
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

SCHEDULE TO
(Rule 13e-4)

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934**

FORMFACTOR, INC.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Common Stock, Par Value \$0.001 Per Share
(Title of Class of Securities)

346375108
(CUSIP Number of Class of Securities (Underlying Common Stock))

**Richard A. DeLateur
Chief Financial Officer
FormFactor, Inc.
7005 Southfront Road
Livermore, California 94551
(925) 290-4000**

(Name, Address, and Telephone Number of Person Authorized to Receive Notices
and Communications on Behalf of Filing Persons)

With copies to:

**Alan Talkington, Esq.
Jonathan M. Ocker, Esq.
Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, California 94105
(415) 773-5700**

CALCULATION OF FILING FEES

Transaction Valuation*	Amount of Filing fee**
\$2,388,171	\$171

* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 3,098,724 shares of common stock of FormFactor, Inc. that have an aggregate value of \$2,388,171 as of August 27, 2010 will be exchanged pursuant to the exchange offer, which may not occur. The aggregate value of such options was calculated based on the Black-Scholes option pricing model.

** The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$71.30 per million dollars of the value of the transaction.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.
Form or Registration No.: Not applicable.

Filing Party: Not applicable.
Date Filed: Not applicable.

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

ITEM 1. SUMMARY TERM SHEET.

The information set forth under “Summary Term Sheet” in the Offer to Exchange Certain Outstanding Stock Options for New Stock Options, dated September 2, 2010 (the “Offer to Exchange”), attached hereto as Exhibit (a)(1)(A), is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION.

(a) *Name and Address.* The name of the issuer is FormFactor, Inc., a Delaware corporation (“FormFactor” or the “Company”). FormFactor’s principal executive office is located at 7005 Southfront Road, Livermore, CA 94551 and its telephone number is (925) 290-4000. The information in the Offer to Exchange in Part III, Section 10 (“Information Concerning FormFactor, Inc.”) is incorporated herein by reference.

(b) *Securities.* This Tender Offer Statement on Schedule TO relates to an offer (the “Offer”) by FormFactor to eligible option holders to exchange certain outstanding eligible options to purchase shares of FormFactor common stock, par value \$0.001 per share (“Common Stock”), for new stock options that will be granted under the FormFactor, Inc. 2002 Equity Incentive Plan (the “2002 Plan”) upon the terms and subject to the conditions set forth in the Offer to Exchange. As of September 1, 2010, options to purchase approximately 3,098,724 shares of FormFactor common stock were eligible for exchange in the Offer. The information set forth in the Offer to Exchange in Part I (“Summary Term Sheet”) and in Part III, Section 1 (“Eligibility”), Section 2 (“Number of New Stock Options; Expiration Date”), Section 6 (“Acceptance of Stock Options for Exchange and Issuance of New Stock Options”) and Section 9 (“Source and Amount of Consideration; Terms of New Stock Options”) is incorporated herein by reference.

(c) *Trading Market and Price.* The information set forth in the Offer to Exchange under Part III, Section 8 (“Price Range of Our Common Stock”) is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

(a) *Name and Address.* The filing person is the subject company, FormFactor, Inc. The information set forth under Item 2(a) above is incorporated herein by reference. The information set forth in Appendix A to the Offer to Exchange (“Information About the Directors and Executive Officers of FormFactor, Inc.”) is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

(a) *Material Terms.* The information set forth in the Offer to Exchange in Part I (“Summary Term Sheet”) and in Part III, Section 1 (“Eligibility”), Section 2 (“Number of New Stock Options; Expiration Date”), Section 4 (“Procedures for Tendering Options”), Section 5 (“Withdrawal Rights and Change of Election”), Section 6 (“Acceptance of Stock Options for Exchange and Issuance of New Stock Options”), Section 7 (“Conditions of the Exchange Offer”), Section 9 (“Source and Amount of Consideration; Terms of New Stock Options”), Section 12 (“Status of Options Accepted by Us in the Offer; Accounting Consequences of the Offer”), Section 13 (“Legal Matters; Regulatory Approvals”), Section 14 (“Material U.S. Federal Income Tax Consequences”), Section 15 (“Considerations Specific to Eligible Individuals Outside the United States”) and Section 16 (“Extension of Offer; Termination; Amendment”), is incorporated herein by reference.

(b) *Purchases.* The information in the Offer to Exchange under Part III, Section 11 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options”) is incorporated herein by reference.

ITEM 5. PAST CONTRACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

(a) *Agreements Involving the Subject Company’s Securities.* The information set forth in the Offer to Exchange under Part III, Section 11 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options”) is incorporated herein by reference. The eligible stock plans and related agreements are incorporated herein by reference hereto as Exhibits (d)(1) and (d)(2) and contain information regarding the subject securities.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

(a) *Purposes.* The Offer is being conducted to incentivize and retain employees providing services to the Company and its subsidiaries and to reduce the “overhang” as described in the Offer to Exchange. The information set forth in the Offer to Exchange under Part III, Section 3 (“Purpose of the Offer”) is incorporated herein by reference.

(b) *Use of Securities Acquired.* The information set forth in the Offer to Exchange under Part III, Section 6 (“Acceptance of Stock Options for Exchange and Issuance of New Stock Options”) and Section 12 (“Status of Options Accepted By Us in the Offer; Accounting Consequences of the Offer”) is incorporated herein by reference.

(c) *Plans.* The information set forth in the Offer to Exchange under Part III, Section 10 (“Information Concerning FormFactor, Inc.”) is incorporated herein by reference.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a) *Source of Funds.* The information set forth in the Offer to Exchange under Part III, Section 9 (“Source and Amount of Consideration; Terms of New Stock Options”) and Section 17 (“Fees and Expenses”) is incorporated herein by reference.

(b) *Conditions.* The information set forth in the Offer to Exchange under Part III, Section 7 (“Conditions of the Offer”) is incorporated herein by reference.

(c) *Borrowed Funds.* Not applicable.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) *Securities Ownership.* The information set forth in the Offer to Exchange under Part III, Section 11 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options”) and Appendix A (“Information About the Directors and Executive Officers of FormFactor, Inc.”) is incorporated herein by reference.

(b) *Securities Transactions.* The information set forth in the Offer to Exchange under Part III, Section 11 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options”) is incorporated herein by reference.

ITEM 9. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

(a) *Solicitations or Recommendations.* Not applicable.

ITEM 10. FINANCIAL STATEMENTS.

(a) *Financial Information.* The information set forth in the Offer to Exchange under Part III, Section 10 (“Information Concerning FormFactor, Inc.”) and Section 18 (“Additional Information”), in Item 8 of FormFactor’s Annual Report on Form 10-K for its fiscal year ended December 26, 2009, filed with the Securities and Exchange Commission on February 24, 2010, and in Item 1 of the Company’s Quarterly Reports on Form 10-Q for its fiscal quarter ended June 26, 2010, filed with the Securities and Exchange Commission on August 4, 2010, is incorporated herein by reference. A copy of the Annual Report on Form 10-K and Quarterly Report on Form 10-Q can be accessed electronically on the Securities and Exchange Commission’s website at www.sec.gov.

(b) *Pro Forma Information.* Not applicable.

(c) *Summary Information.* The information set forth in the Offer to Exchange under Part III, Section 10 (“Information Concerning FormFactor, Inc.”) is incorporated herein by reference.

ITEM 11. ADDITIONAL INFORMATION.

(a) *Agreements, Regulatory Requirements and Legal Proceedings.* The information set forth in the Offer to Exchange under Part III, Section 11 (“Interests of Directors and Officers; Transactions and Arrangements Concerning the Options”) and Section 13 (“Legal Matters; Regulatory Approvals”) is incorporated herein by reference.

(b) *Other Material Information.* Not applicable.

ITEM 12. EXHIBITS.

<u>Exhibit</u>	<u>Description of Exhibits</u>
(a)(l)(A)	Offer to Exchange, dated September 2, 2010
(a)(1)(B)	Form of Election Form
(a)(1)(C)	Form of Notice of Withdrawal
(a)(1)(D)	Form of Email Communication from FormFactor to All Eligible Employees
(a)(1)(E)	Screen Shots from Stock Option Exchange Program Website
(a)(1)(F)	Form of Confirmation of Receipt of Election Form
(a)(1)(G)	Form of Confirmation of Receipt of Notice of Withdrawal
(a)(1)(H)	Form of Reminder of Expiration of Exchange Offer
(a)(1)(I)	Form of Confirmation of Participation in the Exchange Offer
(a)(1)(J)	Form of Final Confirmation of Participation in the Exchange Offer
(b)	Not applicable.
(d)(1)	FormFactor, Inc. 2002 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.06 to FormFactor’s Form 10-K for the year ended December 26, 2009, File No. 000-50307)
(d)(2)	Form of Stock Option Agreement for New Stock Options
(g)	Not applicable.
(h)	Not applicable.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13e-3.

(a) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

FORMFACTOR, INC.

By: /s/ Richard A. DeLateur

Richard A. DeLateur

Chief Financial Officer

Dated: September 2, 2010

EXHIBIT INDEX

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(b)	Not applicable.
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(d)(2)	Form of Stock Option Agreement for New Stock Options
(g)	Not applicable.
(h)	Not applicable.

FORMFACTOR, INC.

**OFFER TO EXCHANGE
CERTAIN OUTSTANDING STOCK OPTIONS
FOR
NEW STOCK OPTIONS**

**THIS OFFER AND YOUR WITHDRAWAL RIGHTS EXPIRE
AT 9 P.M., U.S. PACIFIC TIME, ON SEPTEMBER 30, 2010, UNLESS WE EXTEND THE OFFER.**

**This document constitutes part of the Section 10(a) Prospectus
Relating to the FormFactor, Inc. 2002 Equity Incentive Plan**

The Date of this Offer is September 2, 2010

FormFactor, Inc. (“FormFactor,” the “Company,” “we,” “us” or “our”) is offering eligible employees the opportunity to exchange their outstanding eligible options for new stock options that we will grant under our FormFactor, Inc. 2002 Equity Incentive Plan (the “2002 Plan”).

You are eligible to participate in the exchange offer if you are employed by us or one of our domestic or foreign subsidiaries both at the time the exchange offer commences and on the date the stock options tendered in the exchange offer are canceled and new stock options are issued to replace them. In addition, our Board of Directors and executive officers are not eligible to participate in the exchange offer. Unless extended, the exchange offer will expire at 9 p.m., U.S. Pacific Time, on September 30, 2010.

Options eligible for exchange in the exchange offer are outstanding options to purchase FormFactor common stock that have an exercise price per share that is equal to or greater than \$13.63.

In this document, we use the terms “stock option” and “option” to mean a particular option grant to purchase a specified number of shares of our common stock on or after the vesting date at a specified exercise price per share. You may tender all of your options within a particular grant, or none at all. However, we will not accept a partial tender of eligible options within a particular grant. If you attempt to tender for exchange less than the entire outstanding, unexercised portion of an eligible option grant, we will reject your tender for that grant in its entirety.

The number of eligible options that an eligible employee would surrender for cancellation in exchange for the grant of new stock options is known as the “exchange ratio.” The exchange ratio will be calculated to result in the issuance of new stock options with a fair value for financial accounting purposes approximately equal to the fair value of the eligible options. The fair values will be calculated using the Black-Scholes option pricing model, which will take into account our common stock price at the completion of the exchange offer, the original exercise price and other terms of the eligible options, as well as other variables, including the volatility of our common stock and the term of the new stock options. We will not issue any fractional new stock options. Accordingly, any exchange that would result in a fractional new stock option will be rounded up to the nearest whole number of new stock options.

The following table shows the exchange ratio for each range of exercise prices.

Exchange Ratios of Eligible Options to New Stock Options

Exercise Price of Eligible Options	Exchange Ratio
\$13.63 - \$19.49	2.5:1
\$19.50 - \$24.99	3.0:1
\$25.00 - \$35.99	3.5:1
\$36.00+	9.0:1

If you are eligible to participate in the exchange offer, you will have Web access to a list, or upon request you will receive a hard copy list, of each of your option grants that are eligible for exchange in the exchange offer.

The new stock options to be issued under the exchange offer will represent rights to purchase shares of FormFactor’s common stock at a specified exercise price on future dates when those rights have vested following a required period of employment. Stock options issued in the exchange offer will be completely unvested at the time they are issued. This is the case even if the eligible options were fully vested on the date of the exchange. The new stock options will vest over a three-year period, so long as the eligible employee continues to be employed by us or any of our domestic or foreign subsidiaries. The three-year vesting schedule for the new stock options will be as follows: one-third vesting one year after their grant date and the remaining two-thirds vesting monthly over a two-year period commencing on the one year anniversary of their grant date. A participant in the exchange offer will generally forfeit any new stock options they receive that remain unvested at the time his or her employment with us terminates for any reason. The options will have a term of five (5) years from the issuance date, subject to earlier expiration in connection with termination of employment.

Participation in the exchange offer is voluntary, and there are no penalties for electing not to participate. If you choose not to participate in the exchange offer, you will not receive new stock options pursuant to the exchange offer and your eligible options will remain outstanding according to their existing terms and conditions.

If you want to exchange your eligible options, you must notify FormFactor of your election before the exchange offer expires. You may notify FormFactor of your election by submitting an electronic notice as described in Section 4 of Part III (“Procedures for Tendering Options”) of this Exchange Offer or by completing, signing and returning the Election Form and delivering it to Hank Feir, SVP Human Resources, according to the instructions contained in the Election Form so that we receive it before the exchange offer expires.

Copies of the option exchange program documents are available at <https://formfactor.equitybenefits.com> and are posted on the Company’s Human Resources page of inFORM.

To inform yourself about our offer, you should:

- Read this whole document and all related attachments, including, the Election Form, the Notice of Withdrawal, the 2002 Plan and the form of stock option agreement;
- Review the list of your eligible options by logging on to the exchange offer website at <https://formfactor.equitybenefits.com> or request a hard copy list of your eligible options by sending an email to option_exchange@formfactor.com;
- Consider the questions and answers in the attached Summary Term Sheet; and
- Send an email to option_exchange@formfactor.com, if you have questions about the exchange offer.

We are making the exchange offer upon the terms and conditions described in this Offer to Exchange, the Election Form and the Notice of Withdrawal. The offer is not conditioned on a minimum number of stock options being tendered for exchange or upon a minimum number of eligible employees electing to participate in the exchange offer. The exchange offer is, however, subject to conditions that we describe in Section 7 (“Conditions of the Exchange Offer”) of Part III of this document.

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Shares of our common stock are quoted on the NASDAQ Global Market under the symbol “FORM”. On September 1, 2010, the closing price of one share of common stock on the NASDAQ Global Market was \$6.95. We recommend that you obtain current market prices for our common stock before deciding whether to exchange your eligible options.

IMPORTANT NOTICE

Although our Board of Directors has approved the exchange offer, neither we nor our Board of Directors makes any recommendation to you as to whether or not you should tender your eligible options for exchange. Also, FormFactor has not authorized any person to make any recommendation on its behalf as to whether or not you should participate in the exchange offer.

You must make your own decision as to whether or not to exchange your eligible options. In doing so, you should rely only on the information contained in the offering materials, the materials referenced in Section 18 (“Additional Information”) of Part III of this document, any official question and answer session organized by FormFactor, or any other authorized communications from FormFactor generally made available to eligible employees, as no other representations or information have been authorized by us. We recommend that you consult with your own advisors, including your tax advisor, before making any decisions regarding the exchange offer.

The new stock options we are offering may end up being worth less than your eligible options. In evaluating the exchange offer, you should keep in mind that the future performance of FormFactor and our common stock will depend upon, among other factors, the future overall economic environment, the performance of the overall stock market, the performance of our business and companies in our sector and the other risks and uncertainties set forth in our filings with the U.S. Securities and Exchange Commission (the “SEC”). In particular, we recommend that you read our Annual Report on Form 10-K for the fiscal year ended December 26, 2009 and our Quarterly Reports on Form 10-Q for the periods ended March 27, 2010 and June 26, 2010, each of which has been filed with the SEC and is available free of charge on the SEC’s website at www.sec.gov.

The statements in this document concerning the eligible options, the 2002 Plan and the new stock options are summaries of the material terms but are not complete descriptions of the eligible options, the 2002 Plan, or the new stock options. The stock plans under which the eligible options were granted, the new stock options and the forms of award agreements have been filed as exhibits to our Tender Offer Statement on Schedule TO filed with the SEC (to which this document is also an exhibit). See Section 18 (“Additional Information”) of Part III of this document for additional information regarding the Schedule TO.

This exchange offer is not being made to, and we will not accept any election to exchange eligible options from or on behalf of, option holders in any jurisdiction in which our making the exchange offer or accepting any tendered eligible options is illegal. We are not aware of any jurisdiction where the making of the exchange offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the exchange offer is not in compliance with any applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort we cannot comply with such law, the exchange offer will not be made to the option holders residing in such jurisdiction.

NEITHER THE SEC NOR ANY STATE OR NON-U.S. SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NEW STOCK OPTIONS OR THE EXCHANGE OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THE EXCHANGE OFFER OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFER TO EXCHANGE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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APPENDIX A

APPENDIX B

I. SUMMARY TERM SHEET

The following are answers to some questions about the exchange offer. The answers are summaries and do not describe all of the details of the exchange offer. You should read all of this document, the Election Form, the Notice of Withdrawal, our FormFactor, Inc. 2002 Equity Incentive Plan (the “2002 Plan”) and the form of stock option agreement, because they contain the full details of the exchange offer and the terms of the new stock options, and these details could be important to you. For many of the questions, we have included a reference to the section or sections contained in Part III of this document where you can find a more complete discussion.

References in this document to “FormFactor,” the “Company,” “we,” “us” and “our” mean FormFactor, Inc., and references to the time “the exchange offer expires” mean 9 p.m., U.S. Pacific Time, on September 30, 2010, or, if we extend the exchange offer period, any later date and/or time that we specify. References to the “Offer to Exchange” mean this document and its appendices. References to the “exchange offer” or the “program” mean the stock option exchange described in this Offer to Exchange. References to dollars (“\$”) are to United States dollars.

HOW THE STOCK OPTION EXCHANGE PROGRAM WORKS

1. What is the Exchange Offer?

Beginning on September 2, 2010 and ending at 9 p.m., U.S. Pacific Time, on September 30, 2010, unless we extend the exchange offer, each eligible employee (described in Question 2 below) will be given the opportunity to exchange eligible options (described in Question 6 below) for a lesser number of new stock options with a new term and a new exercise price equal to the fair market value of a share of our common stock at the completion of the exchange offer. The number of new stock options an eligible employee will receive in exchange for his or her eligible options will be determined by the exchange ratio (described in Question 11 below). New stock options will be subject to a new vesting schedule (described in Question 12 below), even if the options tendered in the exchange program currently are fully vested.

