark, and trade secret laws, confidentiality procedures, contractual provisions, and other measures to protect our proprietary information. All of these measures afford only limited protection. These measures may be invalidated, circumvented, or challenged, and others may develop technologies or processes that are similar or superior to our technology. We may not have the controls and procedures in place that are needed to adequately protect proprietary information. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy our products or obtain or use information that we regard as proprietary, which could materially adversely affect our business, financial condition, and results of operations.

Furthermore, there is a risk that we may infringe on the intellectual property rights of others. As is the case with many other companies in the PCB industry, we from time to time receive communications from third parties asserting patent rights to our products and enter into discussions with such third parties. Irrespective of the validity or the successful assertion of such claims, we could incur costs in either defending or settling any intellectual property disputes alleging infringement. If any claims are brought against the customers for such infringement, whether or not these have merit, we could be required to expend significant resources in defending such claims. In the event we are subject to any infringement claims, we may be required to spend a significant amount of money to develop non-infringing alternatives or obtain licenses. We may not be successful in developing such alternatives or in obtaining such licenses on reasonable terms or at all, which could disrupt the production processes, damage our reputation, and materially adversely affect our business, financial condition, and results of operations.

Our business, financial condition, and results of operations could be materially adversely affected by climate change initiatives.

Our manufacturing processes require that we purchase significant quantities of energy from third parties, which results in the generation of greenhouse gases, either directly on-site or indirectly at electric utilities. Both domestic and international legislation to address climate change by reducing greenhouse gas emissions could create increases in energy costs and price volatility. Considerable international attention is now focused on development of an international policy framework to guide international action to address climate change. Proposed and existing legislative efforts to control or limit greenhouse gas emissions could affect our energy sources and supply choices, as well as increase the cost of energy and raw materials that are derived from sources that generate greenhouse gas emissions.

Our business relationships may be subject to disruption due to uncertainty associated with the acquisition of Viasystems.

Parties with which we do business may experience uncertainty associated with our acquisition of Viasystems, including current or future business relationships with the combined company. Our business relationships may be subject to disruption, as customers, distributors, suppliers, vendors, and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than the combined company. These disruptions could have a material adverse effect on the business, financial condition, or results of operations of the combined company, including a material adverse effect on our ability to realize the anticipated benefits of the acquisition of Viasystems.

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Failure to maintain good relations with the noncontrolling interest holder of a majority-owned subsidiary of TTM in China could materially adversely affect our ability to manage that operation.

A noncontrolling interest holder owns a 5% interest in a subsidiary of TTM that operates the Huiyang, China facility that became a part of our operations through the acquisition of Viasystems. The noncontrolling interest holder is affiliated with the Chinese government and has close ties to local economic development and other Chinese government agencies. The noncontrolling interest holder has certain rights to be consulted and to consent to certain operating and investment matters concerning the Huiyang facility and the board of directors of our subsidiary that operates the Huiyang facility. Failure to maintain good relations with the noncontrolling interest holder could materially adversely affect our ability to manage the operations of the plant.

Security breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data in our data centers and on our networks, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our employees. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, disrupt our operations, damage our reputation, and cause a loss of confidence in our products and services, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Exhibits</u>
10.1±	Form of Executive Change in Control Severance Agreement and schedule of agreements
31.1	CEO Certification Pursuant to Section 302 of the Sarbanes — Oxley Act of 2002.
31.2	CFO Certification Pursuant to Section 302 of the Sarbanes — Oxley Act of 2002.
32.1	CEO Certification Pursuant to Section 906 of the Sarbanes — Oxley Act of 2002.
32.2	CFO Certification Pursuant to Section 906 of the Sarbanes — Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Documents
101.DEF	XBRL Taxonomy Extension Definition Linkbase Documents
101.LAB	XBRL Taxonomy Extension Label Linkbase Documents
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Documents
±	Management contract or Compensation Plan

SIGNATURES

Pursuant to the requirements 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.

Dated: May 6, 2016

/s/ Thomas T. Edman

Thomas T. Edman
President and Chief Executive Officer

Dated: May 6, 2016

/s/ Todd B. Schull

Todd B. Schull
Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibits</u>
10.1±	Form of Executive Change in Control Severance Agreement and schedule of agreements
31.1	CEO Certification Pursuant to Section 302 of the Sarbanes — Oxley Act of 2002.
31.2	CFO Certification Pursuant to Section 302 of the Sarbanes — Oxley Act of 2002.
32.1	CEO Certification Pursuant to Section 906 of the Sarbanes — Oxley Act of 2002.
32.2	CFO Certification Pursuant to Section 906 of the Sarbanes — Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Documents
101.DEF	XBRL Taxonomy Extension Definition Linkbase Documents
101.LAB	XBRL Taxonomy Extension Label Linkbase Documents
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Documents
±	Management contract or Compensation Plan

FORM OF EXECUTIVE CHANGE IN CONTROL SEVERANCE AGREEMENT

This Executive Change in Control Severance Agreement (this "**Agreement**"), is made as of the _____ day of _____, 20____ (the "**Effective Date**"), by and between TTM Technologies, Inc., a Delaware corporation (the "**Company**"), and _____ (the "**Executive**").