2. Am I eligible to participate?

Only “eligible employees” may participate in the exchange offer. Generally, you are eligible to participate in the exchange offer if you are employed by us or by one of our domestic or foreign subsidiaries both at the time the exchange offer commences and on the date the stock options tendered in the exchange offer are canceled and new stock options are issued to replace them. In addition, our Board of Directors and executive officers are not eligible to participate in the exchange offer. (See Section 1 of Part III.)

3. Are employees outside the United States eligible to participate?

Generally, yes. Our employees who are located outside the United States are eligible to participate in the exchange offer. Please be sure to read Section 15 of Part III (“Considerations Specific to Eligible Individuals Outside of the United States”) and Appendix B, which discuss terms of the exchange offer specific to eligible employees outside of the United States.

4. What is a stock option?

A stock option is the right to purchase shares of stock at a specified price per share, regardless of the actual market price of the stock at the time the option is exercised after rights have vested following a period of employment. Typically, the specified “exercise” price is the fair market value of a share of our common stock on the date the stock option is granted. Due to subsequent market fluctuations, at any given time after the stock option is granted, the prevailing market price of the stock may be greater than, equal to, or less than, the exercise price of the stock option. When the market price is greater than the exercise price of the stock option (otherwise known as an “in-the-money” stock option), the option holder receives value from exercising the option, because he or she is able to buy the stock underlying the option at an exercise price that is less than the prevailing market price and then sell the purchased stock for the higher prevailing market price. The holder of an option to purchase stock at an exercise

price that is equal to or greater than the prevailing market price (otherwise known as an “out-of-the-money” or an “underwater” stock option) generally would not exercise the stock option. The stock options eligible for exchange under this program currently are “out-of-the-money.”

5. What happens if my employment terminates before tendered options are canceled?

If you tender eligible options for exchange under the exchange offer, but your employment with FormFactor or one of our subsidiaries terminates for any reason before the tendered options are canceled and new stock options are issued, then your tender will automatically be deemed withdrawn and you will not participate in the option exchange program. You will retain your outstanding options in accordance with their current terms and conditions, and you may exercise them during a limited period of time following your termination of service in accordance with their terms to the extent that they are vested.

6. Which stock options may I exchange?

Only “eligible options” may be exchanged under this program. Eligible options are those outstanding, unexercised stock options having an exercise price per share that is equal to or greater than \$13.63. To determine which of your stock option grants are eligible for exchange, you should review the list of your eligible option grants with an exercise price equal to or greater than \$13.63 which are therefore eligible for exchange. (See Section 2 of Part III.) The list is available at <https://formfactor.equitybenefits.com>, or if you would like a hard copy list of your eligible options, you can send an email to option_exchange@formfactor.com.

7. If I participate, what will happen to my current stock options?

Each eligible option that you elect to exchange under this program will be canceled promptly following the expiration of the exchange offer, and you will no longer have those options available for exercise. Each eligible option grant you do not elect for exchange will remain outstanding and subject to its existing exercise price and terms and conditions. (See Sections 6 and 9 of Part III.)

8. I have more than one eligible option grant. Do I have to exchange all of them in order to participate?

No. You may exchange your eligible option grants on a grant-by-grant basis or none at all. However, we will not accept a partial tender of eligible options within a particular grant. For purposes of the exchange offer, “stock option” or “option” means a particular option grant to purchase a specified number of shares of our common stock at a specified exercise price per share. If you attempt to tender for exchange less than the entire outstanding, unexercised portion of an eligible option grant, we will reject your tender for that grant in its entirety. (See Section 2 of Part III.)

9. May I tender a partially vested stock option?

Yes. Your eligible options do not need to be fully vested in order for you to participate in the exchange offer. However, if you choose to tender a particular outstanding eligible option grant, you must tender the entire eligible option grant, both the vested and unvested portions.

10. May I tender a stock option that I have already exercised in full?

No. The exchange offer pertains only to outstanding eligible options. If you have exercised an option in its entirety, that option is no longer outstanding and is therefore not eligible for the exchange offer. If you have exercised an eligible option grant in part, the remaining unexercised portion of that option is outstanding and may be tendered for exchange. Options for which you have properly initiated an exercise prior to the date the exchange offer expires will be considered exercised to that extent, whether or not you have received confirmation of exercise for the shares purchased.

11. If I participate, how many new stock options will I receive?

If you elect to participate in the exchange offer, you will receive a lesser number of new stock options. The number of eligible options that an eligible employee will surrender for cancellation in exchange for the grant of new stock options is called the “exchange ratio.” The exchange ratio will be calculated to result in the issuance of new stock options with a fair value for financial accounting purposes approximately equal to the fair value of the eligible options. The fair values will be calculated using the Black-Scholes option pricing model, which will take into account our common stock price at the completion of the exchange offer, the original exercise price and other terms of the eligible options, as well as other variables including the volatility of our common stock and the expected term of the new stock options. We will not issue any fractional new stock options. Accordingly, any exchange that would result in a fractional new stock option will be rounded up to the nearest whole number of new stock options.

The following table shows the exchange ratio for each range of exercise prices.

Exchange Ratios of Eligible Options to New Stock Options

Exercise Price of Eligible Options	Exchange Ratio
\$13.63 - \$19.49	2.5:1
\$19.50 - \$24.99	3.0:1
\$25.00 - \$35.99	3.5:1
\$36.00+	9.0:1

For example, if an eligible employee tenders 100 eligible options with an exercise price of \$21.00, the eligible employee will receive 34 new stock options.

12. When will my new stock options vest?

The new stock options received in exchange for eligible options will be subject to a new vesting schedule which will provide that the new stock options will be unvested on the date of the exchange and will require three years of continued service with us or any of our subsidiaries in order to fully vest. This is the case even if the exchanged options were fully vested on the date of the exchange. The new stock options will vest over a three-year period, with one-third vesting one year after their grant date and the remaining two-thirds vesting monthly over a two-year period commencing on the one year anniversary of their grant date.

Only a whole number of new stock options will vest in any period. Any fractional new stock option that would otherwise vest will be carried over to the next vesting period. (See Section 9 of Part III.)

13. What will I receive when my new stock options vest?

When your new stock options vest, you will have the right to purchase shares of our common stock at an exercise price per share equal to the fair market value of our common stock at the completion of the exchange offer. Stock options issued in the exchange offer will be completely unvested at the time they are granted and will become vested on the basis of the eligible employee's continued employment with us or any of our subsidiaries.

14. What is the source of the common stock that will be issued under my new stock options?

The shares of FormFactor common stock underlying the new stock options will be issued under our 2002 Plan. Because we are proposing a value-for-value exchange and not a one-for-one exchange, we will not reuse all of the shares underlying the eligible options that are tendered in the exchange offer. Any shares underlying tendered stock options that are not used for new stock options will not be returned to the 2002 Plan. Shares subject to new stock options that are granted under the 2002 Plan and later forfeited or canceled before being exercised will again become available for issuance pursuant to the 2002 Plan.

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15. What happens if my employment terminates before all of my new stock options vest?

You will generally forfeit any new stock options that are not vested on the date your employment with FormFactor or one of its subsidiaries terminates for any reason. Any shares of common stock that you hold as a result of the exercise of your new stock option while you are an employee of FormFactor or one of its subsidiaries are yours to keep even after you leave FormFactor.

If you believe you may resign before the new stock options vest, you should carefully consider whether or not to participate in the exchange offer. Your options currently may be fully or partially vested. If you do not exchange them, you may be able to exercise your vested options for a period of time after your service ends (as specified in your stock option agreement). If you participate in the exchange offer, the options you elect to exchange will be canceled and you will generally forfeit new stock options that have not vested at the time your service ends. (See Section 9 of Part III.)

16. If I participate, when will I receive my new stock option agreement?

New stock options will be granted promptly following the expiration of the exchange offer in exchange for all properly tendered eligible options. You will receive an email from the Company's stock administration department when your new stock option grant has been issued.

17. Where will I be able to view my new stock options?

After receiving an email from the Company's stock administration department that your options have been granted, you will be able to view your new stock option grant by logging into your E*Trade stock plan account at www.etrade.com/stockplans.

18. Will my new stock options ever expire?

Yes. The new stock options will have a term of five (5) years from the new grant date, subject to earlier expiration in the event of termination of your employment.

19. Are there risks that I should consider in deciding whether to exchange my options?

Yes. Exchanging your eligible options for new stock options does have some risks. You should carefully review the discussion of certain of these risks in Part II of this document ("Certain Risks of Participating in the Exchange Offer").

20. What happens if FormFactor's stock price increases during the exchange offer?

If our stock price increases during the exchange offer, you may want to exercise some of your options or even decide that you do not want to participate in the exchange offer. If you want to exercise any of your options that may be eligible for exchange and still participate in the exchange offer, you can do so by exercising them before you make an election to participate. Once you have submitted an election to participate, you cannot exercise eligible options you have elected to exchange unless you first withdraw your previous election. If you withdraw and then exercise some of your eligible options and want to exchange the rest, you can do so by again following the procedures in Section 4 of Part III.

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21. Why should I consider participating in the exchange offer?

The decision to participate in the exchange offer must be each eligible employee's personal decision. In evaluating the exchange offer, you should keep in mind that the future performance of FormFactor and our common stock will depend upon, among other factors, the future overall economic environment, the performance of the overall stock market, the performance of our business and other companies in our industry and other risk factors and uncertainties set forth in our filings with the SEC. You should also consider the number of new stock options you receive in exchange for eligible options, the exercise price of the new stock options, the vesting schedule and the remaining term of your current options.

Again, you should keep in mind that, if you choose to participate in the exchange offer and receive new stock options, you will be exchanging stock options that may already be vested either in full or in part for new stock options that will be unvested at grant and will vest in full after three years, subject to your continued employment with us or any of our subsidiaries. (See Question 12.)

22. Are there conditions to the exchange offer?

Yes. The exchange offer is subject to a number of conditions that are described in Section 7 of Part III. The offer is not conditioned on a minimum number of options being tendered for exchange or upon a minimum number of option holders participating in the exchange offer. Participation in the exchange offer is completely voluntary.

BACKGROUND AND PURPOSE OF THE OFFER

23. Why is FormFactor making the exchange offer?

Form Factor's Board of Directors has determined that it is in our best interests and the best interests of our shareholders to authorize the stock option exchange program to increase the retentive and motivational value of certain outstanding stock option grants to our employees. We have granted stock options to a significant portion of our employees consistent with the view that long-term compensation should align our employees' interests with the interests of our stockholders. While our employees' compensation packages include a number of different components, we believe equity compensation is one of the key components as it encourages employees to work toward our success and provides a means by which employees benefit from increasing the value of our common stock. We also believe that equity compensation plays a vital role in the retention of employees. Because the eligible options are currently underwater, we are lacking a significant component of our compensation strategy. Eligible employees who choose to participate in the exchange offer will receive new stock options with an exercise price based on the fair market value of our common stock at the completion of the exchange and will have an opportunity to benefit from future increases in the price of our common stock. The new stock options will also provide an ongoing performance incentive for our employees to work towards improving our business because the new stock options will only have value if our common stock price increases. Additionally, the exchange offer is expected to reduce our overhang, particularly that portion consisting of stock options having the highest exercise prices with the least employee retention value. (See Section 3 of Part III.)

24. Why did FormFactor choose to offer this exchange for new stock options rather than repricing eligible options?

Our Board of Directors considered a variety of alternatives to address the issues of the stock option overhang and the significant number of out-of-the-money options. Ultimately, the Board determined that by exchanging stock options according to the terms of the exchange offer, we will reduce the number of shares of stock subject to equity awards, thereby reducing potential dilution to our stockholders. (See Section 3 of Part III.)

25. If I have already held my options through the required vesting periods, why are there additional vesting requirements on the new stock options?

Two of the principal purposes of our equity programs are to align the interests of our employees with those of our stockholders and to retain the services of these employees. We believe that anything shorter than the vesting schedule described in Question 12 will not adequately further these objectives. You should carefully consider the risks of exchanging vested options for new stock options. (See Questions 19 and 21.)

26. Will there be additional equity grants in the future?

Our Board of Directors and its Compensation Committee periodically evaluate our compensation programs. At this time, the Board and Compensation Committee believe that equity compensation forms an important component of our compensation programs and they intend to periodically evaluate future equity awards for eligible employees.

27. Is it likely that an offer similar to this one will be made in the future?

While our Board and Compensation Committee evaluate FormFactor's compensation programs periodically, it has no current intention to make any similar offer in the future. You should make your decision on the assumption that, if you do not surrender your eligible options in accordance with the terms of the exchange offer (including the expiration date stated in this Offer to Exchange), you may not have another similar opportunity.

28. Does our Board of Directors have a recommendation about the exchange offer?

Our Board of Directors is not making a recommendation about the exchange offer. Although the Compensation Committee of the Board and our Board of Directors have approved this exchange offer, they recognize that the decision to participate in the exchange offer is an individual one that should be based on a variety of factors, including your own personal circumstances and preferences. You should consult with your personal advisors if you have questions about your financial or tax situation. Neither we, the Compensation Committee, nor our Board of Directors are making a recommendation as to whether or not to accept this exchange offer.

29. Is there any information regarding FormFactor that I should be aware of?

Yes. Your decision to participate in the exchange offer should take into account the factors described in this Offer to Exchange, as well as the various risks and uncertainties inherent in our business. These risks include, but are not limited to, those risks set forth in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009 and our Quarterly Report on Form 10-Q for the period ended June 26, 2010. In addition, before making your decision to tender your eligible options, you should carefully review the information about FormFactor discussed in Part II ("Certain Risks of Participating in the Offer") and in Section 10 of Part III ("Information Concerning FormFactor, Inc.") of this document. This information includes an update on recent events affecting our business and explains where you can find additional information about us.

DURATION OF THE OFFER

30. How long will the exchange offer remain open? Can the exchange offer be extended, and if so, how will I know if it is extended?

This offer begins on September 2, 2010 and is scheduled to expire at 9 p.m., U.S. Pacific Time on September 30, 2010. No exceptions will be made to this deadline, unless we extend it. Although we do not currently intend to do so, we may, in our sole discretion, extend the expiration date of the exchange offer at any time. If we extend the exchange offer, we will publicly announce the extension no later than 6 a.m., U.S. Pacific Time, on the next business day after the last previously scheduled or announced expiration date. (See Section 16 of Part III.)

31. If the exchange offer is extended, how will the extension affect the date on which new stock options will be granted?

If we extend the exchange offer and you elect to participate in it, you must properly tender your eligible option grants you wish to exchange before the expiration of the extended exchange offer period. Your properly tendered eligible options will be accepted and canceled, and your award of new stock options will be granted, promptly following the extended expiration.

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HOW TO ELECT TO PARTICIPATE IN THE EXCHANGE OFFER

32. What do I need to do to participate in the exchange offer?

To properly elect to exchange your eligible options, you must notify FormFactor of your election before 9 p.m., U.S. Pacific Time, on the expiration date, which is currently September 30, 2010. Log in to <https://formfactor.equitybenefits.com> to make your election, or complete, sign, date and return the Election Form and deliver it to Hank Feir, SVP Human Resources, according to the instructions contained in the Election Form so that we receive it before the exchange offer expires.

Copies of the option exchange program documents are available at <https://formfactor.equitybenefits.com> and are posted on the Company's Human Resources page of inFORM. If you would like a hard copy of the Election Form, please send an email requesting the Election Form to option_exchange@formfactor.com.

33. Do I have to return the Election Form or any other document if I do not want to exchange my eligible options?

No. You do not have to return any documents to us if you do not wish to exchange your eligible options. If you do not return an executed Election Form or you do not submit your election electronically at <https://formfactor.equitybenefits.com>, you will not participate in the option exchange program. The exchange offer is completely voluntary, and there are no penalties for electing not to participate in the exchange offer.

34. If I elect to exchange my eligible options by submitting an electronic election or an executed Election Form, can I later change my mind?

Yes, but only within the exchange offer period. If you decide to participate in the exchange offer and later change your mind, you may withdraw the election you submitted at any time before the exchange offer expires by any of the methods described in this Offer to Exchange. (See Section 5 of Part III.) Your election to withdraw must be received by us before the exchange offer expires.

If you then decide to make a new election, you must submit a *new* election by any of the methods described in this Offer to Exchange before the exchange offer expires. (See Section 5 of Part III.)

35. Will FormFactor accept all eligible options tendered for exchange?

We intend to accept all options that are properly tendered for exchange unless the exchange offer is terminated. If we terminate the exchange offer without accepting options for exchange, we will communicate this to you by 6 a.m., U.S. Pacific Time on the first business day after the exchange offer expires (*i.e.*, if the expiration date is September 30, 2010, this communication will be no later than 6 a.m., U.S. Pacific Time on October 1, 2010). The communication may be made orally, by written or electronic notice or by public announcement. (See Sections 6 and 16 of Part III.)

36. What happens to my eligible options if I do not accept the exchange offer or if my options are not accepted for exchange?

Nothing. If you do not elect to participate in the exchange offer, or if we do not accept options that are tendered for exchange, you will keep all your current options, and you will not receive any new stock options. The offer will not result in any changes to the terms of your current options. (See Section 4 of Part III.)

37. What if I am out of the office on leave of absence or PTO during the exchange offer period?

If you will be on a leave of absence or extended paid-time-off during any portion of the exchange offer period, you may request that copies of the Election Form be mailed to your home address. Please email your request to option_exchange@formfactor.com. It is your responsibility to contact FormFactor to obtain the election materials if you will be out of the office for an extended time during the exchange offer period. If you do not submit an executed Election Form, you will not participate in the option exchange program.

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U.S. FEDERAL AND INTERNATIONAL INCOME TAX CONSIDERATIONS

38. Will I have to pay U.S. federal income taxes at the time of the exchange if I participate in the exchange offer?

We do not believe that there will be any immediate U.S. federal income tax consequences of receiving new stock options in exchange for your eligible options if you are subject to U.S. federal income taxes. U.S. employees will generally be subject to tax (including income and employment tax withholding (e.g.,

FICA)) upon exercise of the new stock options. See Section 14 (“Material U.S. Federal Income Tax Consequences”) for additional information regarding the U.S. federal income tax consequences of participating in the exchange offer.

39. What are the tax consequences if I live outside of the United States?

Eligible employees who are residents of countries other than the U.S. who receive new stock options in the exchange offer will be subject to the income and social insurance tax laws of those countries. See Section 15 (“Considerations Specific to Eligible Individuals Outside of the United States”) of Part III and Appendix B (“Guide to International Issues”) of this Offer to Exchange for additional information regarding the income and social insurance tax consequences of this exchange offer to non-U.S. participants. If you are subject to income tax in more than one country, you should be aware that there may be income and social insurance tax consequences in addition to those described in this Offer to Exchange that may apply to you. Please consult with your personal tax advisor to discuss these consequences.

40. Are there special considerations for people on international assignment or who have transferred from another FormFactor location in another country?

For participants on international assignment or who have recently transferred within FormFactor internationally, please refer to Appendix B (“Guide to International Issues”) of this Offer to Exchange. If your questions are not answered by the attached international guide, please consult with your personal tax advisor.