Recitals

A. The Executive currently serves as _____ of the Company.

B. The Board of Directors of the Company (the "**Board**") acknowledges that the potential for a change in control of the Company, whether friendly or hostile, currently exists and from time to time in the future will exist, which potential can give rise to uncertainty among the senior executives of the Company. The Board considers it essential to the best interests of the Company to reduce the risk of the Executive's departure and the inevitable distraction of the Executive's attention from his or her duties to the Company, which are normally attendant to such uncertainties.

C. The Executive 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 the Company and, accordingly, desires to enter into this Agreement.

Agreement

In consideration of the foregoing and the mutual covenants contained herein, the Company and the Executive agree as follows:

1. **Definitions.** Capitalized terms used herein shall have the meanings given to them in Appendix I attached hereto, except where the context requires otherwise.

2. **Term of Agreement.** This Agreement shall be effective as of the Effective Date and shall continue in effect until the second anniversary of the Effective Date, *provided, however*, that the term of this Agreement automatically shall be extended for one additional year effective as of each anniversary of the Effective Date beginning with the second anniversary, unless either the Company or the Executive provides written notice to the other that the term of this Agreement shall terminate on the upcoming anniversary of the Effective Date, *provided* such notice is received by the receiving party not less than ninety (90) days prior to the intended date of termination and *provided further* that the Company shall not be entitled to deliver to the Executive such notice in the event of a Change in Control or a Pending Change in Control. Notwithstanding the foregoing, this Agreement shall terminate immediately upon the later to occur of (a) the termination of the Executive's employment other than in the event of a Change in Control or a Pending Change in Control or (b) 12 months following a Change in Control.

3. **At Will Employment; Reasons for Termination.** The Executive's employment shall continue to be at-will, as defined under applicable law. If the Executive's employment terminates for any reason or no reason, the Executive shall not be entitled to any compensation, benefits, damages, awards or other payments in respect of such termination, except as provided in this Agreement or pursuant to the terms of any Applicable Benefit Plan. The Executive's employment shall be deemed to be terminated upon the first to occur of the following: (a) the Executive's voluntary resignation; (b) termination by the Company for any reason; (c) the Executive's death or Long-Term Disability; and (d) termination by the Executive for Good Reason following a Change in Control.

4. **Legal Benefits; Accrued Compensation; Severance Amount**

(a) **Compensation and Benefits Required by Law or Applicable Benefit Plan** Notwithstanding anything to the contrary herein, the Executive or his or her estate shall be entitled to receive any and all compensation, benefits, awards and other payments required by any Applicable Benefit Plan, the COBRA Act or other applicable law, (the "**Legal Benefits**") at such times and in such manner as set forth in the Applicable Benefit Plan, COBRA Act or other applicable law.

(b) **Involuntary Termination.** In addition to the Legal Benefits referred to in paragraph 4(a) above, in the event the Executive's employment is terminated under circumstances constituting an Involuntary Termination, the Executive shall be entitled to receive:

(i) within 15 calendar days after the Date of Termination, the Executive's Accrued Compensation through the Date of Termination;

(ii) on the 61st day after the Date of Termination, provided the requirements referenced in paragraph 4(c) below have been satisfied and subject to paragraphs 12 and 13 below, a lump sum amount in cash equal to two times the sum of (A) the Executive's annual Base Salary, plus (B) the Executive's Target Bonus (the **Severance Amount**); and

(iii) if the Executive timely elects to receive continuation of group health coverage for the Executive and his or her dependents pursuant to the COBRA Act, provided the requirements referenced in paragraph 4(c) below have been satisfied, then the Company shall pay the COBRA premiums for the Executive and his or her dependents for six (6) months following the Date of Termination (the "**COBRA Payments**"). In the event that the requirements reference in paragraph 4(c) below fail to be satisfied, then the Company's obligation to make the COBRA Payments shall immediately cease and no longer have any force or effect, and to the extent that the Company has previously made any such COBRA Payments on behalf of the Executive, the Executive shall immediately repay such amounts to the Company.

(c) **No Payment nor Acceleration Without Release** Notwithstanding anything to the contrary contained herein, the Executive shall not be entitled to any Severance Amount referenced in paragraph 4(b)(ii) above, the COBRA Payments reference in paragraph 4(b)(iii) above or the acceleration of vesting reference in paragraphs 5 below, unless and until he or she has provided to the Company a full release of claims, substantially in the form of Appendix II attached hereto, which release (i) shall be dated not earlier than the date of the termination of his or her employment, (ii) shall be executed within sixty (60) days after the Date of Termination; (iii) not have been revoked by the Executive and (iv) shall release the Company of any claims that the Executive may have in respect of his or her employment with the Company or the termination thereof.