HOW TO GET MORE INFORMATION

41. Who can I talk to if I have questions about the exchange offer?

For additional information or assistance, you should send an email to option_exchange@formfactor.com.

In addition to these resources, we also plan to arrange for question and answer sessions about this exchange program. These sessions will not be a solicitation or make any recommendations whatsoever with respect to the exchange offer. For example, we will not be able to answer questions about your personal situation or otherwise provide an assessment of the merits of the exchange offer. You should consult your personal advisors if you have questions about your financial or tax situation. We will be providing you information about the timing and location of the question and answer session in the coming days.

II. CERTAIN RISKS OF PARTICIPATING IN THE OFFER

Participation in the exchange offer involves a number of potential risks, including those described below. The risks identified in this section and the risks described under the heading entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009, filed with the SEC on February 24, 2010 and in our Quarterly Report on Form 10-Qs for the periods ended March 27, 2010 and June 26, 2010, filed with the SEC on May 6, 2010 and August 4, 2010, respectively, highlight the material risks of participating in the exchange offer. Eligible individuals should carefully consider these risks and are encouraged to speak with an investment and tax advisor as necessary before deciding to participate in the exchange offer. We strongly recommend that you read the rest of this Offer to Exchange. In addition, individuals who live and work outside of the United States are encouraged to read Section 15 of Part III (“Considerations Specific to Eligible Individuals Outside of the United States”) and Appendix B (“Guide to International Issues”) of this Offer to Exchange discussing income and social insurance tax consequences in various countries, as well as the other documents listed above, and consult with an investment and tax advisor as necessary before deciding to participate in the exchange offer.

ECONOMIC RISKS

If you exchange eligible options for new stock options in the exchange offer and your employment with us terminates before the new stock options fully vest, you will likely forfeit any unvested portion of your new options and have a limited period to exercise any vested portion.

If you elect to participate in the exchange offer, none of the new stock options you receive will be vested on the date of grant, even if all or a portion of your eligible options are already vested. New stock options will be subject to a three-year vesting period with one-third vesting one year from date of grant and the remaining two-thirds vesting in equal monthly installments over a two year period beginning on the one year anniversary of the grant date. In addition, the term of each new stock option will be five years, subject to earlier expiration upon termination of employment. Generally, if you cease to be employed by us or one of our subsidiaries, any new stock options held by you will not continue to vest and any unvested portion of the new stock options will be cancelled as of your date of termination. Accordingly, if you exchange eligible options for new stock options in the exchange offer and your employment with us terminates for reasons other than death or disability or in connection with a change-in-control before the new stock options fully vest, you will forfeit the entire unvested portion of your new stock options. In addition, even vested options may expire before their term in the event of your termination of employment.

If the trading price of our common stock increases in the future, the realized value of your new stock options might be worth less than the realized value of eligible options that you surrendered in the exchange offer.

Because the exchange offer is not based on a one-for-one exchange ratio with respect to the eligible options, it is possible that in the future the eligible options that you currently hold could be economically more valuable than the new stock options granted pursuant to the exchange offer. For example, if you exchange an eligible option exercisable for 1,000 shares with an exercise price of \$20.00 per share and a remaining term of three years, you will receive a new stock option exercisable for 334 shares. Assume, for illustrative purposes only, that the exercise price of your new stock option is \$10.00 per share and that in three years the trading price of our common stock has increased to \$30.00 per share. Under this example, if you had retained and exercised your eligible option and then sold the subject shares at \$30.00 per share, you would have realized a pre-tax gain of \$10,000. If you exchanged your eligible option and exercised, and sold the shares subject to, your new stock option, however, you would realize a pretax gain of only \$6,680.

If our stock price increases after the date your tendered options are canceled, including if we are acquired by or merge with another company, your canceled options might have been worth more than the new stock options that you receive in exchange for them.

We cannot predict the market price of our stock. It is possible over time that options you tender for exchange could have had a greater value or lesser value than the new stock options you receive under the exchange offer.

We may engage in transactions in the future with business partners or other companies or significantly change our structure, ownership, organization or management or the make-up of our Board of Directors, and that could significantly affect the market price of our common shares.

We will not grant new stock options to you if we are prohibited by applicable laws, rules, regulations or policies.

Even if we accept your tendered options, we will not grant new stock options to you if we are prohibited by applicable laws, rules, regulations or policies from doing so. Such a prohibition could result from, among other things, changes in U.S. laws, SEC rules, regulations or policies or NASDAQ Global Market listing requirements or if you move to a jurisdiction in which we are prohibited or prevented from granting new stock options. In such a situation, we would rescind the acceptance of your tendered eligible options, and you would retain your eligible options subject to their existing terms.

TAX-RELATED RISKS FOR U.S. RESIDENTS

General

We believe that you will not be subject to current U.S. federal income taxation if you elect to keep your eligible options. If you elect to exchange your eligible options, we believe you will not recognize any income at the time your new stock options are granted. Your new stock options will be non-qualified stock options for U.S. federal income tax purposes. Upon exercise of a new stock option, you will generally be subject to income and employment tax withholding (e.g., FICA) and recognize ordinary income for U.S. federal tax purposes measured by the excess of the then fair market value of the shares over the exercise price of the option. The subsequent sale of the shares acquired upon exercise of a new stock option generally will give rise to capital gain or loss equal to the difference between the sale price and the sum of the exercise prices paid for the shares plus the ordinary income recognized with respect to the shares, and these capital gains or losses will be treated as long-term capital gains or losses if you held the shares for more than one year following exercise of the option.

You should review Section 14 of Part III (“Material U.S. Federal Income Tax Consequences”) carefully for a more detailed discussion of the potential income tax consequences of participating in the exchange offer. We recommend that you consult with your personal tax advisor with respect to the tax consequences relating to your specific circumstances before deciding whether or not to participate in the exchange offer.

TAX-RELATED RISKS FOR NON-U.S. RESIDENTS

If you reside outside of the U.S., you should refer to Appendix B (“Guide to International Issues”) of this Offer to Exchange for additional information regarding the income and social insurance tax consequences of the exchange offer under various non-U.S. laws.

If you are a tax resident or citizen of a non-U.S. jurisdiction or are otherwise subject to a tax liability in a non-U.S. jurisdiction and you participate in the exchange offer, the tax consequences of your receipt of new stock options may differ significantly from the U.S. federal income tax consequences. Subject to any modification required to comply with local law, we expect to satisfy any applicable tax, withholding or other obligations with respect to eligible employees outside of the U.S. by using the procedures described in Section 15 of Part III (“Considerations Specific to Eligible Employees Outside of the U.S.”). In addition, you may have exchange control reporting obligations.

The Guide to International Issues found in Appendix B is general in nature and is not complete and may not apply to your specific circumstances. In addition, tax consequences change frequently and occasionally on a retroactive basis. We therefore recommend you consult with your personal tax advisor in your own country about the effect on your personal tax situation if you choose to participate in the exchange offer.

If you are eligible for the exchange offer and you live or work in one country but are also subject to the tax laws in another country, you should be aware that there may be other income and social insurance tax consequences that may apply to you. We recommend that you consult with your personal tax advisor to discuss these consequences.

BUSINESS-RELATED RISKS

For a description of risks related to FormFactor’s business, please see “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 26, 2009 and the Quarterly Reports on Form 10-Q for the periods ended March 27, 2010 and June 26, 2010.

III. THE OFFER

Section 1. Eligibility.

Individuals are “eligible employees” if they are employed by us or one of our domestic or foreign subsidiaries both at the time the exchange offer commences and on the date on which the eligible options are canceled and new stock options are issued to replace them. Individuals who are on medical, maternity, paternity, worker’s compensation, military or another statutorily protected leave of absence or an approved personal leave of absence are eligible to participate in the exchange offer. In addition, members of our Board of Directors and executive officers of FormFactor are not eligible to participate in the exchange offer.

Section 2. Number of New Stock Options; Expiration Date.

We are offering eligible employees the opportunity to exchange their outstanding stock options to purchase our common stock, par value \$0.001 per share, that have a per share exercise price equal to or greater than \$13.63 for a lesser number of new stock options. The new stock options will be non-

qualified stock options for U.S. federal income tax purposes. We refer in the exchange offer to option grants with a per share exercise price that is equal to or greater than \$13.63 as “eligible options.” The exchange offer is subject to the terms and conditions described in this Offer to Exchange, the Election Form and the Notice of Withdrawal.

The new stock options to be issued in the exchange offer will represent rights to purchase shares of our common stock at a specified exercise price on future dates when those rights have vested following a required period of employment. Options issued in the exchange offer will be completely unvested at the time they are granted and will become vested on the basis of the eligible employee’s continued employment with us or any of our subsidiaries. (See “Source and Amount of Consideration; Terms of New Stock Options” in Section 9.) A participant in the exchange offer will generally forfeit any new stock options he or she receives that remain unvested at the time his or her employment with us terminates for any reason. The new stock options will have a term of five (5) years from the new grant date, subject to earlier expiration in connection with termination of employment. The new stock options will be granted under, and will be subject to the terms and conditions of, our 2002 Plan and a stock option agreement between FormFactor and the eligible employee

The total number of shares of our common stock currently reserved for issuance under the 2002 Plan is 17,447,796 shares, of which 6,448,386 shares are outstanding and 10,999,410 shares were available for future issuance as of September 1, 2010. Of these, there were options to purchase approximately 3,098,724 shares of our common stock held by eligible employees that are eligible to be exchanged in the exchange offer. We are not able to predict how many or which eligible employees will exchange their eligible options.

Assuming that all of these eligible options are exchanged for new stock options, the maximum number of new stock options to be granted at the completion of the exchange offer is as follows:

Per Share Exercise Price of Eligible Options	Eligible Options	Number of New Stock Options to be Issued
\$13.63 - \$19.49	804,186	321,680
\$19.50 - \$24.99	506,897	169,077
\$25.00 - \$35.99	493,031	140,931
\$36.00+	1,296,610	144,065

In the exchange offer, you may exchange your eligible option grants on a grant-by-grant basis or none at all. However, we will not accept a partial tender of eligible options within a particular grant. If you attempt to tender for exchange less than the entire outstanding, unexercised portion of an eligible option grant, we will reject your tender for that grant in its entirety.

The number of eligible options that an eligible employee would surrender for cancellation in exchange for the grant of new stock options is known as the “exchange ratio.” The exchange ratio will be calculated to result in the issuance of new stock options with a fair value for financial accounting purposes approximately equal to the fair value of the eligible options. The fair values will be calculated using the Black-Scholes option pricing model, which will take into account our common stock price at the completion of the exchange offer, the original exercise price and other terms of the eligible options as well as other variables including the volatility of our common stock and the expected term of the new stock options.

The following table shows the exchange ratio for each range of exercise prices.

Exchange Ratios of Eligible Options to New Stock Options

Exercise Price of Eligible Options	Exchange Ratio
\$13.63 - \$19.49	2.5:1
\$19.50 - \$24.99	3.0:1
\$25.00 - \$35.99	3.5:1
\$36.00+	9.0:1

We will not issue any fractional new stock options. Accordingly, any exchange that would result in a fractional new stock option will be rounded up to the next whole number of new stock options. For example, if a participant elects to exchange an eligible option grant to purchase 100 shares of our common stock at \$21.00 per share, that participant will receive stock options to purchase a total of 34 shares of our common stock (*i.e.*, 100 divided by the exchange ratio of 3.0 for stock options with an exercise price between \$19.50 to \$24.99 is 33.3, and rounded up to the next whole number is 34).

You will have Web access to a list, or upon request you will receive a hard copy list, which identifies (i) each of the options you currently hold which has an exercise price equal to or greater than \$13.63 and therefore may be eligible for exchange, and (ii) the exchange ratios used to determine the number of new stock options you will receive if each option is exchanged. If you have misplaced your Election Form, you may obtain another Election Form at <https://formfactor.equitybenefits.com>.

This offer will expire at 9 p.m., U.S. Pacific Time, on September 30, 2010 unless we, in our sole discretion, extend the period of time during which the exchange offer will remain open. If we extend the period of time during which the exchange offer remains open, the term “expiration date” will mean the latest time and date at which the exchange offer expires. See Section 16 of Part III (“Extension of Exchange Offer; Termination; Amendments”) for a description of our rights to extend, delay, terminate and/or amend the exchange offer.

Section 3. Purpose of the Offer.

We have granted stock options to a significant portion of our employees consistent with the view that long-term compensation should align our employees’ interests with the interests of our shareholders. While our employees’ compensation packages include a number of different components, we believe equity compensation is one of the key components as it encourages employees to work toward our success and provides a means by which employees

benefit from increasing the value of our common stock. We also believe that equity compensation plays a vital role in the retention and recruiting of employees. Because the eligible options are currently underwater, we are lacking a significant component of our compensation strategy.

Many of our employees view equity as a significant component of their overall compensation. However, because the eligible options are significantly underwater, most of our employees believe that these eligible options have little, if any, value. These underwater eligible options are no longer an effective means of retaining our key employees, despite the fact that we will continue to recognize compensation expense for these stock options over the remaining service period. Further, in the wake of the current economic environment, offering significant cash incentives to improve the retention of our key employees may not be desirable. The board of directors believes that the Company currently faces a substantial risk of employees departing for other opportunities unless we recapture the potential value of their outstanding equity incentives.

In addition, under the exchange offer, participants will receive fewer new stock options than the number of shares subject to options that are canceled in the exchange. Therefore, the number of shares of our common stock subject to all outstanding stock options will be reduced, thereby reducing our option overhang.

Our Board of Directors considered a variety of alternatives to address the significant number of out-of-the-money options and the issue of the stock option overhang. Ultimately, the Board determined that by exchanging stock options according to the terms of the exchange offer, we will reduce the number of shares of stock subject to equity awards, thereby reducing potential dilution to our stockholders, while providing eligible employees with new at-the-money stock options, thereby creating a stronger incentive for employees to contribute to our growth and success and continue their service with FormFactor.

Our Board of Directors is not making a recommendation about the exchange offer. Although the compensation committee and the Board of Directors have approved the exchange offer, they recognize that the decision to participate in the exchange offer is an individual one that should be based on a variety of factors, including your own personal circumstances and preferences. You should consult with your personal advisors if you have questions about your financial or tax situation. Neither we, the compensation committee, nor the Board of Directors is making a recommendation as to whether or not you should participate in the exchange offer.

Section 4. Procedures for Tendering Options.

Proper Tender of Options.

To properly elect to exchange your eligible options, you must notify FormFactor of your election before 9 p.m., U.S. Pacific Time, on the expiration date, which is currently September 30, 2010. Your election will be effective as of the date and time we receive it. It is your responsibility to ensure that your election is received by us before the exchange offer expires.

To be timely, your election must be **RECEIVED** by us before the exchange offer expires by one of the methods described below.

Via Electronic Delivery:

Log onto <https://formfactor.equitybenefits.com> to make your election by selecting "YES" next to each eligible option you wish to exchange.

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Via Email Delivery:

Scan your executed Election Form and email it to option_exchange@formfactor.com.

Via Facsimile:

Fax your executed Election Form to FormFactor, Inc., Attn: Hank Feir, SVP Human Resources at (+1) (935) 290-4119.

Via Regular Mail, Overnight Courier or Hand Delivery:

Send your executed Election Form by mail or overnight courier, or hand deliver an executed Election Form, to FormFactor, Inc., 7005 Southfront Road, Livermore, California 94551, Attn: Hank Feir, SVP Human Resources.

You do not need to return your stock option agreements in order to effectively elect to accept our exchange offer.

If you send to FormFactor an executed Election Form, we intend to confirm receipt of your executed Election Form within three business days of our receipt. If you do not receive confirmation of our receipt, it is your responsibility to ensure that FormFactor has properly received your completed forms.

You are not required to submit an election. However, if FormFactor does not receive your election at or before **9 p.m., U.S. Pacific Time, on the expiration date, which is currently September 30, 2010**, we will interpret this as your election not to participate in the exchange offer, and you will retain all of your outstanding options with their current terms.

Your proper and timely submission of an election to participate or an election to withdraw from participation will constitute a "**submitted election**".

The method of delivery of your election is at your election and risk. Your election will be effective upon receipt by us by any of the methods described above in this section. In all cases, you should allow sufficient time to ensure we receive your election before the exchange offer expires. If you do not receive confirmation of our receipt, it is your responsibility to ensure that we have received your election.

Copies of the option exchange program documents are available at <https://formfactor.equitybenefits.com> and are posted on the Company's Human Resources page of inFORM, the Company's intranet site.

Determination of Validity; Rejection of Tendered Stock Options; Waiver of Defects; No Obligation to Give Notice of Defects.

We will determine, in our sole discretion, all questions as to the number of shares subject to eligible options, and the validity, form, eligibility (including time of receipt) of submitted elections (including any changes of elections) and acceptance of any tender of eligible options. Our determination of these matters will be final and binding on all parties. We may reject any submitted elections or any eligible options tendered for exchange to the extent that we determine they are not properly completed or to the extent that we determine it is unlawful to accept the eligible options for exchange. We may waive any defect or irregularity in a submitted election. No eligible options will be deemed properly tendered for exchange until all defects or irregularities have been cured by the option holder or waived by us. Neither we nor any other person is obligated to give notice of any defects or irregularities in any submitted election, and no one will be liable for failing to give notice of any defects or irregularities.

Your Choosing to Participate and Our Accepting Your Options Constitute an Agreement.

If you elect to exchange your eligible options, whether electronically at <https://formfactor.equitybenefits.com> or by submitting an executed Election Form in accordance with the procedures described above, you are accepting the terms and conditions of the exchange offer. If we accept the eligible options that you properly tender for exchange,

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there will be a binding agreement between us and you on the terms and subject to the conditions of this Offer to Exchange and the Election Form. If you submit your election electronically, you will be deemed to have signed the Notice of Election with respect to the eligible options that you have elected to exchange. Subject to our rights to extend, delay, terminate and/or amend the exchange offer, we currently expect that we will accept promptly after the expiration of the exchange offer all properly tendered eligible options that have not been validly withdrawn.

Effect of Exchange on Eligible Options.

If you elect to exchange your eligible options and we accept those options for exchange, effective on our acceptance, the eligible options you tendered for exchange will be canceled and the stock option agreement(s) evidencing them will be deemed null and void. New stock options will be granted promptly following the expiration of the exchange offer in exchange for all properly tendered eligible options. All new stock options will be granted under the 2002 Plan and will be subject to the terms and conditions of a new stock option agreement between you and FormFactor.

If you do not elect to exchange your eligible options or you properly withdraw a previously submitted election and do not submit another election before the exchange offer expires, you will not participate in the exchange offer with respect to such options and you will retain your eligible options at their current exercise price(s) and subject to their existing terms.

Questions About the Offer.

You can ask questions about the exchange offer or request assistance by sending an email to option_exchange@formfactor.com. You can obtain copies of the exchange offer documents and copies of the Election Form and Notice of Withdrawal at Withdrawal Rights and Change of Election <https://formfactor.equitybenefits.com>.