5. Effect on Stock Option, Restricted Stock, Restricted Stock Unit and Performance-Based Restricted Stock Unit Awards The effect of a Change in Control with respect to any then outstanding equity awards that were granted to the Executive, including, without limitation, Options, Restricted Stock, RSUs and PRUs, shall be governed by the terms and conditions set forth in the applicable award agreements and the equity plan such awards were granted thereunder; provided, however, notwithstanding anything to the contrary in any individual agreement or any equity plan, in the event of an Involuntary Termination, then the unvested portions of all of the Executive's time-vest RSUs then outstanding shall immediately vest, in full, as of the Date of Termination of the Executive.

6. Restrictive Covenants. In the event Executive employment is terminated under circumstance constituting an Involuntary Termination, and Executive executes the Release and Covenant Not To Sue (Attachment A to Appendix II to this Agreement) and receives the consideration provided for in the Agreement, Executive must also comply with the following restrictive covenants for a period of twelve (12) months following the Date of Termination:

(a) Executive will not directly or indirectly solicit, influence, entice or encourage any person who is employed by the Company on or after the date of his or her termination date to accept employment with any new employer or to otherwise cease his or her relationship with the Company. The restrictions set forth in this paragraph 6(a) mean, among other things, that Executive will refrain from disclosing the names of the Company's employees, or any information about them, and will refrain from in any way assisting any new employer in recruiting or hiring any of the Company's employees or former employees.

(b) Executive will not, directly or indirectly (on his or her own behalf or on behalf of another person or entity) interfere with, disrupt or attempt to disrupt any present or prospective relationship, contractual or otherwise, between the Company and any of its customers, suppliers or employees. The restrictions set forth in this paragraph 6(b) include, among other things, that Employee will not sell or attempt to sell services and/or products similar to those which the Company offers to its customers.

7. Non-Disparagement Employee will refrain from making any false representations or statements, whether written or oral, to any person or entity, including but not limited to customers or competitors of the Company, or any comments which are intended to disparage the Company or its parent, subsidiaries or managing agents or any of their directors or officers. This provision does not prohibit Employee from participating in an EEOC or other civil rights

enforcement agency charge, investigation or proceeding, nor is it intended to prevent Executive from discussing with others, or making a complaint about, his or her wages or from engaging in any other legally protected activities

8. **Confidential Information.** Executive acknowledges that by reason of his or her position with the Company, he or she has been given access to confidential, proprietary and/or trade secret information regard the Company, its parent, subsidiary and affiliated corporations, and its customers (the "Confidential Information"). "Confidential Information," as used in this Agreement, means information that is not generally known to the public and that the Company treats as confidential and proprietary, including, but not limited to, engineering plans, designs, techniques, Company research and development, business strategies, sales and marketing plans and activities, the terms of contracts, customer relationships, financial information and projections, budgets, pricing information, personnel information, and other information, which is not generally known to the public. Confidential Information also includes, without limitation, the terms of this Agreement. Executive represents that he or she has maintained the confidentiality of all such Confidential Information, will continue to do so, and will not use or disclose such Confidential Information to any person or entity without the prior written consent of the Company during his or her employment or after the termination of employment. On or before the Date of Termination of Executives employment, and prior to receiving the consideration provided for in this Agreement, Executive will immediately return to the Company all documents (including copies and electronic storage devices) within his or her possession or control which contain any Confidential Information.

9. **Mitigation.** In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and except as set forth in paragraph 4 above, such amounts shall not be reduced whether or not the Executive obtains other employment.

10. **Successors.**

(a) This Agreement is personal to the Executive, and, without the prior written consent of the Company, shall not be assignable by the Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company shall use reasonable efforts to require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

11. **Miscellaneous.**

(a) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement constitutes the entire agreement and understanding of the parties in respect of the subject matter hereof and supersedes all prior understanding, agreements, or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof (including but not limited to any provisions with respect to severance payments related to any "change in control" that may be included in any prior offer letter, employment agreement or earlier executive change in control severance agreement); *provided, however*, this Agreement shall have no effect on any confidentiality agreements or assignment of inventions agreements between the parties. This Agreement may not be amended or modified other than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

if to the Executive:

if to the Company:

TTM Technologies, Inc.
1665 Scenic Avenue Suite 250
Costa Mesa, CA 92626
Attn: Chief Executive Officer

With a copy to:

Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, AZ 85016
Attention: Bruce E. Macdonough

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such federal, state or local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) All claims by the Executive for payments or benefits under this Agreement shall be promptly forwarded to and addressed by the Compensation Committee and shall be in writing. Any denial by the Compensation Committee of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Compensation Committee shall afford the Executive a reasonable opportunity for a review of the decision denying a claim and shall further allow the Executive make a written demand upon the Company to submit the disputed matter to arbitration in accordance with the provisions of paragraph 11(g) below. The Company shall pay all expenses of the Executive, including reasonable attorneys and expert fees, in connection with any such arbitration. If for any reason the arbitrator has not made his or her award within one hundred eighty (180) days from the date of Executive's demand for arbitration, such arbitration proceedings shall be immediately suspended and the Company shall be deemed to have agreed to Executive's position. Thereafter, the Company shall, as soon as practicable and in any event within 10 business days after the expiration of such 180-day period, pay Executive his or her reasonable expenses and all amounts reasonably claimed by him or her that were the subject of such dispute and arbitration proceedings.