Section 5. Withdrawal Rights and Change of Election.

You may withdraw your tendered eligible options or change your election only in accordance with the provisions of this Section 5.

If you previously elected to exchange eligible options for new stock options by submitting an electronic election or an executed Election Form and you would like to withdraw your election to exchange your eligible option grants, you must notify FormFactor of your withdrawal. FormFactor must receive your withdrawal before 9 p.m., U.S. Pacific Time, on September 30, 2010, unless the exchange offer is extended, in which case your withdrawal must be received before the extended expiration of the exchange offer. Your withdrawal will be effective as of the date and time we receive it. It is your responsibility to ensure that your withdrawal is received by FormFactor by the expiration of the exchange offer.

We expect to accept and cancel all properly tendered eligible options promptly following the expiration of the exchange offer.

If your service with FormFactor or one of its subsidiaries terminates prior to the cancellation of options tendered pursuant to the exchange offer, your tendered options will automatically be withdrawn. If automatically withdrawn, you may exercise those options to the extent they are vested at the time of your termination of service, but only during the limited period for which those options remain exercisable pursuant to your stock option agreement following your termination.

Please note that, just as you may not tender only a part of your eligible options within a particular grant, you may also not withdraw your election with respect to only part of that grant. Accordingly, if you elect to withdraw only a portion of a previously tendered eligible option within a particular grant, you will be deemed to have withdrawn your election with respect to all of the eligible options within that particular grant.

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To be timely, your withdrawal must be **RECEIVED** by FormFactor before the exchange offer expires by one of the methods described below:

Via Electronic Delivery:

Log onto <https://formfactor.equitybenefits.com> to withdraw your election by selecting “NO” next to each eligible option you do not wish to exchange.

Via Email Delivery:

Scan your executed Notice of Withdrawal and email it to option_exchange@formfactor.com.

Via Facsimile:

Fax your executed Notice of Withdrawal to FormFactor, Inc., Attn: Hank Feir, SVP Human Resources at (+1) (935) 290-4119.

Via Regular Mail, Overnight Courier or Hand Delivery:

Send your executed Notice of Withdrawal to FormFactor, Inc., 7005 Southfront Road, Livermore, California 94551, Attn: Hank Feir, SVP Human Resources.

If you submit your withdrawal election electronically at <https://formfactor.equitybenefits.com>, you will be deemed to have signed the Notice of Withdrawal with respect to the options you have withdrawn from the exchange offer.

If you send an executed Notice of Withdrawal, we intend to confirm receipt of your executed Notice of Withdrawal within three business days of our receipt. If you do not receive confirmation of our receipt, it is your responsibility to ensure that we have properly received your Notice of Withdrawal before the exchange offer expires.

If you later decide to make a new election to tender your eligible options in the exchange offer, you must submit a new election by following the instructions in Section 4. Please see Section 4 for contact information you should use to request additional copies of the Election Form or the Notice of Withdrawal. The last election or withdrawal received by FormFactor before the exchange offer expires will be binding, and you will not be permitted to make any further elections or withdrawals after the exchange offer expires.

You may not rescind any withdrawal, and options you withdraw will thereafter be deemed not properly tendered for purposes of the exchange offer, unless you properly re-tender those options by submitting a new electronic election or a properly completed and executed Election Form before the exchange offer expires.

Neither we nor any other person is obligated to give notice of any defects or irregularities in any Notice of Withdrawal or new Election Form, and no one will be liable for failing to give notice of any defects or irregularities. We will determine, in our sole discretion, all questions as to the form and validity, including time of receipt of Notices of Withdrawal and new Election Forms. Our determinations of these matters will be final and binding.

Copies of the option exchange program documents are available at <https://formfactor.equitybenefits.com> and are posted on the Company's Human Resources page of inFORM, the Company's intranet site.

The method of delivery of your withdrawal is at your election and risk. Your withdrawal will be effective upon receipt by us by any of the methods described above. In all cases, you should allow sufficient time to ensure we receive it before the exchange offer expires. We intend to confirm our receipt of your submitted withdrawal within three business days of receipt. If you do not receive confirmation of our receipt, it is your responsibility to ensure that we have received your withdrawal.

Section 6. Acceptance of Stock Options for Exchange and Issuance of New Stock Options.

Upon the terms and subject to the conditions of the exchange offer and promptly following the expiration date, we expect to accept for exchange all eligible options properly tendered and not validly withdrawn before the exchange offer expires. All eligible options accepted by us pursuant to the exchange offer will be canceled as of the date and time of acceptance, and you will no longer have any rights under those options. New stock options will be granted as of the date and time of our acceptance.

We will not accept a partial tender of an eligible option within a particular grant. If you attempt to tender for exchange less than the entire outstanding, unexercised portion of an eligible option grant, we will reject your tender for that grant in its entirety. (See Section 2 of Part III.) However, you may tender the remaining portions of eligible option grants that you have partially exercised.

All new stock options will be granted under our 2002 Plan and will be subject to the terms and conditions of a stock option agreement between you and FormFactor. You will receive an email from the Company's stock administration department when your new stock option grant has been issued. You will then be able to view your new stock option grant by logging into your E*Trade stock plan account at www.etrade.com/stockplans. You will also be able to view your stock option agreement, which will be in the form filed as an exhibit to our Tender Offer Statement on Schedule TO, but with all the blanks filled in. If you do not elect to exchange your eligible options or you properly withdraw a previously submitted election and do not submit another election before the exchange offer expires, you will not participate in the exchange offer with respect to your eligible options and you will retain your eligible options subject to their existing terms.

If you are not an eligible employee at FormFactor or one of our subsidiaries on the expiration date, your election to exchange your options will automatically be deemed to have been withdrawn as of the date of your termination of service and the exchange offer will not affect the terms of your existing options.

It is possible that, prior to the cancellation of eligible options tendered for exchange and the grant of new stock options, we might effect or enter into an agreement for a merger or other similar transaction in which FormFactor is acquired by another company. If there is a sale of all or substantially all of our assets or stock, or we merge with another company, before the expiration of the exchange offer, you may withdraw your tendered options and have all the rights afforded you to acquire our common stock under the existing agreements evidencing those options. Further, if we are acquired prior to the expiration date, we reserve the right to withdraw the exchange offer, in which case your eligible options and your rights under them will remain intact subject to all of their existing terms.

If you elect to participate in the exchange offer, and we are acquired by another company after we accept and cancel your tendered options and grant you new stock options, any unvested new stock options will immediately vest and any shares received pursuant to vested new stock options would be treated in the same manner as all other shares of FormFactor common stock outstanding at the time of the merger or acquisition transaction.

Section 7. Conditions of the Exchange Offer.

Subject to the rules of the SEC and notwithstanding any other provision of the exchange offer, we will not be required to accept for exchange any options and may terminate or amend the exchange offer or postpone the acceptance of any tendered eligible options, if at any time on or after commencement of the exchange offer and before the expiration date of the exchange offer any of the following events shall have occurred (or shall have been determined by us to have occurred) that in our judgment makes it inadvisable to proceed with the exchange offer or with acceptance for exchange:

- there has been any action pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the exchange offer or us or any of our subsidiaries, by any court or any authority, agency or tribunal that, in our reasonable judgment, would:
- make the acceptance for exchange of, or the issuance of new stock options for, some or all of the tendered eligible options illegal or otherwise restrict or prohibit consummation of the exchange offer;

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- delay or restrict our ability, or render us unable, to accept for exchange, or issue stock options for, some or all of the tendered eligible options;
- materially impair (such as by increasing the accounting or other costs of the exchange offer to us) the contemplated benefits of the exchange offer to us or eligible employees as further described in Section 3 (“Purpose of the Exchange Offer”) above; or
- materially and adversely affect the business, condition (financial or other), income, operations or prospects of us and our subsidiaries, taken as whole, or otherwise materially impair in any way the contemplated future conduct of our business or the business of any of our subsidiaries;
- there has occurred:
 - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market;
 - the commencement of a war, armed hostilities or other international or national crisis directly or indirectly involving the United States, which could reasonably be expected to affect materially or adversely, or to delay materially, the completion of the exchange offer;
 - any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, would negatively affect the extension of credit by banks or other lending institutions in the United States;
 - any significant and adverse change in the market price of our shares of common stock or any change in the general political, market, economic or financial conditions in the United States or abroad that would, in our reasonable judgment, have a material and adverse effect on our business, condition (financial or other), operations or prospects or on the trading in our common stock;
 - any change in the general political, market, economic or financial conditions in the United States or abroad that would have, in our reasonable judgment, a material and adverse effect on our business, condition (financial or other), operations or prospects or that of our subsidiaries or that, in our reasonable judgment, makes it inadvisable to proceed with the exchange offer;
 - in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof; or
 - any change in generally accepted accounting principles or interpretations of generally accepted accounting principles which would, in our reasonable judgment, materially and adversely affect the manner in which we are required for financial accounting purposes to account for the exchange offer;
- a tender or offer with respect to some or all of our common stock, or a merger or acquisition proposal for us, has been proposed, announced or made by another person or entity or has been publicly disclosed, or we have learned that:
 - any person, entity or “group” (within the meaning of Section 13(d)(3) of the Securities Exchange Act (the “Exchange Act”)) shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares of our common stock, or any new group has been formed that beneficially owns more than 5% of the outstanding shares of our common stock (other than any such person, entity or group who has filed a Schedule 13D or Schedule 13G with the SEC on or before the exchange offer expires);
 - any person, entity or group who has filed a Schedule 13D or Schedule 13G with the SEC on or before the exchange offer expires has acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding shares of our common stock; or

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- any person, entity or group has filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of their respective assets or securities.

If any of the above events occur, we may:

- terminate the exchange offer and promptly return all tendered eligible options to tendering holders;
- complete and/or extend the exchange offer and, subject to your withdrawal rights, retain all tendered eligible options until the extended exchange offer expires;
- amend the terms of the exchange offer; or

- waive any unsatisfied condition and, subject to any requirement to extend the period of time during which the exchange offer is open, complete the exchange offer.

The conditions of the exchange offer are for our benefit. We may assert them at our sole discretion before the exchange offer expires. We may waive them, in whole or in part, at any time and from time to time prior to the expiration date, in our discretion, whether or not we waive any other conditions to the exchange offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of such rights, but will be deemed a waiver of our ability to assert the condition that was triggered with respect to the particular circumstances under which we failed to exercise our rights. The waiver of any of these rights with respect to particular facts and circumstances will not be deemed to be a waiver with respect to any other facts and circumstances. Any determination or judgment we make concerning the events described in this section will be final and binding upon all persons.

Section 8. Price Range of Our Common Stock.

Our common stock is quoted on the NASDAQ Global Market under the trading symbol "FORM". The following table sets forth, for the periods indicated, the high and low closing sales prices per share of our common stock as reported by the NASDAQ Global Market.

	High	Low
Fiscal Year Ended December 29, 2007		
First Quarter	\$ 47.91	\$ 37.42
Second Quarter	\$ 46.61	\$ 37.95
Third Quarter	\$ 48.48	\$ 36.53
Fourth Quarter	\$ 47.25	\$ 30.90
Fiscal Year Ended December 27, 2008		
First Quarter	\$ 33.86	\$ 16.17
Second Quarter	\$ 22.84	\$ 17.16
Third Quarter	\$ 20.52	\$ 15.87
Fourth Quarter	\$ 18.30	\$ 11.91
Fiscal Year Ended December 28, 2009		
First Quarter	\$ 18.80	\$ 13.35
Second Quarter	\$ 21.51	\$ 15.50
Third Quarter	\$ 25.88	\$ 17.28
Fourth Quarter	\$ 24.20	\$ 16.34
Fiscal Year Ending December 25, 2010		
First Quarter	\$ 22.31	\$ 15.20
Second Quarter	\$ 20.47	\$ 10.67
Third Quarter (through September 1, 2010)	\$ 11.35	\$ 6.95

On September 1, 2010, the closing price per common share as reported by the NASDAQ Global Market was \$6.95.

Our common stock price has been, and in the future may be, highly volatile. The trading price of our common stock has fluctuated widely in the past and may continue to do so in the future, as a result of a number of factors, some of which are outside our control. In addition, the stock market has experienced extreme price and volume fluctuations that have adversely affected the market valuations of many companies, and that have often been unrelated or disproportionate to the operating performance or financial condition of these companies.

We recommend that you obtain the current market price of our common stock before deciding whether to elect to exchange your options.

Section 9. Source and Amount of Consideration; Terms of New Stock Options.

Consideration.

The number of eligible options that an eligible employee would surrender for cancellation in exchange for the grant of new stock options is known as the "exchange ratio." The exchange ratio will be calculated to result in the issuance of new stock options with a fair value for financial accounting purposes approximately equal to the fair value of the eligible options. The fair values will be calculated using the Black-Scholes option pricing model, which will take into account our common stock price at the completion of the exchange offer, the original exercise price and other terms of the eligible options as well as other variables including the volatility of our common stock and the expected term of the new stock options. We will not issue any fractional new stock options. Accordingly, any exchange that would result in a fractional new stock option will be rounded up to the nearest whole number of new stock options.

The following table shows the exchange ratio for each range of exercise prices.

Exchange Ratios of Eligible Options to New Stock Options

Exercise Price of Eligible Options	Exchange Ratio
\$13.63 - \$19.49	2.5:1
\$19.50 - \$24.99	3.0:1
\$25.00 - \$35.99	3.5:1
\$36.00+	9.0:1

All options eligible for exchange were granted under the Company's 2002 Equity Incentive Plan. Options that we accept and cancel in the exchange offer that were originally granted under the 2002 Plan will be used for the issuance of the new stock options granted under the option exchange program. Any shares in excess of the foregoing will not be returned to the 2002 Plan. For a detailed discussion of the number of new stock options to be issued under the exchange offer, please see Section 2 above.

Terms of the New Stock Options

The new stock options granted in the exchange offer will be granted under the 2002 Plan and will be subject to the terms and conditions of a stock option agreement between you and FormFactor. You will receive an email from the Company's stock administration department when your new stock option grant has been issued. You will then be able to view your new stock option grant by logging into your E*Trade stock plan account at www.etrade.com/stockplans. You will also be able to view your new stock option agreement which will be in the form filed as an exhibit to our Tender Offer Statement on Schedule TO but with all the blanks filled in. If you do not elect to exchange your eligible options or you properly withdraw a previously submitted election and do not submit another election before the exchange offer expires, you will not participate in the exchange offer with respect to your eligible options and you will retain your eligible options subject to their existing terms. The following description of the new stock options to be granted under the 2002 Plan is a summary of the material terms of these awards.

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Important Note: The description below of the 2002 Plan and the new stock options to be granted in the exchange offer is merely a summary and does not purport to be complete. Any statements are subject to, and are qualified in their entirety by reference to, all provisions of the 2002 Plan and the applicable form of stock option agreement evidencing the new stock options. These documents have been included as exhibits to our Tender Offer Statement on Schedule TO filed with the SEC (to which this document is also an exhibit).

In addition, please note that your stock option agreement will contain additional provisions regarding data privacy, responsibility for taxes, and an acknowledgment and waiver with respect to the nature of the exchange offer.

- **General.** As of September 1, 2010, there were approximately 10,999,410 shares of our common stock available for grant under the 2002 Plan. The 2002 Plan permits an appointed committee (the "Committee") of our Board of Directors to grant awards of stock options.
- **Purpose.** The purpose of the 2002 Plan is to advance the interests of FormFactor and its stockholders by providing an incentive to attract, retain and motivate persons whose present and potential contributions are important to the success of FormFactor.
- **Administration.** The 2002 Plan is generally administered by the Compensation Committee of our Board of Directors. Subject to the provisions of the 2002 Plan, the Compensation Committee selects the individuals eligible to be granted awards under the 2002 Plan, the types of awards granted, the time(s) at which awards may be granted, the number of shares subject to each award and all of the terms and conditions of each award. The Compensation Committee has the authority to interpret the 2002 Plan and to make all other determinations relating to the 2002 Plan.
- **Nature of New Stock Options.** The new stock options to be issued under the exchange offer are rights to purchase shares of our common stock at a specified exercise price on future dates when those rights have vested following a required period of employment. New stock options issued in the exchange offer will be completely unvested at the time they are granted and will become vested on the basis of your continued employment with FormFactor or any of its subsidiaries. You will generally forfeit any stock options received that remain unvested at the time your employment with us terminates for any reason. The new stock options will have a term of five (5) years from the new grant date, subject to earlier expiration in connection with termination of employment.
- **Vesting.** The new stock options received in exchange for eligible options will be subject to a new vesting schedule which will primarily provide that the new stock options will be unvested on the date of the exchange. One-third of each new stock option will vest one year after their grant date and the remaining two-thirds will vest monthly over a two-year period commencing on the one year anniversary of their grant date. If your service to us is terminated before all of the new stock options have vested, you will generally forfeit any new stock options that remain unvested at that time. The vesting schedules for new stock options granted to participants in all countries will be the same. Only a whole number of new stock options will vest in any period. Any fractional new stock option that would otherwise vest will be carried over to the next vesting period.

If you are a participant in the exchange offer, and we are acquired by another company after we accept and cancel your tendered options and grant you new stock options, any unvested new stock options will immediately vest and any shares received pursuant to vested new stock options would be treated in the same manner as all other shares of FormFactor common stock outstanding at the time of the merger or acquisition transaction.

- **Delivery of Common Shares.** Upon exercise, stock options will be settled, on a one-to-one basis, by issuance of shares of our common stock to the participant, subject to our withholding a number of whole shares necessary to satisfy any required withholding.
- **Termination of Service.** In the event a participant in the exchange offer ceases to be a service provider to FormFactor or any of our subsidiaries at any time prior to the vesting of the participant's new stock options, all of such participant's new stock options which are unvested at the time of termination of service generally will be forfeited to FormFactor and canceled.

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- **Transfer Restrictions.** Until they have vested and the stock options have been exercised, your stock options may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered, other than by will or the laws of descent and distribution.
 - **Adjustments Upon Certain Events.** Subject to any required action by our stockholders, in the event of a subdivision of the outstanding shares, a declaration of a dividend payable in shares, a declaration of a dividend payable in a form other than shares in an amount that has a material effect on the price of shares, a combination or consolidation of the outstanding shares (by reclassification or otherwise) into a lesser number of shares, a recapitalization, reorganization, merger, liquidation, spin-off or a similar occurrence, proportionate adjustments will be made in the number of new stock options, as determined by the 2002 Plan administrator.
 - **Amendment or Termination of the 2002 Plan.** The Board of Directors has the authority to amend or terminate the 2002 Plan at any time.
 - **Registration of Shares.** The shares of FormFactor common stock that may be issued pursuant to any new stock options granted in connection with the exchange have been registered under the Securities Act of 1933, as amended (the "Securities Act") on a registration statement on Form S-8 filed

with the SEC. Unless you are considered an “affiliate” of FormFactor, you will generally be able to sell the vested shares you purchase pursuant to your new stock options free of any transfer restrictions under applicable United States securities laws.

Tax Consequences. If you are a U.S. resident, you should refer to Section 14 (“Material U.S. Federal Income Tax Consequences”) below for a discussion of the material U.S. federal income tax consequences with respect to the grant of new stock options under the exchange offer. If you are resident outside of the U.S., you should refer to Section 15 (“Considerations Specific to Eligible Employees Outside of the U.S.”) and Appendix B (“Guide to International Issues”) of this Offer to Exchange for a discussion of certain income and social insurance tax consequences for individuals in certain countries with respect to the acquisition, holding and vesting of new stock options, as well as the consequences of accepting such awards under the exchange offer. Please consult with your personal tax advisor to discuss these consequences.

Section 10. Information Concerning FormFactor, Inc.

General. FormFactor, Inc. is incorporated in the State of Delaware. Our principal executive offices are located at 7005 Southfront Road, Livermore, California 94551, USA, and our telephone number at that address is +1 (925) 290-4000.

FormFactor was founded in 1993. We design, develop, manufacture, sell and support precision, high performance advanced semiconductor wafer probe card products and solutions. Semiconductor manufacturers use our wafer probe cards to perform wafer sort and test on the semiconductor die, or chips, on the whole semiconductor wafer, which is prior to singulation of the wafer into individual separate chips. We work closely with our customers on product design, as each wafer probe card is a custom product that is specific to the chip and wafer designs of the customer. During wafer sort and test, a wafer probe card is mounted in a prober and connected to a semiconductor tester. The wafer probe card is used as an interface to connect electrically with and test individual chips on a wafer. Our wafer probe cards are used by our customers in the front end of the semiconductor manufacturing process, as are our parametric, or in-line, probe cards. We operate in a single industry segment and have derived substantially all of our revenues from the sale of wafer probe cards incorporating our proprietary technology, including our MicroSpring® interconnect technology.

In the ordinary course of business, we regularly engage in, evaluate, and expect to continue to engage in and evaluate, a wide array of potential strategic transactions, including (i) acquisitions of companies, businesses, intellectual properties, and other assets, and (ii) investments in new businesses. Subject to the foregoing, and except as otherwise disclosed in this Offer to Exchange or in our filings with the SEC, we presently have no plans or proposals and are not engaged in negotiations that relate to or are currently likely to result in:

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- a material extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- any purchase, sale or transfer of a material amount of our assets or the assets of any of our subsidiaries;
- any material change in our present dividend rate or policy, our indebtedness or capitalization;
- any change in our present Board of Directors or management, including a change in the number or term of directors or to fill any existing board vacancies or to change any executive officer’s material terms of employment;
- any other material change in our corporate structure or business;
- our common shares being delisted from the NASDAQ Global Market;
- our common shares becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act;
- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of any of our securities or the disposition of any of our securities; or
- any change in our certificate of incorporation or bylaws, or any actions which may impede the acquisition of control of us by any person.

We cannot assure you that we will not plan, propose or engage in negotiations with respect to the above noted matters during or after the expiration of the exchange offer.

Certain Financial Information. Set forth below is a summary of our financial information. This information is derived from and qualified by reference to our publicly available consolidated financial statements and should be read in conjunction with the financial statements, related notes and other financial information included in Item 15(a)(1) on pages 69 through 111 of FormFactor’s Annual Report on Form 10-K for its fiscal year ended December 26, 2009, and Item 1 on pages 3 through 19 of FormFactor’s Quarterly Report on Form 10-Q for its fiscal quarter ended June 26, 2010, which are incorporated herein by reference. See Section 18.

SUMMARY FINANCIAL INFORMATION OF FORM FACTOR, INC.

	Year Ended		Six Months Ended	
	December 27, 2008	December 26, 2009	June 27, 2009	June 26, 2010
(in thousands, except per share amounts)				
Summary of consolidated statements of operations:				
Revenues	\$ 210,189	\$ 135,335	\$ 58,567	\$ 97,306
Income (loss) before income taxes	\$ (124,912)	\$ (142,439)	\$ (84,197)	\$ (71,608)
Net income (loss)	\$ (80,621)	\$ (155,653)	\$ (103,789)	\$ (72,048)
Net income (loss) per share:				
Basic	\$ (1.65)	\$ (3.15)	\$ (2.11)	\$ (1.44)
Diluted	\$ (1.65)	\$ (3.15)	\$ (2.11)	\$ (1.44)

	December 27, 2008	December 26, 2009	June 26, 2010
(in thousands, except per share amounts)			
Summary of consolidated balance sheets:			
Total current assets	\$ 642,963	\$ 546,611	\$ 495,534
Restricted cash	\$ 680	\$ 680	\$ 680
Property and equipment, net	\$ 113,813	\$ 97,758	\$ 96,904
Deferred tax assets	\$ 20,580	\$ 2,202	\$ 2,299
Other assets	\$ 7,674	\$ 8,717	\$ 8,027
Total current liabilities	\$ 66,209	\$ 64,004	\$ 73,017
Total long-term liabilities	\$ 13,437	\$ 14,183	\$ 13,541
Total stockholders' equity	\$ 706,064	\$ 577,781	\$ 516,886
Stockholders' equity (book value) - per share	\$ 14.39	\$ 11.61	\$ 10.28

On August 31, 2010, we announced that we expect revenue for fiscal third quarter 2010 to be between \$46 and \$48 million, lower than the previous expectation of the low to mid \$50 millions. The lower than expected results are due to the timing of completion of qualifications for the Matrix product family at major customers, our decision to turn away low margin business and longer lead times quoted than customers requested.

For information regarding the accounting consequences of the exchange offer, see Section 12.

Section 11. Interests of Directors and Officers; Transactions and Arrangements Concerning the Options.

No members of our Board of Directors (including non-employee and employee members of our Board of Directors) and no executive officers of the Company are eligible to participate in the exchange offer.

Section 12. Status of Options Accepted by Us in the Offer; Accounting Consequences of the Offer.

Options that we acquire and cancel through the exchange offer that were originally granted under the 2002 Plan will be used for the issuance of the new stock options granted under the option exchange program. Any shares in excess of the foregoing will not be returned to the 2002 Plan.

Under FASB Accounting Standards Codification 718 Compensation—Stock Compensation (“ASC 718”) (formerly Statement of Financial Accounting Standards No. 123(R), “Share-Based Payment”), to the extent the fair value of each grant of new stock options exceeds the fair value of the eligible options surrendered for exchange, this excess will be recognized by us as compensation expense, in addition to any remaining unrecognized expense for the eligible options surrendered. This incremental expense will be recognized ratably over the vesting period of the new stock options in accordance with the requirements of ASC 718. In the event that any of the new stock options are forfeited prior to their settlement due to termination of employment, the incremental expense for the forfeited stock options will be reversed and will not be recognized.

Section 13. Legal Matters; Regulatory Approvals.

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by the exchange offer, or of any approval or other action by any government or regulatory authority or agency that is required for the acquisition or ownership of the eligible options or new stock options as described in the exchange offer. If any other approval or action should be required, we presently intend to seek that approval or take that action. This could require us to delay the acceptance of eligible options returned to us. We cannot assure you that we would be able to obtain any required approval or take any other required action. Our failure to obtain any required approval or take any required action might result in harm to our business. Our obligation under the exchange offer to accept tendered eligible options and to issue new stock options in exchange for tendered eligible options is subject to the conditions described in Section 7 (“Conditions of the Exchange Offer”) above.

Section 14. Material U.S. Federal Income Tax Consequences.

The following is a description of the material U.S. federal income tax consequences of the exchange offer. This discussion is based on the Internal Revenue Code of 1986, as amended, its legislative history, Treasury Regulations thereunder and administrative and judicial interpretations thereof, as of the date hereof. We have not obtained a tax ruling or other confirmation from the U.S. Internal Revenue Service (the “IRS”) with regard to this information, and it is possible that the IRS may take a different position. This summary is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this summary may be out of date at the time the new stock options are granted, become exercisable or vest.

If you are eligible to participate in the exchange offer and you live or work in one country but are also subject to the tax laws in another country, you should be aware that there may be other income and social insurance tax consequences that may apply to you. We recommend that you consult with your personal tax advisor to discuss these consequences.

We recommend that you consult with your personal tax advisor to discuss the consequences of participating in the exchange offer under state, local and non-U.S. tax laws, as well as tax consequences arising from your particular personal circumstances.

Option Exchange and Grant of New Stock Options. We believe that you will not be subject to current U.S. federal income taxation if you elect to keep your eligible options. If you exchange your eligible options, we believe you will not recognize any income at the time your new stock options are granted. Your new stock options will be non-qualified stock options for U.S. federal income tax purposes. Upon exercise of a new stock option, you will generally be

subject to income and employment tax withholding (*e.g.*, FICA) and recognize ordinary income for U.S. federal tax purposes measured by the excess of the then fair market value of the shares over the exercise price of the option. FormFactor will generally be eligible for a tax deduction equal to the income recognized by the exercising employee.

The subsequent sale of the shares acquired upon exercise of a new stock option generally will give rise to capital gain or loss equal to the difference between the sale price and the sum of the exercise prices paid for the shares plus the ordinary income recognized with respect to the shares, and these capital gains or losses will be treated as long-term capital gains or losses if you held the shares for more than one year following exercise of the option.

Section 15. Considerations Specific to Eligible Individuals Outside of the United States.

If you reside outside of the U.S., you should refer to Appendix B (“Guide to International Issues”) of this Offer to Exchange for additional information regarding the income and social insurance tax consequences of the exchange offer under various non-U.S. laws.

If you are a tax resident or citizen of a non-U.S. jurisdiction or are otherwise subject to a tax liability in a non-U.S. jurisdiction and you participate in the exchange offer, the tax consequences of your receipt of new stock options may differ significantly from the U.S. federal income tax consequences. Subject to any modification required to comply with local law, we expect to satisfy any applicable tax, withholding or other obligations with respect to eligible employees outside of the U.S. by using the procedures described in the Guide to International Issues found in Appendix B. In addition, you may have exchange control reporting obligations.

The Guide to International Issues found in Appendix B is general in nature and is not complete and may not apply to your specific circumstances. In addition, tax consequences change frequently and occasionally on a retroactive basis. We therefore recommend you consult with your personal tax advisor in your own country about the effect on your personal tax situation if you choose to participate in the exchange offer.

If you are eligible for the exchange offer and you live or work in one country but are also subject to the tax laws in another country, you should be aware that there may be other income and social insurance tax consequences that may apply to you. We recommend that you consult with your personal tax advisor to discuss these consequences.

Before electing to participate in the exchange offer, we recommend that you consult with your personal tax advisor to determine the income and social contribution tax consequences of participating in the exchange offer.

Section 16. Extension of Offer; Termination; Amendment.

We expressly reserve the right, in our discretion, at any time and from time to time, and regardless of whether or not any event set forth in Section 7 (“Conditions of the Exchange Offer”) of Part III of this document has occurred or is deemed by us to have occurred, to extend the period of time during which the exchange offer is open and thereby delay the acceptance for exchange of any options by giving oral, written or electronic notice of such extension to the option holders or making a public announcement thereof.

We also expressly reserve the right, in our reasonable judgment, prior to the expiration date of the exchange offer to terminate or amend the exchange offer and postpone our acceptance and cancellation of any options that you elect to exchange upon the occurrence of any of the conditions specified in Section 7 of this document by giving oral, written or electronic notice of such termination or postponement to you or by making a public announcement thereof. Notwithstanding the foregoing, we will pay the consideration offered or return the options elected for exchange promptly after termination or withdrawal of the exchange offer.

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event set forth in Section 7 has occurred or is deemed by us to have occurred, to amend the exchange offer in any respect.

Amendments to the exchange offer may be made at any time and from time to time. In the case of an extension, the amendment will be issued no later than 6 a.m., U.S. Pacific Time, on the next business day after the last previously scheduled or announced expiration date. Any amendment of the exchange offer will be disseminated promptly in a manner reasonably designed to inform option holders of the change. Without limiting the manner in which we may choose to disseminate any amendment of the exchange offer, except as required by law, we have no obligation to publish, advertise, or otherwise communicate any dissemination.

If we materially change the terms of the exchange offer or the information concerning the exchange offer, or if we waive a material condition of the exchange offer, we will extend the exchange offer. Except for a change in the amount of consideration or change in percentage of securities sought, the amount of time by which we will extend the exchange offer following a material change in the terms of the exchange offer or information concerning the exchange offer will depend on the facts and circumstances, including the relative materiality of the information. If we decide to take any of the following actions, we will notify you and extend the expiration date to the tenth business day after the date of the notice (unless the expiration date as originally scheduled is already on or after the tenth business day):

- we increase or decrease the per share exchange value of the options (*i.e.*, increase or decrease what we will give you in exchange for your options);
- we change the type of options eligible to be tendered for exchange in the exchange offer; or
- we increase the number of options eligible to be tendered for exchange in the exchange offer such that the common shares underlying the increased options exceed 2% of the common shares issuable upon exercise of the options that are subject to the exchange offer immediately prior to the increase.

A “*business day*” means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, Eastern Time.

Section 17. Fees and Expenses.

Section 18. Additional Information.

With respect to the exchange offer, we have filed with the SEC a Tender Offer Statement on Schedule TO, of which this Offer to Exchange is a part. This Offer to Exchange does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. We recommend that, in addition to this Offer to Exchange, the Election Form and the Notice of Withdrawal, you review the Schedule TO, including its exhibits, before deciding whether or not to exchange your eligible options. We are subject to the informational filing requirements of the Exchange Act and, in accordance with that act, are obligated to file periodic reports, proxy statements and other information with the SEC relating to our business, financial condition and other matters. Such reports, proxy statements and other information include the following, which are incorporated herein by reference:

- our Annual Report on Form 10-K for our fiscal year ended December 26, 2009, filed with the Commission on February 24, 2010;
- our Quarterly Reports on Form 10-Q for the periods ending March 27, 2010 and June 26, 2010, filed with the Commission on May 6, 2010 and August 4, 2010, respectively;
- our Current Reports on Form 8-K filed with the Commission on January 28, 2010, April 12, 2010, May 25, 2010, May 26, 2010, June 7, 2010, June 22, 2010 and August 31, 2010 (other than the portions of these documents deemed to be furnished);
- our definitive proxy statement for our 2009 annual meeting of stockholders, filed with the Commission on April 8, 2010; and
- the description of our common stock contained in the FormFactor's Registration Statement on Form 8-A, together with any other amendments or reports filed for the purpose of updating such description;

and any amendment or report filed for the purpose of updating such descriptions may be examined, and copies may be obtained, at the SEC's public reference room in Washington, D.C. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-732-0330. Our filings are also available to the public on the SEC's Internet site at <http://www.sec.gov> and our website at <http://www.formfactor.com>.

Our common stock is quoted on the NASDAQ Global Market under the symbol "FORM", and our filings with the Commission can also be read at the offices of the NASDAQ Global Market.

We will also provide without charge to each person to whom a copy of this Offer to Exchange is delivered, upon the written or oral request of any such person, a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). You may request by writing to FormFactor, Inc., Attn: Hank Feir, SVP Human Resources, 7005 Southfront Road, Livermore, California 94551, USA, or emailing at option_exchange@formfactor.com.

As you read the documents listed in this Section 18, you may find some inconsistencies in information from one document to another. Should you find inconsistencies between the documents, or between a document and this Offer to Exchange, you should rely on the statements made in the most recent document.

The information contained in this Offer to Exchange about FormFactor should be read together with the information contained in the documents to which we have referred you.

Section 19. Miscellaneous.

We are not aware of any jurisdiction where the making of the exchange offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the exchange offer is not in compliance with any valid applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, the exchange offer will not be made to, nor will eligible options be accepted from eligible employees residing in such jurisdiction.

We have not authorized any person to make any recommendation on our behalf as to whether you should elect to accept the exchange offer with respect to your options. You should rely only on the information in this document or documents to which we have referred you. We have not authorized anyone to give you any information or to make any representations in connection with the exchange offer other than the information and representations contained in this Offer to Exchange and in the related offer documents. If anyone makes any recommendation or representation to you or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by FormFactor.

September 2, 2010

FormFactor, Inc.

APPENDIX A

INFORMATION ABOUT THE DIRECTORS AND EXECUTIVE OFFICERS OF FORMFACTOR, INC.

The directors and executive officers of FormFactor, Inc., their positions and offices held as of September 1, 2010 are set forth in the following table:

Name	Positions and Offices Held
<i>Directors:</i>	
Dr. Homa Bahrami	Director
G. Carl Everett, Jr.	Director and Chief Executive Officer
Dr. Chenming Hu	Director
Lothar Maier	Director
James A. Prestridge	Director and Chairperson of the Board
Harvey A. Wagner	Director
<i>Non-Director Executive Officers:</i>	
Richard DeLateur	Chief Financial Officer
Stuart L. Merkadeau*	Senior VP, General Counsel & Secretary

* Mr. Merkadeau was identified as a “named executive officer” in the Company’s proxy statement filed April 8, 2010.

The address of each director and executive officer is c/o FormFactor, Inc., 7005 Southfront Road, Livermore, California 94551, USA. The telephone number for each director and executive officer is +1 (925) 290-4000.

APPENDIX B

GUIDE TO INTERNATIONAL ISSUES

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN CANADA (QUEBEC)

The following is a discussion of the material tax consequences potentially affecting Eligible Employees subject to tax in Canada (Quebec) who choose to participate in the cancellation of Eligible Options and grant of New Options pursuant to the Offer to Exchange. This discussion is based on the law in effect in Canada (Quebec) as of August 2010. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the New Options are granted, vested, or exercised or when you sell shares acquired upon exercise of the New Options.

This summary also includes other country-specific requirements that may affect your participation in the offer. In addition, if you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how any applicable tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange

Although the tax treatment as a result of the exchange of Eligible Options for the New Options is uncertain, you likely will not be subject to tax on the exchange.

Grant of New Options

You will not be subject to tax when the New Options are granted to you.

Exercise of New Options

You will be subject to income tax when you exercise the New Options on the difference (or “spread”) between the fair market value of the shares on the date of exercise and the exercise price. Only one-half of the spread is subject to tax; that is, you can permanently exclude one-half of the spread from the taxable amount. You will be subject to tax on the remaining one-half of the spread at your applicable marginal income tax rate. However, if you are subject to tax in Quebec, you may only deduct one-quarter of the spread, i.e., for Quebec purposes you are effectively taxed on three-quarters of the spread. In addition, please note that while general Canadian federal and Quebec tax are described herein, if you are subject to tax in other provinces, different tax treatment may apply.

You will be subject to pension plan contributions on the taxable amount at exercise (i.e., one-half of the spread federally and three-quarters for Quebec purposes) to the extent that you have not already exceeded your annual contribution ceiling.

Sale of Shares

When you sell the shares acquired at exercise of your New Options, you will be subject to capital gains tax. The taxable amount of capital gain will be one-half of the difference between the sale price and the adjusted cost basis of the shares (i.e., the fair market value of the shares on the date of exercise less any brokerage fees).