(g) Subject to the terms of paragraph 11(f) above, any dispute arising from, or relating to, this Agreement shall be resolved at the request of either party through binding arbitration in accordance with this paragraph 11(g). Within 10 business days after demand for arbitration has been made by either party, the parties, and/or their counsel, shall meet to discuss the issues involved, to discuss a suitable arbitrator and arbitration procedure, and to agree on arbitration rules particularly tailored to the matter in dispute, with a view to the dispute's prompt, efficient, and just resolution. Upon the failure of the parties to agree upon arbitration rules and procedures within a reasonable time (not longer than 15 business days from the demand), the Commercial Arbitration Rules of the American Arbitration Association shall be applicable. Likewise, upon the failure of the parties to agree upon an arbitrator within a reasonable time (not longer than 15 business days from demand), there shall be a panel comprised of three arbitrators, one to be appointed by each party and the third one to be selected by the two arbitrators jointly, or by the American Arbitration Association, if the two arbitrators cannot decide on a third arbitrator. At least 30 days before the arbitration hearing (which shall be set for a date no later than 60 days from the demand), the parties shall allow each other reasonable written discovery including the inspection and copying of documents and other tangible items relevant to the issues that are to be presented at the arbitration hearing. The arbitrator(s) shall be empowered to decide any disputes regarding the scope of discovery. The award rendered by the arbitrator(s) shall be final and binding upon both parties. The arbitration shall be conducted in Orange County in the State of California. The California District Court located in

Orange County shall have exclusive jurisdiction over disputes between the parties in connection with such arbitration and the enforcement thereof, and the parties consent to the jurisdiction and venue of such court for such purpose.

(h) This Agreement shall be governed by the laws of the State of California, without giving effect to any choice of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

12. Other Terms Relating to Section 409A of the Code

(a) Except as provided in paragraph 12(b) below, amounts payable under this Agreement following the termination of Executive's employment with the Company or a subsidiary, other than those expressly payable on a deferred or installment basis or as reimbursement of expenses, will be paid as promptly as practicable after such a termination of employment and, in any event, within 2 1/2 months after the end of the year in which employment terminates and amounts payable as reimbursements of expenses to the Executive must be made on or before the last day of the calendar year following the calendar year in which such expense was incurred.

(b) Anything in this Agreement to the contrary notwithstanding, if (i) on the date of termination of Executive's employment with the Company or a subsidiary, any of the Company's stock is publicly traded on an established securities market or otherwise (within the meaning of Section 409A(a)(2)(B)(i) of the Internal Revenue Code, as amended (the "**Code**")), (ii) if Executive is determined to be a "specified employee" within the meaning of Section 409A(a)(2)(B) of the Code, (iii) the payments exceed the amounts permitted to be paid pursuant to Treasury Regulations section 1.409A-1(b)(9)(iii) and (iv) such delay is required to avoid the imposition of the tax set forth in Section 409A(a)(1) of the Code, as a result of such termination, the Executive would receive any payment that, absent the application of this paragraph 12(b), would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(2)(B)(i) of the Code, then no such payment shall be payable prior to the date that is the earliest of (A) six months after the Date of Termination, (B) the Executive's death or (C) such other date as will cause such payment not to be subject to such interest and additional tax (with a catch-up payment equal to the sum of all amounts that have been delayed to be made as of the date of the initial payment).

(c) It is the intention of the parties that payments or benefits payable under this Agreement not be subject to the additional tax imposed pursuant to Section 409A of the Code. To the extent such potential payments or benefits could become subject to such Section, the parties shall cooperate to amend this Agreement with the goal of giving the Executive the economic benefits described herein in a manner that does not result in such tax being imposed.

(d) A termination of employment under this Agreement shall be deemed to occur only in circumstances that would constitute a "separation from service" for purposes of Treasury Regulations section 1.409A-1(h)(1)(ii).

(e) Wherever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A of the Code.

13. Certain Possible Reduction of Payments by the Company

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "**Payment**"), would be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable to or for the benefit of the Executive pursuant to this Agreement (such payments or distributions pursuant to this Agreement are hereinafter referred to as "**Agreement Payments**") shall be reduced to the Reduced Amount (as defined below), but only if and to the extent that the after-tax value of reduced Agreement Payments would exceed the after-tax value of the Agreement Payments received by the Executive without application of such reduction. The "**Reduced Amount**" shall be an amount expressed in present value which maximizes the aggregate present value of Agreement Payments without causing any Payment to be nondeductible by the Company because of Section 280G of the Code. Anything to the contrary notwithstanding, if the Reduced Amount is zero and it is determined further that any Payment which is not an Agreement Payment would nevertheless be nondeductible by the Company for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of Payments which

are not Agreement Payments shall also be reduced (but not below zero) to an amount expressed in present value which maximizes the aggregate present value of Payments without causing any Payment to be nondeductible by the Company because of Section 280G of the Code. For purposes of this paragraph 13(a), present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(b) All determinations required to be made under this paragraph 13 shall be made by KPMG LLP or another independent registered accounting firm selected by the Board (the "**Accounting Firm**"), which shall provide detailed supporting calculations both to the Company and the Executive within twenty (20) business days of the date of termination or such earlier time as is requested by the Company and an opinion to the Executive that he has substantial authority not to report any excise tax on his Federal income tax return with respect to any Payments. Any such determination by the Accounting Firm shall be binding upon the Company and the Executive. The Executive shall determine which and how much of the Payments shall be eliminated or reduced consistent with the requirements of this paragraph 13, provided that, if the Executive does not make such determination within ten business days of the receipt of the calculations made by the Accounting Firm, the Company shall elect which and how much of the Payments shall be eliminated or reduced consistent with the requirements of this paragraph 13 and shall notify the Executive promptly of such election. Within five business days thereafter, the Company shall pay to or distribute to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement. All fees and expenses of the Accounting Firm incurred in connection with the determinations contemplated by this paragraph 13 shall be borne by the Company.

(c) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Payments will have been made by the Company which should not have been made ("**Overpayment**") or that additional Payments which will not have been made by the Company could have been made ("**Underpayment**"), in each case, consistent with the calculations required to be made hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against the Executive which the Accounting Firm believes has a high probability of success, determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Executive shall be treated for all purposes as a loan ab initio to the Executive which the Executive shall repay to the Company together with interest at the applicable federal rate provided for in Section 7872(f) (2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by the Executive to the Company if and to the extent such deemed loan and payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Section 7872(f) (2) of the Code.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth in the Preamble hereto.

TTM TECHNOLOGIES, INC.

By: _____

Name: _____

Title: _____

<Executive's Name>

APPENDIX I

DEFINITIONS

(a) “**Accrued Compensation**” means an amount including all amounts earned or accrued through the Date of Termination but not paid as of the Date of Termination including (i) Base Salary, (ii) reimbursement for reasonable and necessary expenses incurred by the Executive on behalf of the Company during the period ending on the Date of Termination, (iii) vacation and sick leave pay (to the extent provided by Company policy or applicable law), and (iv) incentive compensation (if any) earned in respect of any period ended prior to the Date of Termination. It is expressly understood that incentive compensation shall have been “earned” as of the time that the conditions to such incentive compensation have been met, even if not calculated or payable at such time.

(b) “**Affiliate**” shall have the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended.

(c) “**Agreement**” means this Executive Change in Control Severance Agreement, as set forth in the Preamble hereto.

(d) “**Applicable Benefit Plan**” means any written employee benefit plan in effect and in which the Executive participates as of the time of the termination of his or her employment.

(e) “**Base Salary**” means the Executive’s annual base salary at the rate in effect during the last regularly scheduled payroll period immediately preceding the occurrence of the Change in Control or termination of employment and does not include, for example, bonuses, overtime compensation, incentive pay, fringe benefits, sales commissions or expense allowances.

(f) “**Benefits**” means the benefits for the Executive and/or the Executive’s family that are being provided to the Executive and/or the Executive’s family immediately prior to the Date of Termination, including the welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) and, if applicable, car allowance, as set forth in Section 4 hereof.

(g) “**Board**” means the Board of Directors of the Company, as set forth in the Recitals hereto.

(h) “**Cause**” means any of the following:

(i) the charging or indictment of the Executive or the Executive’s conviction of, or entry of a plea of no contest with respect to, any felony or any crime involving moral turpitude;

(ii) the commission by the Executive of any other material act of fraud or intentional dishonesty with respect to the Company or any of its Subsidiaries or Affiliates;

(iii) a material breach by the Executive of his or her fiduciary duties to the Company or any of its Subsidiaries, including the commission by the Executive of an act of fraud or embezzlement against the Company or any of its Subsidiaries or Affiliates;

(iv) failure by the Executive to perform in a material manner his or her properly assigned duties after at least one written warning specifically advising him or her of such failure and providing him or her with 10 days to resume performance in accordance with his or her assigned duties;

(v) any breach by the Executive of any of the material terms of (A) this Agreement, or (B) any other agreement between the Company and the Executive;

(vi) the association, directly or indirectly, of the Executive, for his or her profit or financial benefit, with any person, firm, partnership, association, entity or corporation that competes, in any material way, with the Company;

(vii) the disclosing or using of any material Company Information at any time by the Executive; or

(viii) any material breach of a Company policy.

(i) “**Change in Control**” shall be deemed to occur upon the consummation of any of the following transactions:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state of the Company's incorporation or a transaction in which 50% or more of the surviving entity's outstanding voting stock following the transaction is held by holders who held 50% or more of the Company's outstanding voting stock prior to such transaction; or

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company; or

(iii) any reverse merger in which the Company is the surviving entity, but in which 50% or more of the Company's outstanding voting stock is transferred to holders different from those who held the stock immediately prior to such merger; or

(iv) the acquisition by any person (or entity), directly or indirectly, of 50% or more of the combined voting power of the outstanding shares of Common Stock.

(j) "**Code**" means the Internal Revenue Code of 1986, as amended.

(k) "**Common Stock**" means common stock, par value \$0.001, of the Company.