If you own other shares of FormFactor which you have acquired from the exercise of other Eligible Options or outside of the 2002 Plan, your adjusted cost base may be different from described above. In order to preserve the cost basis of shares sold in a cashless exercise, you must specifically identify any such shares in your annual tax return. You are strongly advised to seek advice from a tax professional in any of these situations.

One-half of any loss arising on the sale of the shares (including any brokerage fees) may be deducted from any taxable capital gain for the year, the previous three taxation years, or any subsequent year.

Withholding and Reporting

Your employer will report the spread recognized at exercise of your New Options, any amount excluded under the one-half exemption rule (one-quarter for Quebec purposes) to the Canada Revenue Agency (“CRA”). A copy of the T4 form containing this information will be delivered to you prior to the last day of February in the year following the year in which you exercise your New Options.

Your employer will also withhold income tax on the taxable amount at the time of exercise of your New Options.

Your employer will also withhold pension plan contributions on the taxable amount at exercise to the extent you have not already exceeded the applicable contribution ceiling. The taxable amount at exercise for purposes of pension plan contributions is the difference between the fair market value of the shares on the date of exercise and the exercise price less the one-half exempt amount (one-quarter for Quebec purposes).

If your actual tax liability is greater than the amount withheld, it is your responsibility to pay any additional tax and to report and pay any taxes resulting from the sale of shares.

OTHER INFORMATION

Consent To Receive Information In English For Quebec Participants

By accepting the terms and conditions contained in the Exchange Offer and agreeing to participate in the Exchange Offer, you further agree to the following:

The parties acknowledge that it is their express wish that the Exchange Offer, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cet offre, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite au présent offre.

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN GERMANY

The following is a discussion of the material tax consequences potentially affecting Eligible Employees subject to tax in Germany who choose to participate in the cancellation of Eligible Options and grant of New Options pursuant to the Offer to Exchange. This discussion is based on the law in effect in Germany as of August 2010. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the New Options are granted, vested, or exercised or when you sell shares acquired upon exercise of the New Options.

This summary also includes other country-specific requirements that may affect your participation in the exchange offer. In addition, If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how any applicable tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange

You likely will not be subject to tax as a result of the exchange of Eligible Options for the New Options.

Grant of New Options

You will not be subject to tax when the New Options are granted to you.

Exercise of New Options

If you exercise your New Options, you will be subject to income tax and social insurance contributions (to the extent you have not exceeded the applicable contribution ceiling). You will be taxed on the difference (or “spread”) between the fair market value of the shares at exercise and the exercise price. You will also be subject to a solidarity surcharge and church tax, if applicable, on your income tax liability.

Pursuant to Section 3 paragraph 39 of the German Income Tax Act (Einkommensteuergesetz), you may be able to deduct from the taxable spread up to €360 per calendar year because this income results from the purchase of stock in your employer’s parent company and the New Options are offered to all employees having been employed by your employer for one year or more (assuming this is the case). You should consult your personal tax advisor to determine if this deduction applies to your specific situation.

Sale of Shares

When you sell the shares acquired at exercise of your New Options, you will be subject to capital gains tax at a flat rate of 25% (plus a 5.5% solidarity surcharge and church tax at a rate of 8 or 9%, if applicable), provided you do not own 1% or more of FormFactor's stated capital (and have not owned 1% or more at any time in the last five years) and the shares are not held as a business asset. If this flat tax rate exceeds your personal income tax return, you may elect in your income tax return for your personal income tax rate to apply.

The annual tax-free threshold (for the entire investment income, including capital gains, dividends, etc.) will be €801 for single taxpayers (or married taxpayers filing separately) or €1,602 for married taxpayers filing jointly.

Withholding and Reporting

Your employer will withhold and report income tax and social insurance contributions (to the extent you have not exceeded the applicable contribution ceiling) on the income recognized at exercise of the New Options. You are responsible for including any income from your New Options in your annual tax return and for paying any difference between your actual tax liability and the amount withheld.

OTHER INFORMATION

Foreign Exchange Reporting

You are required to report transfers of funds abroad in excess of €12,500 to the State Reserve Bank (*Deutsche Bundesbank*); this typically may be completed by the authorized German bank handling the transfer. You must also notify the State Reserve Bank of claims against non-residents in excess of €5,000,000.

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN ITALY

The following is a discussion of the material tax consequences potentially affecting Eligible Employees subject to tax in Italy who choose to participate in the cancellation of Eligible Options and grant of New Options pursuant to the Offer to Exchange. This discussion is based on the law in effect in Italy as of August 2010. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the New Options are granted, vested, or exercised or when you sell shares acquired upon exercise of the New Options.

This summary also includes other country-specific requirements that may affect your participation in the exchange offer. In addition, if you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how any applicable tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange

You likely will not be subject to tax as a result of the exchange of Eligible Options for the New Options.

Grant of New Options

You will not be subject to tax when the New Options are granted to you.

Exercise of New Options

You will be subject to income tax when you exercise the New Options⁽¹⁾. You will be taxed on the difference between fair market value of the shares at exercise and the exercise price. For Italian tax purposes, the fair market value of the shares is the average price of the shares on the official stock exchange on which FormFactor shares are traded (i.e., NASDAQ) over the one month immediately preceding and including the date of exercise. You will not be subject to social insurance contributions when you exercise the New Options.

(1) For the purposes of this disclosure, we have assumed that the broad-based plan exemption does not apply.

Withholding and Reporting

Your employer is required to report and withholding income tax when you exercise the New Options. If your actual tax liability is greater than the amount withheld, however, it is your responsibility to pay any additional tax due.

OTHER INFORMATION

Manner of Exercise and Method of Payment

Due to legal considerations in Italy, you will be restricted to the cashless sell-all method of exercise only, as described in Section 4.1.a.ii of Exhibit A to the Stock Option Agreement. You will not be permitted to hold Shares after exercise. The Company reserves the right to determine or modify the available methods of exercise should the restrictions change.

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN JAPAN

The following is a discussion of the material tax consequences potentially affecting Eligible Employees subject to tax in Japan who choose to participate in the cancellation of Eligible Options and grant of New Options pursuant to the Offer to Exchange. This discussion is based on the law in effect in Japan as of August 2010. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the New Options are granted, vested, or exercised or when you sell shares acquired upon exercise of the New Options.

This summary also includes other country-specific requirements that may affect your participation in the exchange offer. In addition, If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how any applicable tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange

Although the tax treatment of the Exchange Offer is unclear under Japanese law, you likely will not be subject to tax as a result of the exchange of Eligible Options for the New Options.

Grant of New Options

You will not be subject to tax when the New Options are granted to you.

Exercise of New Options

When you exercise the New Options, you will be subject to tax on the difference (or “spread”) between the fair market value of the shares on the date of exercise and the exercise price. The spread likely will be characterized as remuneration income and will be taxed at your marginal tax rate. You likely will not be subject to social insurance contributions on the spread when you exercise the New Options.

Sale of Shares

When you sell the shares acquired at exercise of the New Options, you will be subject to capital gains tax on the difference between the sale price and the fair market value of the shares at exercise. Generally, you will be subject to capital gains tax at a flat rate of 20%.

You may be eligible for a reduced flat tax rate of 10%, as opposed to the standard flat rate of 20%. The 10% temporary lower rate is in effect (until December 31, 2011) subject to conditions including: (1) the stock must be traded on a recognized exchange (*i.e.*, the NASDAQ Global Select Market); and (2) the stock must be sold through a financial instruments firm registered in Japan. Please consult with your tax advisor to find out if you are eligible for a reduced rate and/or other favorable stock-related tax treatment.

Withholding and Reporting

Your employer is not required to withhold or report income tax when you exercise your New Options. You are responsible for filing a personal tax return and reporting and paying any taxes resulting from this Exchange Offer, the exercise of the New Options and the sale of shares with certain exceptions. Please consult with your tax advisor to find out if you are required to file a tax return.

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN SINGAPORE

The following is a discussion of the material tax consequences potentially affecting Eligible Employees subject to tax in Singapore who choose to participate in the cancellation of Eligible Options and grant of New Options pursuant to the Offer to Exchange. This discussion is based on the law in effect in Singapore as of August 2010. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the New Options are granted, vested, or exercised or when you sell shares acquired upon exercise of the New Options.

This summary also includes other country-specific requirements that may affect your participation in the exchange offer. In addition, If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how any applicable tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange

It is possible that the exchange of the Eligible Options for the New Options may be viewed by the Inland Revenue Authority of Singapore (“IRAS”) as a “release” of the right or benefit to acquire shares under the Eligible Options within the meaning of Section 10(6) of the Income Tax Act. If this is the case, any gains from the release of the Eligible Options which were granted to you while you were working in Singapore will be subject to Singapore income tax. However, if the value of the New Options is equal to the value of the Eligible Options, then no taxable income is likely to be deemed to exist upon the exchange.

Grant of New Options

As the New Options are subject to vesting conditions, the gains or profits from the New Options do not accrue at the point the New Options are issued but only when the New Options are exercised. Therefore no tax will be due upon grant of the New Options.

Exercise of New Options

The gains derived from the exercise of the New Options will be taxed in Singapore, assuming the New Options were granted to you while you were working in Singapore. The gains will be computed based on the fair market value of the shares on the date of exercise less the exercise price. Such gains are deemed to accrue in the year that the New Options are exercised.

You may be eligible for a tax exemption or deferral pursuant to a special scheme for equity income on the New Options. Please consult your personal tax advisor to determine whether any special scheme applies to your situation and whether the New Options may qualify for favorable tax treatment under such a scheme.

You likely will not be subject to mandatory Central Provident Fund contributions when you exercise the New Options.

Sale of Shares

When you sell the shares acquired at exercise of the New Options, you will not be subject to tax unless you are regarded by the IRAS as being in the business of buying and selling securities.

Withholding and Reporting

Generally, your employer is not required to withhold income tax when you exercise your New Options. However, your employer will prepare a Form IR8A each year, including any taxable benefit that you have derived

pursuant to the Offer to Exchange or the exercise of the New Options. Your employer will provide the Form IR8A to you. You will be responsible for submitting your own tax return to the IRAS and paying any applicable tax. Generally, your tax return must be filed by April 15 of the year following the year the income accrues (i.e., exercise of options).

Special Rules for Non-Citizens of Singapore

Notwithstanding the above, special rules will apply to you if (i) you are not a Singapore citizen or a Singapore permanent resident, or if you are a Singapore permanent resident who intends to leave Singapore on a permanent basis, and (ii) you cease employment with your employer in Singapore. In this situation, you will be taxed on the New Options on a “deemed exercise” basis.

Under the “deemed exercise” basis of taxation, the tax point will be brought forward and you will be taxed on the deemed gain on the New Options (notwithstanding that such New Options may not yet have vested or been exercised). The deemed gain will be the fair market value of the shares as of one month before the date you cease employment in Singapore, less the exercise price of the New Options.

If the actual gain on the exercise of the New Options is less than the deemed gain, you can apply to the IRAS for a reassessment of your tax liability within four years from the year of assessment of the deemed gain.

Your employer is required to notify the IRAS on Form IR21 of your expected cessation of employment or departure from Singapore at least one month before you cease employment. In this case, your employer will also withhold any income payable to you, for 30 days after the filing of the Form IR21, or until tax clearance is given by the IRAS, whichever is earlier. Any income tax due from you will be deducted from the amount withheld, and the balance will be paid to you. If the amount your employer has withheld is insufficient, you must make arrangements to pay the remaining income tax due.

OTHER INFORMATION

Securities Law Notice

This Exchange Offer has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Exchange Offer and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Eligible Options may not be circulated or distributed, nor may the Eligible Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to a qualifying person under Section 273(1)(f) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN SOUTH KOREA

The following is a discussion of the material tax consequences potentially affecting Eligible Employees subject to tax in South Korea who choose to participate in the cancellation of Eligible Options and grant of New Options pursuant to the Offer to Exchange. This discussion is based on the law in effect in South Korea as of August 2010. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of

your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the New Options are granted, vested, or exercised or when you sell shares acquired upon exercise of the New Options.

This summary also includes other country-specific requirements that may affect your participation in the exchange offer. In addition, If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how any applicable tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange

You likely will not be subject to tax as a result of the exchange of Eligible Options for the New Options.

Grant of New Options

You will not be subject to tax when the New Options are granted to you.

Exercise of New Options

When you exercise the New Options, you will be subject to income tax and possibly social insurance contributions (to the extent you have not already exceeded the applicable contribution ceiling) on the difference (or “spread”) between the fair market value of the shares on the date of exercise and the exercise price.

Sale of Shares

When you sell the shares acquired at exercise of the New Options, you will be subject to capital gains tax on the difference between the sale price and the fair market value of the shares at exercise, unless the gain you have realized from the sale of shares in that year is less than the exempt amount, which is currently KRW2,500,000 per year per type of asset sold.

Withholding and Reporting

Your employer is not required to withhold or report income tax when you exercise the New Options. However, your employer may be required to withhold social insurance contributions on the spread at exercise of your New Options. It is your responsibility to report and pay taxes, if any, resulting from the Exchange Offer, the exercise of the New Options and the sale of shares. With regard to the income at exercise, if you join a Taxpayer’s Association whereby you routinely report your overseas income, you will be eligible for a 10% tax deduction. Alternatively, you may report and pay the tax as part of your global tax return which must be filed by May 31st of the year following the year in which the taxable event occurred. With regard to any capital gain from the sale of shares, you should file a preliminary capital gains tax return within two (2) months from the last day of the quarter when the shares are sold.

OTHER INFORMATION

Exchange Control Information

Exchange control laws require Korean residents who realize US \$500,000 or more from the sale of shares to repatriate the proceeds to Korea within 18 months of the sale.

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN TAIWAN

The following is a discussion of the material tax consequences potentially affecting Eligible Employees subject to tax in Taiwan who choose to participate in the cancellation of Eligible Options and grant of New Options pursuant to the Offer to Exchange. This discussion is based on the law in effect in Taiwan as of August 2010. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Employees. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the New Options are granted, vested, or exercised or when you sell shares acquired upon exercise of the New Options.

This summary also includes other country-specific requirements that may affect your participation in the exchange offer. In addition, If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how any applicable tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange

You will not be subject to tax as a result of the exchange of Eligible Options for the New Options.

Grant of New Options

You will not be subject to tax when the New Options are granted to you.

Exercise of New Options

If you exercise the New Options to purchase shares, you will be subject to income tax on the difference (or “spread”) between the fair market value of the shares on the date of exercise and the exercise price. You will not be subject to social insurance contributions on the spread.

Sale of Shares

When you sell the shares acquired at exercise of the New Options, you may be subject to Alternative Minimum Tax of 20% on the offshore capital gain.

Dividends

If you receive dividends from the shares acquired at the exercise of the New Options, you may be subject to Alternative Minimum Tax of 20% on the dividends.

Withholding and Reporting

Your employer is not required to withhold income tax when you exercise the New Options or sell the shares acquired upon exercise of the New Options. However, your employer is required to report your name, address, ID number and the taxable amount of the spread at exercise and to file a non-withholding statement with the tax authorities when you exercise the New Options. A copy of the non-withholding statement will be issued to you. You are responsible for reporting and paying any tax resulting from the exercise of the New Options and the sale of shares. You must file your annual tax return during the month of May of the year following the year in which the taxable event occurred.

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN THE UNITED KINGDOM

The following is a discussion of the material tax consequences potentially affecting Eligible Employees subject to tax in the United Kingdom who choose to participate in the cancellation of Eligible Options and grant of New Options pursuant to the Offer to Exchange. This discussion is based on the law in effect in the United Kingdom as of August 2010. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of Eligible Employees. This discussion applies only to Eligible Employees who are resident or ordinarily resident in the United Kingdom at the time of the grant of the Eligible Options and the New Options. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the New Options are granted, vested, or exercised or when you sell shares acquired upon exercise of the New Options.

This summary also includes other country-specific requirements that may affect your participation in the exchange offer. In addition, If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how any applicable tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange

You likely will not be subject to tax as a result of the exchange of Eligible Options for the New Options.

Grant of New Options

You will not be subject to tax when the New Options are granted to you.

Exercise of New Options

When you exercise the New Options, you will be subject to income tax and employee national insurance contributions (“NICs”) on the difference (or “spread”) between the fair market value of the shares on the date of exercise and the exercise price. Employees’ NICs apply at a rate of 11% to the extent your total earnings have not exceeded the upper earnings limit, which for the 2010-2011 tax year is £844 per week. To the extent your total earnings have exceeded the upper earnings limit, you will be subject to employees’ NICs at a rate of 1% (instead of 11%), without limit.

From 6 April 2011, a 1% increase in employees’ NICs will be introduced, increasing the above rates to 12% (rather than 11%) for the main rate and 2% (rather than 1%) above the upper earnings limit.

Sale of Shares

When you sell the shares acquired at exercise of the New Options, you will be subject to capital gains tax on the difference between the sale proceeds and the fair market value of the shares on the date of exercise. Please note that, effective June 23, 2010, any capital gain is subject to tax at 18% up to the higher rate threshold for income tax (currently £37,400), and at 28% above this. Capital gains tax is only payable on gains from all sources in any tax year to the extent that those gains exceed your annual personal exemption (£10,100 for the 2010-2011 tax year). Furthermore, if you own or acquire other shares in FormFactor, you must take into account the share identification rules in calculating your capital gains liability.

Withholding and Reporting

Your employer is required to withhold income tax and NICs when you exercise your New Options, as described above. On your employer’s annual tax and share plan returns, it is also required to report to HMRC the details of the exchange, the grant of the New Options, the exercise or sale of the New Options, other related income and any tax withheld. You are responsible for reporting the exercise or sale of the New Options and for reporting and paying any tax resulting from the sale of shares.





**OFFER TO EXCHANGE
CERTAIN OUTSTANDING STOCK OPTIONS
FOR
NEW STOCK OPTIONS**

DATED SEPTEMBER 2, 2010

ELECTION FORM

Please read this Election Form carefully. To properly elect to exchange your eligible stock options in the exchange offer pursuant to FormFactor's Offer to Exchange Certain Outstanding Stock Options for New Stock Options, dated September 2, 2010 (the "Exchange Offer"), FormFactor must **receive** your Election Form **before 9 p.m., U.S. Pacific Time, on September 30, 2010**.

You are not required to submit an election. If FormFactor does not receive your election at or before **9 p.m., U.S. Pacific Time, on the expiration date, which is currently September 30, 2010**, we will interpret this as your election not to participate in the Exchange Offer, and you will retain all of your outstanding eligible stock options with their current terms.

You must send a properly executed Election Form via email, facsimile, regular mail, overnight courier, or hand delivery using the following contact information:

Via Email Delivery:

Scan your executed Election Form and email it to option_exchange@formfactor.com.

Via Facsimile:

Fax your executed Election Form to FormFactor, Inc., Attn: Hank Feir, SVP Human Resources at (+1) (935) 290-4119.