(l) "**Company**" means TTM Technologies, Inc., a Delaware corporation, as set forth in the Preamble hereto, and any successors or assigns.

(m) "**Date of Termination**" means (i) if the Executive's employment is terminated for Cause, the date of receipt by the Executive of written notice from the Board or the Chief Executive Officer that the Executive has been terminated, or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause, death or Long-Term Disability, the date specified in the Company's written notice to the Executive of such termination, (iii) if the Executive's employment is terminated by reason of the Executive's death or Long-Term Disability, the date of such death or the effective date of such Long-Term Disability, (iv) if the Executive's employment is terminated by Executive's resignation that constitutes Involuntary Termination under this Agreement, the date of the Company's receipt of the Executive's notice of termination or any later date specified therein.

(n) "**Effective Date**" means the date set forth in the Preamble hereto.

(o) "**Executive**" means the individual identified in the Preamble hereto.

(p) "**Good Reason**" means, without the consent of the Executive, any of the following: (i) a material diminution in the Executive's Base Salary; (ii) a material diminution in the Executive's authority, duties, or responsibilities; (iii) the Company's requiring the Executive to be based at any office or location more than fifty (50) miles from the location of employment as of the date of this Agreement, except for travel reasonably required in the performance of the Executive's responsibilities; or (iv) any other action or inaction that constitutes a material breach by the Company of any employment agreement under which the Executive provides services. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder. A termination by the Executive shall not constitute termination for Good Reason unless the Executive shall first have delivered to the Company, within 90 days of the occurrence of the first event giving rise to Good Reason, written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason, and there shall have passed a reasonable time (not less than 30 days and not more than 60 days) within which the Company may take action to correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by the Executive. The Executive's separation for Good Reason must occur within two years following the initial occurrence of an event giving rise to Good Reason. In the event of a separation following such two-year period, no "Good Reason" shall be deemed to exist.

(q) "**Involuntary Termination**" means the termination of the Executive's employment with the Company:

(i) by the Company without Cause during a Pending Change in Control or within 12 months following a Change in Control, or

(ii) by the Executive for Good Reason within 12 months following a Change in Control.

(r) "**Long-Term Disability**" is defined according to the Company's insurance policy regarding long-term disability for its employees.

(s) “**Option**” means an option to purchase a share of Common Stock, which may include vesting and/or conditions, subject to an award agreement pursuant to an equity plan of the Company.

(t) “**Pending Change in Control**” means that one or more of the following events has occurred and a Change in Control pursuant thereto is reasonably expected to be effected within 90 days of the date as of the determination as to whether there is a Pending Change in Control: (i) the Company executes a letter of intent, term sheet or similar instrument with respect to a transaction or series of transactions, the consummation of which transaction(s) would result in a Change in Control; (ii) the Board approves a transaction or series of transactions, the consummation of which transaction(s) would result in a Change in Control; or (iii) a person makes a public announcement of tender offer for the Common Stock, the completion of which would result in a Change in Control. A Pending Change in Control shall cease to exist upon a Change in Control.

(u) “**PRUs**” mean RSUs granted by the Company which are subject to performance-based vesting and/or other conditions, which PRUs are subject to an award agreement pursuant to an equity plan of the Company.

(v) “**Restricted Stock**” means Common Stock issued by the Company with vesting restrictions and subject to an award agreement pursuant to an equity plan of the Company.

(w) “**RSUs**” mean restricted stock units granted by the Company pursuant to which the Company has agreed to issue Common Stock upon the satisfaction of vesting and/or other conditions, which RSUs are subject to an award agreement pursuant to an equity plan of the Company.

(x) “**Subsidiary**” when used with respect to any Person means any other Person, whether incorporated or unincorporated, of which (i) more than 50% of the securities or other ownership interests or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing similar functions with respect to such corporation or other organization, is directly owned or controlled by such Person or by any one or more of its Subsidiaries.

(y) “**Target Bonus**” means an amount equal to the annual bonus that the Executive would have been eligible to receive for the Company’s fiscal year in which the Executive’s employment terminates, assuming the achievement of 100% of the performance target level(s) associated with such bonus.

APPENDIX II

FORM OF RELEASE

[DATE]
[INSERT NAME]
[ADDRESS]
[CITY], [STATE] [ZIP]

Dear _____ :

Reference is made to the Executive Change in Control Severance Agreement (“Agreement”) between TTM Technologies, Inc. (the “Company”) and you dated _____, 20____. This letter serves to document our mutual understanding regarding the terms of your severance payment as a result of the Involuntary Termination of your employment as defined in the Agreement. Provided that you execute this letter and Attachments A, Release and Covenant Not to Sue) prior to the expiration of twenty-two (22) days after the date hereof and you do not subsequently revoke the Release and Covenant Not to Sue set forth in Attachment A hereto the Company shall, as severance pay, pay you a lump sum amount of \$ _____, subject to applicable state and federal government tax payroll withholdings, _____.

Please understand that execution of this letter and the Release and Covenant Not to Sue (attachment A hereto), shall not be considered as an admission by you or the Company of any liability whatsoever; or as an admission by the Company of any violation of your rights or of any other person or of any order, law, statute, or duty; or as an admission by you of any violation of rights of the Company or of any other person or of any order, law, statute or duty.

As a condition precedent to the receipt of consideration pursuant to the Agreement and the Release and Covenant Not to Sue, you are required to return all items of Company property that you have in my possession or over which you have control, including, but not limited to, any equipment belonging to the Company, all code and computer programs, and information of whatever nature, as well as any other materials, keys, pass codes, access cards, credit cards, computers, cellular telephones, facsimile machines, copiers, phones, documents or information, including, but not limited to, trade secrets or confidential information of the Company in your possession or control. Further, you shall not retain copies thereof, including electronic copies and represent that you have not destroyed information or documents belonging to the Company, except for documents routinely deleted, copies of which have already been provided to the Company.

You are to maintain the terms of the Agreement and the Release and Covenant Not to Sue as confidential and neither you, nor any person or entity acting on your behalf, shall disclose any such terms of said documents and the terms contained therein to any third party, without the written consent of the Company, unless and only to the extent that (a) such disclosure is required by law, or (b) such terms become generally available to the public without any breach of the letter and its attachments by you: provided, however, that you may disclose the terms of the letter and its attachments to your legal, business and financial advisors, but not only to the extent such disclosure is necessary for such persons to render professional services in connection therewith, and provided that prior to disclosure to any such persons, such persons shall be furnished a copy of this Section of this Attachment A and shall agree to be bound hereby for the benefit of the Company.

Very Truly Yours,

Agreed and accepted:

[INSERT NAME]

Date: _____

TTM Technologies, Inc.

By: _____

Title: _____

Date: _____

**ATTACHMENT A TO APPENDIX II:
RELEASE AND COVENANT NOT TO SUE**

1. Release. I, [INSERT NAME], do hereby release and discharge TTM Technologies, Inc., its affiliates and subsidiaries, and each of their stockholders, officers, directors, members, managers, partners, employees, representatives, agents and affiliates (collectively, the "Employer Affiliates", and each an "Employer Affiliate") from any and all claims, demands or liabilities whatsoever, whether known or unknown or suspected to exist by me, which I ever had or may now have against any Employer Affiliate, from the beginning of time to the "Effective Date" of this Release which is the date I execute this Release including, without limitation, any claims, demands or liabilities in connection with my employment, including wrongful termination, constructive discharge, breach of express or implied contract, unpaid wages, benefits, attorneys fees or pursuant to any federal, state, or local employment laws, regulations, or executive orders prohibiting inter alia, age, race, color, sex, national origin, religion, handicap, veteran status, and disability discrimination, including, without limitation, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, the Civil Rights Act of 1866, the Employee Retirement Income Security Act of 1974, the California Fair Employment and Housing Act, the Prudence Kay Poppink Act, the California Family Rights Act, the Fair Labor Standards Act, any state statute relating to employee benefits or pensions, and the Americans with Disabilities Act of 1990. This Release does not waive rights or claims that may arise after the Effective Date. I fully understand that if any fact with respect to which this Release is executed is found hereafter to be other than or different from the facts in that connection believed by me to be true, I expressly accept and assume the risk of such possible difference in fact and agree that the release set forth herein shall be and remain effective notwithstanding such difference in fact. I acknowledge and agree that no consideration other than as provided for by the letter to which this release is an attachment has been or will be paid or furnished by any Employer Affiliate. I expressly acknowledge and agree that, by entering into this Release, I waive any and all rights or claims that I may have arising under the Age Discrimination in Employment Act of 1967, as amended, which have arisen on or before the date of execution of this Release. I also understand that the above release is subject to the terms of the Older Workers Benefit Protection Act ("OWBPA"). The OWBPA provides that an individual cannot waive a right or claim under the Age Discrimination in Employment Act ("ADEA") unless the waiver is knowing and voluntary. I agree that I am signing this Release voluntarily, and with full knowledge of its consequences. I further expressly acknowledge and agree that:

- (a) In return for this Release, I will receive consideration beyond that to which I was entitled to receive before entering into the Release;
- (b) I am hereby advised in writing by the Agreement to consult with an attorney before signing the Agreement;
- (c) I was given a copy of the Release on [insert date], and informed that I have twenty-one (21) days within which to consider the Agreement and that if I sign this Release before the end of the 21 day period it will be his personal, voluntary decision to do so, and will be done with full knowledge of his legal rights; and
- (d) I was informed that I have seven (7) days following the date of execution of this Release in which to revoke this Release.

I agree that material or immaterial changes to this Release will not restart the running of the consideration period.

2. Covenant Not to Sue I covenant and agree never, individually or with any person or in any way, to commence, aid in any way, prosecute or cause or permit to be commenced or prosecuted against any Employer Affiliate any action or other proceeding, including, without limitation, an arbitration or other alternative dispute resolution procedure, based upon any claim, demand, cause of action, obligation, damage, or liability that is the subject of this letter (including its attachments). I represent and agree that I have not and will not make or file or cause to be made or filed any claim, charge, allegation, or complaint, whether formal, informal, or anonymous, with any governmental agency, department or division, whether federal, state or local, relating to any Employer Affiliate in any manner, including without limitation, any Employer Affiliate's business or employment practices. I waive any right to monetary recovery should any administrative or governmental agency or entity pursue any claim on my behalf.