Via Regular Mail, Overnight Courier or Hand Delivery:

Send your executed Election Form by mail or overnight courier, or hand deliver an executed Election Form, to FormFactor, Inc., 7005 Southfront Road, Livermore, California 94551, Attn: Hank Feir, SVP Human Resources.

Your acceptance of our Exchange Offer will be effective as of the date and time that FormFactor **receives** your signed Election Form by any of the methods described above.

You do not need to return your current stock option agreement(s) in order to effectively accept our Exchange Offer.

FormFactor intends to confirm receipt of your executed Election Form within three business days of our receipt. If you do not receive confirmation of our receipt, it is your responsibility to ensure that FormFactor has properly received your completed Election Form.

If you think the information regarding your eligible options set forth below is incorrect, or if you have any questions about the offer, please send an email to option_exchange@formfactor.com.

* * *

From: [Name]

To: FormFactor, Inc.

I have received and/or have been given access to FormFactor, Inc.'s Offer to Exchange Certain Outstanding Stock Options for New Stock Options, dated September 2, 2010 (the "Offer to Exchange"), this Election Form, the new form of Stock Option Agreement (the "Agreement") and the FormFactor, Inc. 2002 Equity Incentive Plan (the "2002 Plan").

I understand that by electing to participate in the exchange offer (the "Exchange Offer") pursuant to the Offer to Exchange, for each eligible option grant that I elect to exchange, I must exchange all of the eligible stock options subject to that grant for a new grant of new stock options covering the number of shares of Company common stock set forth below. I further understand that the new stock options will be granted under the 2002 Plan and that they represent the right to receive a certain number of shares of common stock of FormFactor, Inc. (the "Company") upon their purchase at a specified exercise price upon the vesting of the new stock options.

I am hereby electing to exchange the following eligible stock options in the Exchange Offer:

Grant ID Number	Grant Date	Exercise Price (USD)	Number of Shares Underlying Eligible Stock Options	Number of Shares Underlying New Stock Options

The Company will not issue any fractional new stock options. Accordingly, any exchange that would result in a fractional right will be rounded up to the next whole number of new stock options.

The Company has informed me that, notwithstanding the vesting status of my eligible stock options, new stock options received in the Exchange Offer will be completely unvested at the time they are issued and that this is the case even if my eligible stock options were fully vested on the date of the exchange. The Company has further informed me that my new stock options will vest over a three-year period, with one-third vesting one year after the grant date of my new stock options and the remaining two-thirds vesting monthly over a two-year period, commencing on the one year anniversary of their grant date.

Only a whole number of new stock options will vest in any period, and any fractional new stock options that would otherwise vest will be carried over to the next vesting period. I understand that I must continue to provide service to the Company or one of its subsidiaries through the required vesting periods to become entitled to purchase the underlying shares of common stock vesting at the end of each vesting period. The Company has notified me that if I choose not to participate in the Exchange Offer, I will keep all of my eligible stock options, I will receive no new stock options, and my outstanding eligible stock options will retain their current vesting provisions, exercise price and other terms and conditions.

I have reviewed the list of my eligible stock options set forth above and I confirm that it is an accurate and complete list of my eligible stock options and that I do hold all of the stock options listed above.

If, before the expiration of the Exchange Offer, I wish to exercise any of the eligible options I am electing to exchange, I acknowledge that I cannot do so unless I first properly withdraw this election with respect to the grant I wish to exercise in accordance with procedures set forth in Part III, Section 4 of the Offer to Exchange.

I acknowledge that upon the occurrence of any of the conditions set forth in Part III, Section 6 of the Offer to Exchange, the Company may terminate or amend the offer and postpone its acceptance and cancellation of any eligible stock options I elect for exchange.

I acknowledge that the new stock options will be subject to the terms and conditions set forth in the 2002 Plan and the Agreement, which will constitute an agreement between the Company and me. I have reviewed the form of Agreement provided to me. I understand and acknowledge that the final Agreement (with all the blanks filled in)

will be available as soon as practicable after the new stock options are issued in my E*Trade stock plan account at www.etrade.com/stockplans.

I hereby represent and warrant that I have full power and authority to elect to exchange the eligible stock options exchanged hereby and that, when and to the extent such stock options are accepted for exchange by the Company, such options will be free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sales agreements, or other obligations relating to the sale or transfer thereof, and such stock options will not be subject to any adverse claims. Upon request, I will execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the exchange of the stock options I am electing to exchange.

By signing this Election Form, I acknowledge that my election to exchange my eligible stock options pursuant to the procedure(s) described in Part III, Section 4 of the Offer to Exchange and in the instructions to this Election Form will constitute my acceptance of the terms and conditions of the Exchange Offer. The Company's acceptance of the stock options offered to be exchanged pursuant to the Exchange Offer will constitute a binding agreement between the Company and me, upon the terms and subject to the conditions of the Offer to Exchange and this Election Form.

I acknowledge that I expect no financial compensation from the exchange and cancellation of my stock options. I also acknowledge that, in order to participate in the Exchange Offer, I must be an eligible employee of the Company or one of its subsidiaries from the date when I elect to exchange my eligible stock options through the date when the new stock options are issued. I further acknowledge that, if I do not remain an eligible employee of the Company or one of its subsidiaries, I will not receive any new stock options or any other consideration for the options that I elect to exchange and that are accepted for exchange pursuant to the Exchange Offer.

I hereby give up all ownership interest in the eligible stock options that I elect to exchange, and I have been informed that they will become null and void on the date the Company accepts such stock options for exchange. I agree that I will have no further right or entitlement to purchase shares of the Company's common stock under the eligible stock options accepted by the Company for exchange or have any other rights or entitlements under such options. I acknowledge that this election is entirely voluntary. I also acknowledge that this election will be irrevocable on the date the Company accepts my eligible stock options for exchange.

I acknowledge that the laws of my country of residence at the time of grant, vesting, or exercise of the new stock options or the sale of shares thereunder, or at any other time (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent exercise of the new stock options or may subject me to additional procedural or regulatory requirements (which may be outlined in but are not limited to those described in the Guide to International Issues in Appendix B to the Offer to Exchange) that I solely am responsible for and may have to independently fulfill.

I also acknowledge that I shall be responsible for any tax liability that may arise as a result of participating in the Exchange Offer or in relation to the new stock options, and I hereby authorize the Company or its subsidiaries to deduct any withholding amounts from any payment or transfer of any kind that may be due to me or from any cash or shares that may be distributable to me upon exercise of the new stock options. I also acknowledge that the Company is not liable for any foreign exchange fluctuations between my local currency and the United States Dollar that may affect the value of the new stock options, the underlying shares, or any benefit I may receive thereunder.

I acknowledge that nothing contained in the Exchange Offer or the Agreement is intended to constitute or create a contract of employment nor a right to remain associated with or in the employ of the Company or a subsidiary for any particular period of time. Furthermore, I acknowledge that the Exchange Offer and the new stock options are not part of my employment contract, if any, and do not guarantee any right to receive any future grants under the 2002 Plan or the inclusion of the value of any grants in the calculation of severance payments, if any, upon termination of my employment.

I acknowledge that in order to perform its obligations under the Exchange Offer or the Agreement or for the implementation and administration of the new stock options, the Company may collect, transfer, use, process, or hold certain personal or sensitive data about me. By signing below, I hereby explicitly consent to the collection, transfer (including to third parties in my home country or the United States or other countries, such as but not limited to

human resources personnel, the Company's legal and/or tax advisors, and brokerage administrators, or to government agencies), use, processing, holding, electronically or otherwise, of my personal or sensitive data in connection with the Exchange Offer and the new stock options.

I acknowledge that the Company has advised me to consult with my own advisors as to the consequences of participating or not participating in the Exchange Offer.

By signing below (i) I hereby elect to participate in the Exchange Offer pursuant to the terms of the Offer to Exchange, subject to all of the terms and conditions set forth therein (including any terms and conditions set forth in Appendix B to the Offer to Exchange that may apply due to my country of residence at the time of grant, vesting, or exercise of the new stock options or the sale of shares thereunder, or at any other time), to exchange my outstanding eligible stock options as indicated above for the new stock options covering the number of shares of Company common stock indicated above, (ii) to the extent that I have not previously accepted any or all of the eligible stock options previously granted to me, I hereby agree to the terms and conditions set forth in the applicable stock option agreements previously provided, (iii) I hereby irrevocably waive the right to exercise my outstanding eligible stock options selected for exchange as indicated above and, therefore, to claim the delivery of the shares underlying these options, and (iv) I hereby irrevocably waive the right to claim any loss of opportunity as a result of the waiver of the right to exercise my outstanding eligible stock options selected for exchange as indicated above.

Participant Signature

Date and Time

Participant Name Printed

FormFactor, Inc. Office Location

Daytime Telephone Number

Email Address

**INSTRUCTIONS AND AGREEMENTS
FORMING PART OF THE TERMS AND CONDITIONS OF
FORMFACTOR'S OFFER TO EXCHANGE
CERTAIN OUTSTANDING STOCK OPTIONS
FOR
NEW STOCK OPTIONS**

1. Delivery of Election Form. FormFactor, Inc. (the "Company") must receive your signed and dated Election Form before the Exchange Offer expires at **9 p.m. U.S. Pacific Time on September 30, 2010**. Any Election Form received after that time will not be accepted. If the Exchange Offer is extended by the Company beyond that time, you may submit your election at any time until the extended expiration of the Exchange Offer.

The method of delivery of any document is at your election and risk. If you choose to submit a signed Election Form, your election will be effective upon receipt. If hand delivery is not feasible, we recommend that you send it via facsimile, and then follow up with an email to www.option_exchange@formfactor.com to confirm receipt by the deadline. If delivery is by mail, we recommend that you use registered mail with return receipt requested. In all cases, you should allow sufficient time to ensure timely delivery.

The Company will not accept any alternative, conditional, or contingent offers to exchange eligible stock options. All eligible employees electing to exchange eligible stock options, by execution of this Election Form, waive any right to receive any notice of the acceptance of their election to exchange, except as provided for in the Company's Offer to Exchange Certain Outstanding Stock Options for New Stock Options, dated September 2, 2010 (the "Offer to Exchange").

2. Withdrawal of Election. Elections to exchange made pursuant to the Exchange Offer may be withdrawn at any time prior to the expiration of the Exchange Offer. If the Exchange Offer is extended by the Company beyond that time, you may withdraw your election at any time until the extended expiration of the Exchange Offer. To withdraw your tendered eligible stock options, you must deliver a Notice of Withdrawal with the required information while you still have the right to withdraw the election. Withdrawal elections may not be rescinded and any eligible options withdrawn from the Exchange Offer will thereafter be deemed not properly tendered for purposes of the Exchange Offer. To re-elect to exchange eligible stock options that you have withdrawn, you must again follow the procedures described in these Instructions to deliver a new signed Election Form prior to the time the Exchange Offer expires.

3. Signatures on this Election Form. If this Election Form is signed by the option holder, the signature must correspond with the name as written on the face of the stock option agreement(s) to which the eligible stock options are subject. If your name has been legally changed since your stock option agreement was signed, please submit proof of the legal name change.

If this Election Form is signed by a trustee, executor, administrator, guardian, attorney-in-fact, or other person acting in a fiduciary or representative capacity, that person should so indicate when signing, and proper evidence satisfactory to us of the authority of that person so to act must be submitted with this Election Form.

4. Requests for Assistance or Additional Copies. If you have any questions or need assistance, please send an email to option_exchange@formfactor.com. Copies of the option exchange program documents are available at <https://formfactor.equitybenefits.com> and are posted on the Company's Human Resources page of inform, the Company's intranet site.

5. Irregularities. All questions as to the number of shares subject to stock options to be accepted for exchange and the number of new stock options to be granted, and any questions as to form of documents and the validity (including eligibility and time of receipt), form, and acceptance of any stock options elected to be exchanged will be determined by the Company in its sole discretion, which determinations shall be final and binding on all interested persons. The Company reserves the right to reject any or all elections to exchange eligible stock options that the Company determines not to be in appropriate form or the acceptance of which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the right to waive any of the conditions of the Exchange Offer and any defect or irregularity in any election to exchange eligible stock options, and the Company's interpretation of the terms of the Exchange Offer (including these instructions) will be

final and binding on all parties. No election to exchange eligible stock options will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with an election to exchange eligible stock options must be cured within such time as the Company shall determine. Neither the Company nor any other person is or will be obligated to give notice of any defects or irregularities in the election to exchange eligible stock options, and no person will incur any liability for failure to give any such notice.

6. Additional Documents to Read. You should be sure to read the Offer to Exchange, this Election Form, the 2002 Plan, and the forms of Stock Option Agreement before deciding to participate in the offer.

7. Important Tax Information. You should consult your own tax advisor and refer to Part III, Section 13 of the Offer to Exchange, which contains important U.S. federal income tax information. If you live or work outside the United States, or are otherwise subject to a tax liability in a foreign jurisdiction, you should refer to Part III, Section 14 and Appendix B to the Offer to Exchange for a discussion of the tax consequences which may apply to you.

8. Data Privacy. By accepting the Exchange Offer, you hereby explicitly and unambiguously consent to the collection, use, and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, the Company and/or any affiliate for the exclusive purpose of implementing, administering and managing your participation in the Exchange Offer.

You have been advised that the Company, and/or any affiliate may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all stock options, or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the purpose of implementing, administering, and managing the Company stock and other employee benefit plans and this Exchange Offer (all collectively, "Data"). You have been advised that Data may be transferred to any third parties assisting in the implementation, administration, and management of the Exchange Offer, that these recipients may be located in your country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than in your country. You have been advised that you may request a list with names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of implementing, administering, and managing your participation in the Company's stock and other employee benefit plans and the Exchange Offer. You have been advised that Data will be held only as long as is necessary to implement, administer, and manage your participation in the stock and other employee benefit plans and the Exchange Offer. You have been advised that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or if you are a resident of certain countries, refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You have been advised that refusing or withdrawing your consent may affect your ability to participate in the Exchange Offer.

9. Acknowledgement and Waiver. By accepting the Exchange Offer, you acknowledge that: (i) the Exchange Offer is established voluntarily by the Company, it is discretionary in nature, and it may be extended, modified, suspended, or terminated by the Company at any time as provided in the Offer to Exchange; (ii) the grant of new stock options is voluntary and does not create any contractual or other right to receive future grants of stock options or benefits in lieu of stock options, even if stock options have been granted repeatedly in the past; (iii) all decisions with respect to future grants under any the Company stock plan, if any, will be at the sole discretion of the Company; (iv) your acceptance of the Exchange Offer will not create a right to employment or be interpreted to form an employment agreement with the Company, its subsidiaries, or its affiliates and will not interfere with the ability of the Company to terminate your employment relationship at any time with or without cause; (v) your acceptance of the Exchange Offer is voluntary; (vi) the future value of the Company's shares is uncertain and cannot be predicted with certainty; (vii) the Exchange Offer, the exchanged stock options or the new stock options are outside the scope of your employment contract, if any, and are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or similar payments; (viii) if you accept the Exchange Offer and receive new stock options and obtain shares of Company common stock pursuant to such award, the value of the shares acquired may increase or decrease in value; (ix) you have been advised the risks associated with your participation in the Exchange Offer as described in "Certain Risks of Participating in the Offer" contained in the Offer to Exchange; and (x) no claim or entitlement to compensation or damages arises from diminution in value of new stock options you receive as a result of participating in the Exchange Offer and you irrevocably release the Company and its subsidiaries

and affiliates from any such claim that may arise.

10. Tax Liability. Regardless of any action that the Company, its subsidiaries, or its affiliates take with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related withholding obligations ("tax obligations"), you acknowledge that the ultimate liability for all tax obligations legally due by you is and remains your sole responsibility and that the Company, its subsidiaries, and its affiliates (i) make no representations or undertakings regarding the treatment of any tax obligations in connection with any aspect of the cancellation of eligible stock options or the grant of new stock options, the vesting of new stock options and delivery of shares of Company common stock pursuant to the new stock options, the subsequent sale of shares of Company common stock acquired pursuant to the new stock options and the receipt of any dividends; and (ii) do not commit to structure the terms of the Exchange Offer, including cancellation of the eligible options and/or the grant of new stock options, to reduce or eliminate your liability for tax obligations.

11. Electronic Delivery of Documents. Any document relating to participation in the Exchange Offer or any notice required or permitted by the Offer to Exchange, this Election Form or a Notice of Withdrawal shall be given in writing and shall be deemed effectively given only upon **receipt** by the Company. The Offer to Exchange, this Election Form, a Notice of Withdrawal, the 2002 Plan, and any other communications to eligible option holders in connection with the Exchange Offer (collectively, the "documents") may be delivered to you electronically. In addition, you may deliver electronically to the Company this Election Form or a Notice of Withdrawal. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to a Company intranet site or the Internet site of a third party involved in administering the Exchange Offer, the delivery of the document via email, or such other means of electronic delivery specified by the Company. By executing this Election Form, you acknowledge that you have read this Instruction and consent to the electronic delivery of the documents. You acknowledge that you may obtain a paper copy of any documents delivered electronically at no cost to you by contacting the Company in writing using the contact information on the first page of this Election Form. You further acknowledge that you will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, you have been advised that you must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. You may revoke your consent to the electronic delivery of documents described in this Instruction or may change the electronic mail address to which

such documents are to be delivered (if you have provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised email address by telephone, postal service or electronic mail. Finally, you have been advised that you are not required to consent to electronic delivery of documents described in this Instruction.

12. **Governing Law and Documents.** The Election Form is governed by, and subject to, United States federal and Delaware state law, as well as the terms and conditions set forth in the Offer to Exchange. For purposes of litigating any dispute that arises under the Election Form, the parties hereby submit to and consent to the exclusive jurisdiction of California and agree that such litigation shall be conducted in the courts of Alameda County, California, or the federal courts for the United States for the Northern District of California, where this offer is made and/or to be performed.

13. **Translations.** If you have received this or any other document related to the offer translated into a language other than English and if the translated version is different than the English version, the English version will control.



NOTICE OF WITHDRAWAL

**OF STOCK OPTIONS PREVIOUSLY TENDERED FOR EXCHANGE
PURSUANT TO
THE OFFER TO EXCHANGE CERTAIN OUTSTANDING STOCK OPTIONS
FOR NEW STOCK OPTIONS DATED SEPTEMBER 2, 2010**

If you previously elected to participate in the exchange offer from FormFactor, Inc. to exchange certain outstanding stock options for new stock options by submitting a signed Election Form and you would like to withdraw your election, you must notify us of your withdrawal **before 9 p.m. U.S. Pacific Time on September 30, 2010**.

If you wish to notify us of your withdrawal, you must complete, sign, date and return this Notice of Withdrawal so that FormFactor **receives** it before the expiration date deadline. You must send this entire Notice of Withdrawal via facsimile, regular mail, overnight courier, or hand delivery using the following contact information:

Via Email Delivery:

Scan your executed Notice of Withdrawal and email it to option_exchange@formfactor.com.