3. Exclusions from Release.

- (a) By signing this Release, I do not release my rights, if any, to claim the following: unemployment insurance benefits; workers compensation benefits; claims for vested post-termination benefits under any 401(k) or similar retirement benefit plan; rights to group medical or group dental insurance coverage pursuant to section 4980B of the Internal Revenue Code of 1986, as amended ("COBRA"); rights to enforce the terms of this Release; rights to assert claims that are based on events occurring after this Release becomes effective; rights to indemnification under California law and/or any contract for indemnification between me and the Employer Affiliates; or my rights as a shareholder of the Company.
- (b) Nothing in this Release interferes with my right to file or maintain a charge with the Equal Employment Opportunity Commission ("EEOC") or other local civil rights enforcement agency, or participate in any manner in an EEOC or other such agency investigation or proceeding. I however, understand that I am waiving my right to recover individual relief including, but not limited to, back pay, front pay, reinstatement, attorneys' fees, and/or punitive damages, in any administrative or legal action whether brought by the EEOC or other civil rights enforcement agency, me, or any other party, arising from the termination of his employment. 6+47
- (c) Nothing in this Release interferes with my right to challenge the knowing and voluntary nature of this Release under the ADEA and/or OWBPA.

4. Revocation Period. I understand that I may revoke this Release in its entirety during the seven (7) calendar days following his execution of the Release. Any revocation of this Release must be in writing and hand-delivered to the Employer Affiliate or, if sent by mail, postmarked within the applicable time period, sent by certified mail, return receipt requested, and addressed to: [insert name and address]. This Release will become effective and enforceable on the eighth (8th) day following my execution, unless it is revoked during the seven-day revocation period. I understand that if I revoke this Release, the Employer Affiliate will have no obligation to pay the consideration referenced in the Agreement.

5. Waiver. I acknowledge that California Civil Code § 1542 states:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding California Civil Code § 1542, I enter into this full waiver and release as set forth above and waive all rights or defenses under § 1542 of the California Civil Code.

6. Important General Provisions. If any provisions of this Release is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity and enforceability of the other provisions thereof, and the provision held to be invalid or unenforceable shall be enforced as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability. This Release shall be governed by, and construed and enforced in accordance with, the laws of the State of California

7. Binding Arbitration. Any controversy or claim arising out of or relating to the Agreement this Release, or the alleged breach of either, shall be settled by binding arbitration to be held in the County of Orange in the State of California before a mutually agreed upon neutral arbitrator and according to the American Arbitration Association rules of arbitration.

8. Right to Consult Attorney. I ACKNOWLEDGE THAT I HAVE BEEN ADVISED, IN WRITING, TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE.

[EXECUTIVE]

Date: _____

**SCHEDULE TO
FORM OF EXECUTIVE CHANGE IN CONTROL SEVERANCE AGREEMENT**

The form of Executive Change in Control Severance Agreement was entered into with the following persons during the first quarter of 2016:

Name	Title
Jon Pereira	Senior Vice President and President, Automotive and Medical, Industrial and Instrumentation
Philip Titterton	Senior Vice President and President, Aerospace and Defense / Specialty
Anthony Princiotta	Senior Vice President and President, Electro-Mechanical Solutions
Brian W. Barber	Executive Vice President and Chief Operating Officer
William K. Hardwick	Senior Vice President—Global Sales and Marketing
Daniel J. Weber	Senior Vice President—General Counsel and Corporate Secretary

CERTIFICATION

I, Thomas T. Edman, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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(s) 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 financial statements 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 (the registrant's fourth quarter in the case of an annual report) 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(s) 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 (or persons performing the equivalent functions):
 - (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.

/s/ Thomas T. Edman

Thomas T. Edman
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 6, 2016

CERTIFICATION

I, Todd B. Schull, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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(s) 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 financial statements 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 (the registrant's fourth quarter in the case of an annual report) 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(s) 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 (or persons performing the equivalent functions):
 - (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.

/s/ Todd B. Schull

Todd B. Schull

*Executive Vice President, Chief Financial Officer, And Treasurer
(Principal Financial Officer and Principal Accounting Officer)*

Date: May 6, 2016

**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 Quarterly Report on Form 10-Q of TTM Technologies, Inc. (the "Company") for the quarter ended March 28, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas T. Edman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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.

By: /s/ Thomas T. Edman
Thomas T. Edman
President and Chief Executive Officer

May 6, 2016

**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 Quarterly Report on Form 10-Q of TTM Technologies, Inc. (the "Company") for the quarter ended March 28, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd B. Schull, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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.

By: /s/ Todd B. Schull
Todd B. Schull
*Executive Vice President, Chief Financial Officer and
Treasurer
(Principal Financial Officer and Principal Accounting Officer)*

May 6, 2016