Via Facsimile:

Fax your executed Notice of Withdrawal to FormFactor, Inc., Attn: Hank Feir, SVP Human Resources at (+1) (935) 290-4119.

Via Regular Mail, Overnight Courier or Hand Delivery:

Send your executed Notice of Withdrawal by mail or overnight courier, or hand deliver an executed Notice of Withdrawal, to FormFactor, Inc., 7005 Southfront Road, Livermore, California 94551, Attn: Hank Feir, SVP Human Resources.

Your withdrawal will be effective as of the date and time that FormFactor receives this Notice of Withdrawal by any of the methods described above. It is your responsibility to ensure that your withdrawal is received by FormFactor by the deadline.

FormFactor must receive your election to withdraw before 9 p.m. U.S. Pacific Time on September 30, 2010, unless the offer is extended, in which case this Notice of Withdrawal must be received before the extended expiration of the offer.

FormFactor intends to confirm receipt of your Notice of Withdrawal within three business days of our receipt. If you do not receive confirmation of our receipt, it is your responsibility to ensure that FormFactor properly received your Notice of Withdrawal.

If you have questions regarding the withdrawal of your election, please send an email to option_exchange@formfactor.com.

* * *

From: [Name]

To: FormFactor, Inc.

I previously received FormFactor, Inc.'s Offer to Exchange Certain Outstanding Stock Options for New Stock Options, dated September 2, 2010 (the "Offer to Exchange"), an Election Form, the form of Stock Option Agreement (collectively, the "Agreement"), and the FormFactor, Inc. 2002 Equity Incentive Plan.

I signed and returned the Election Form, thereby electing to exchange the outstanding eligible stock options that I designated in the Election Form for new stock options. I now wish to withdraw the tendered stock options listed below from the exchange offer (the "Exchange Offer") made by FormFactor, Inc. pursuant to the Offer to Exchange.

I WISH TO WITHDRAW THE FOLLOWING STOCK OPTIONS FROM THE EXCHANGE OFFER:

Grant ID Number	Grant Date	Exercise Price (USD)	Number of Shares Underlying Eligible Stock Option

I understand that by signing this Notice of Withdrawal and delivering it pursuant to the procedure described in Part III, Section 4 of the Offer to Exchange and the instructions above, I will be withdrawing my election with respect to the eligible stock options listed above that I previously elected to exchange.

By withdrawing my election, I understand that I will not receive any new stock options for, and will continue to hold, all of the outstanding eligible stock options listed above, which will continue to be governed by the terms and conditions of the applicable existing stock option agreement(s) between FormFactor, Inc. and me.

I understand that if I wish to change this withdrawal of my tendered stock options and once again accept the Exchange Offer for any or all of the stock options that I have withdrawn, I must submit a new signed Election Form prior to the expiration of the Exchange Offer.

By signing below, I hereby elect to withdraw from the Exchange Offer the eligible stock options listed above, subject to all of the terms and conditions set forth therein, and elect not to exchange any of the eligible stock options listed above for new stock options.

I have completed and signed this Notice of Withdrawal exactly as my name appears on my original Election Form.

Participant Signature

Date and Time

Participant Name Printed

FormFactor, Inc. Office Location

Daytime Telephone Number

Email Address

FORM OF EMAIL COMMUNICATION FROM
FORMFACTOR TO ALL ELIGIBLE EMPLOYEES

IMPORTANT NEWS - PLEASE READ IMMEDIATELY

Today we commenced a stock option exchange program (“Stock Option Exchange Program”) that allows employees to exchange eligible stock options for new stock options.

SHOULD YOU CHOOSE TO PARTICIPATE IN THE STOCK OPTION EXCHANGE PROGRAM, YOU MUST TAKE ACTION BY 9:00 P.M., PACIFIC TIME, ON SEPTEMBER 30, 2010.

This email provides you with an overview of the Stock Option Exchange Program but does not contain all the information you should consider before deciding whether or not to participate in the Stock Option Exchange Program. You should carefully read the Offer to Exchange Outstanding Options for New Options (the “Offer to Exchange”) as well as the other offering materials contained in the Schedule TO (Tender Offer) we filed with the Securities and Exchange Commission on September 2, 2010 (collectively, the “Offering Materials”). The basic terms of the exchange offer can be found in Part III of the Offer to Exchange. The Offering Materials present the terms and conditions of the Stock Option Exchange Program, including the risks and benefits of participating in the program. The Offering Materials are available on the option exchange website referenced below and posted on the Human Resources page of inFORM.

STOCK OPTION EXCHANGE PROGRAM INFORMATION & WEBSITE

Below you’ll find some of the features of the Stock Option Exchange Program. Please take the time to educate yourself about the program by reviewing the Offering Materials available on the Stock Option Exchange Program website. To log into the website, please go to <https://formfactor.equitybenefits.com>. Your Login ID is your email name and your initial password is your date of birth (MMDDYYYY). You will be required to reset your password during your initial login. If you choose to participate, you can elect to do so through this website.

ELIGIBILITY

All employees who have unexercised options priced at \$13.63 or above and are continuously employed by FormFactor, Inc. throughout the exchange period are eligible to participate in the Stock Option Exchange Program. FormFactor Executive Officers and members of our Board of Directors are not eligible to participate in the Stock Option Exchange Program.

EXCHANGE DETAILS

- Exchange Ratio: The number of new stock options that you receive will be based on the exercise prices of the eligible stock options you exchange using the appropriate exchange ratio below:

Note: fractional stock options will be rounded up

Exercise Price of Eligible Stock Options	Exchange Ratio (New Stock Options for Eligible Stock Options)	Example
\$13.63 - \$19.49	1-for-2.5	400 new stock options issued in exchange for 1,000 eligible stock options
\$19.50 - \$24.99	1-for-3.0	334 new stock options issued in exchange for 1,000 eligible stock options
\$25.00 - \$35.99	1-for-3.5	286 new stock options issued in exchange for 1,000 eligible stock options
\$36.00 or greater	1-for-9.0	112 new stock options issued in exchange for 1,000 eligible stock options

Some key features of the new stock options will include:

- Type of Option: Non-Qualified stock option
- Vesting Period: New three-year term, 1/3 cliff at 1st year, 2/3 in 24 equal monthly installments thereafter
- Option Term: New five-year term
- Strike Price: Closing sale price of FormFactor, Inc. common stock, as reported on The NASDAQ Global Market, on the grant date of the new stock option, which will be the first trading day following the closing of the exchange period, which we currently expect to be on or about October 1, 2010

TIMING

- The exchange period begins today and will end at 9:00 p.m., Pacific Time, on September 30, 2010, unless FormFactor, Inc. is required or decides to extend the exchange period expiration to a later date.
- Employees who wish to participate in the Stock Option Exchange Program are encouraged to do so via the program website (which can be reached from the following link: <https://formfactor.equitybenefits.com>) during the exchange period. Elections will not be accepted after 9:00 p.m., Pacific Time, on September 30, 2010, unless FormFactor, Inc. is required or decides to extend the exchange period expiration to a later date. A physical - hard copy - of the Election Form will be made available to those employees who want to submit a hard copy Election Form in lieu of making their election on the Stock Option Exchange Program website. A form can be requested from option_exchange@formfactor.com. Election Forms, in any form, will not be accepted once the exchange period closes.

- Based on our expected timeline, employees will be granted a new stock option on October 1, 2010 in exchange for each eligible stock option they elect to exchange.
-

HOW TO LEARN MORE

There are many things to consider when deciding whether or not to participate in this Stock Option Exchange Program. We encourage you to carefully read all of the Offering Materials located on the Stock Option Exchange Program website for more information and instructions on how to participate in the program, change a prior election, and withdraw your election before the end of the exchange period.

FormFactor, Inc. makes no recommendation as to whether you should participate in the Stock Option Exchange Program. You must make your own decision. We encourage you to speak with your financial, legal, and/or tax advisors as necessary, before deciding whether to participate in this program.

If you have any questions about the Stock Option Exchange Program, please contact option_exchange@formfactor.com



Stock Option Exchange Program
 Exchange Offer Commencement Date: September 2, 2010
 Exchange Offer Expiration: September 30, 2010 at
 9:00 p.m. Pacific Time

Welcome to the FormFactor Stock Option Exchange website!

Please enter your Login ID (email name) and Password. Your initial password is your date of birth in mmddyyyy format. You will be prompted to set a new password.

Login ID: @formfactor.com
 Password: (Case Sensitive)

ENTER



Stock Option Exchange Program
 Exchange Offer Commencement Date: September 2, 2010
 Exchange Offer Expiration: September 30, 2010 at
 9:00 p.m. Pacific Time

Welcome:

[Home](#) [Logout](#)

Documentation and Instructions

Click on any of the links below to learn more.

- [Schedule TO – Tender Offer Statement](#)
- [Offer To Exchange](#)
- [FAQs](#)
- [Election Form](#)
- [Notice of Withdrawal Form](#)
- [Stock Option Agreement Form For New Stock Options](#)
- [Stock Option Agreement Terms](#)
- [Change Your Password](#)

The PDF documents above require Adobe Acrobat Reader. If necessary you can download it from [Adobe Systems](#).

Make My Election

You have 29 days left to elect to exchange your eligible stock options for new options.

If you do not make an election to exchange eligible stock options from a particular grant, the eligible stock options from the grant will not be exchanged.

[Make/View/Change My Election](#)
[Print My Exchange Election Confirmation](#)

Need Help?

Send an email to option_exchange@formfactor.com. Your email will be responded to by the end of the next business day.

Welcome:

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Make My Election (Step 1 of 4)

You may only exchange stock options on a grant by grant basis. You may not exchange only part of a stock option grant.

Indicate your decision to exchange one or more of your eligible stock options for new stock options by selecting the corresponding "Yes" button in the "Election" column below.

If you do not want to exchange one or more of your eligible stock options for new stock options, select the corresponding "No" button in the "Election" column below.

If you do not make an election to exchange eligible stock options from a particular grant, the eligible stock options from the grant will not be exchanged.

Reminder

Before making your election, please ensure that you have reviewed and understand the following documents relating to this offer:

- [Schedule TO – Tender Offer Statement](#)
- [Offer To Exchange](#)
- [FAQs](#)
- [Election Form](#)
- [Notice of Withdrawal Form](#)
- [Stock Option Agreement Form For New Stock Options](#)
- [Stock Option Agreement Terms](#)

Breakeven Calculator

Eligible Stock Options

New Stock Options

Grant Number	Type	Date	Price (US \$)	Shares Underlying Outstanding Options	Type	Shares Underlying New Options	Election
	NQ	07/16/07		8,000	NQ		<input type="radio"/> Yes <input checked="" type="radio"/> No

Cancel

Continue

Need Help?

Send an email to option_exchange@formfactor.com. Your email will be responded to by the end of the next business day.

Welcome:

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Review Elections (Step 2 of 4)

You have made the following elections with respect to your Eligible Option Grants:

Eligible Stock Options

New Stock Options

Grant Number	Type	Date	Price (US \$)	Shares Underlying Outstanding Options	Type	Shares Underlying New Options	Election
	NQ	07/16/07		8,000	NQ		<input checked="" type="radio"/> Yes <input type="radio"/> No

Cancel

I Agree

Need Help?

Send an email to option_exchange@formfactor.com. Your email will be responded to by the end of the next business day.

Welcome:

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Review Election Terms and Conditions; Submit My Elections (Step 3 of 4)

I acknowledge my election is subject to the terms, conditions, and restrictions in the Offer to Exchange.

By submitting an election to exchange eligible stock options I am making the statements in the Election Form for each eligible stock option I elect to exchange. A copy of the election form is available from the home page.

By selecting "no" for any eligible stock options, or by not selecting either "yes" or "no", I understand that I will not receive any new stock options for, and will continue to hold, all of those eligible stock options, which will continue to be governed by the terms and conditions of the applicable existing stock option agreements between FormFactor and me.

Email Address:

An e-mail will be sent to the e-mail address above confirming your election after you select the "Submit" button below.

Need Help?

Send an email to option_exchange@formfactor.com. Your email will be responded to by the end of the next business day.

Welcome:

[Home](#) [Logout](#)

Print Election Confirmation (Step 4 of 4)

Your election has been recorded as follows:

Eligible Stock Options				New Stock Options			
Grant Number	Type	Date	Price (US \$)	Shares Underlying Outstanding Options	Type	Shares Underlying New Options	Election
	NQ	07/16/07		8,000	NQ		Yes

[Home](#)

FormFactor Stock Option Exchange Program - Election Confirmation

Your election has been recorded as follows:

Name:
Employee ID # :
Date: 09/01/2010 03:59:13 PM PT

Eligible Stock Options				New Stock Options			
Grant Number	Type	Date	Price (US \$)	Shares Underlying Outstanding Options	Type	Shares Underlying New Options	Election
	NQ	07/16/07		8,000	NQ		Yes

Please print and keep a copy of this Election Confirmation page for your records. The printed copy of this Election Confirmation will provide evidence that you submitted your election.

Breakeven Calculator - Windows Internet Explorer

Breakeven Calculator

Assuming the hypothetical exercise price entered in step 2 below, at what stock price will the value of my eligible stock options equal the value of my new stock options?

Step 1: Select eligible stock option grant ID

Exercise price of eligible stock options

Number of shares outstanding in eligible grant

Step 2: Enter hypothetical exercise price of new stock options

Press to calculate breakeven price

Exchange ratio based on grant ID selected in Step 1

Number of new stock options

Breakeven stock price

What is the value of my eligible stock options and new stock options at other stock prices?

Step 3: Enter hypothetical future stock price to be used in determining values

Press to calculate values

Current Options -
Value of eligible stock options selected in Step 1 at price entered in Step 3

New Options -
Value of new stock options from Step 2 at price entered in Step 3

What is the value of my eligible stock options and new stock options at other stock prices?

Step 3: Enter hypothetical future stock price to be used in determining values

Press to calculate values

Current Options -
Value of eligible stock options selected in Step 1 at price entered in Step 3

New Options -
Value of new stock options from Step 2 at price entered in Step 3

Important Notice: You are solely responsible for the assumptions you enter into the Breakeven Calculator. The Breakeven Calculator is not a financial or tax planning tool and is not a recommendation as to whether or not to participate in the Exchange Offer. The simulations are hypothetical and do not reflect your personal tax or financial circumstances. You should consult your tax, financial and legal advisors for the details on your specific situation. You should also consider the risks of participating in the Exchange Offer as discussed in Part II of the Offer to Exchange.

Welcome:

[Home](#) [Logout](#)

To change your password, fill in the fields below and then click "update". Note that your new password must be at least 8 characters long and contain 3 of the following: an upper case letter, a lower case letter, a number, or a special character.

Enter Login ID: Enter Old Password: Enter New Password: Re-enter New Password:

FORM OF CONFIRMATION OF RECEIPT OF ELECTION FORM

Confirmation of Receipt of Election Form

This Confirmation of Receipt of Election Form is related to the offer from FormFactor, Inc. to exchange certain outstanding stock options under its Offer to Exchange Certain Outstanding Stock Options for New Stock Options.

We have received your Election Form electing to exchange some or all of your eligible stock options as indicated in your Election Form for new stock options.

Please note that you may change your election(s) at any time before **9 p.m. U.S. Pacific Time on September 30, 2010**.

If you have any questions, please send an email to option_exchange@formfactor.com.

Thank you,

Hank Feir
SVP, Human Resources

FORM OF CONFIRMATION OF RECEIPT OF NOTICE OF WITHDRAWAL

Confirmation of Receipt of Notice of Withdrawal

This Confirmation of Receipt of Notice of Withdrawal is related to the offer from FormFactor, Inc. to exchange certain outstanding stock options under its Offer to Exchange Certain Outstanding Stock Options for New Stock Options.

We have received your Notice of Withdrawal electing **NOT** to exchange some or all of your eligible stock options as indicated in your Notice of Withdrawal.

Please note that you may change your election(s) at any time before **9 p.m. U.S. Pacific Time on September 30, 2010**.

If you have any questions, please send an email to option_exchange@formfactor.com.

Thank you,

Hank Feir
SVP, Human Resources

FORM OF REMINDER OF EXPIRATION OF EXCHANGE OFFER

Note: Your participation in the Stock Option Exchange Program is completely voluntary.

Our records show you have not made an election to participate in the Stock Option Exchange Program. This email is to remind you that **September 30, 2010 at 9 p.m. Pacific Time** is the deadline to participate in the Stock Option Exchange Program. If you wish to exchange your eligible stock options for new stock options, as described in the offering materials filed with the Securities and Exchange Commission on Schedule TO on September 2, 2010, you must log in to the S Option Exchange Program website at <https://formfactor.equitybenefits.com> and follow the instructions to make a timely election.

There are no exceptions to this deadline. If you wish to participate in the Stock Option Exchange Program, we encourage you not to wait until the last day to make your election. To log in to the Stock Option Exchange Program website, <https://formfactor.equitybenefits.com>, use your company email name as your Login ID and date of birth (MMDDYYYY) as your temporary password. Once you have logged in, you will be prompted to reset your password. The website provides information about your eligible stock options, potential new stock options, and instructions on how to make, change or withdraw your election before the end of the exchange period.

We anticipate any eligible stock options you elect to exchange will be canceled effective October 1, 2010. The eligible stock options you do not elect to exchange will not be canceled and will remain subject to their present terms.

FORM OF CONFIRMATION OF PARTICIPATION IN THE EXCHANGE OFFER

Your Stock Option Exchange Program election has been recorded as follows.

Eligible Stock Options					New Stock Options	
Grant ID Number	Grant Date	Exercise Price	Number of Outstanding Shares Underlying Your Eligible Stock Option	Exchange Ratio	Number of Shares Underlying Your New Stock Option	Election

We strongly encourage you to print this email and keep it for your records.

If you elected “Yes” with respect to an eligible stock option, your election means you accept the new stock option in exchange for the eligible stock option. We anticipate that eligible stock options you elect to exchange will be canceled effective October 1, 2010. You will receive additional information about the new stock option, including the exercise price, as soon as practicable after the option is granted, which is expected to be promptly after the end of the program.

If you elected “No” with respect to an eligible stock option, your election means you decline the new stock option in exchange for the eligible stock option. Eligible stock options you do not elect to exchange will not be canceled and will remain subject to their present terms.

If the above is not your intent, you may log back into the Stock Option Exchange Program website at <https://formfactor.equitybenefits.com> to change your election before **9 p.m. Pacific time on September 30, 2010**.

If you have questions about the program or this confirmation notice, please contact option_exchange@formfactor.com.



FORM OF FINAL CONFIRMATION OF PARTICIPATION IN THE EXCHANGE OFFER

Confirmation of Participation in the Offer to Exchange

The offer to eligible employees to exchange certain outstanding stock options that commenced on September 2, 2010 expired at 9 p.m., U.S. Pacific Time, on September 30, 2010.

This message confirms that on October [], 2010, we accepted for exchange and canceled all of your eligible stock options that you tendered for exchange as indicated on your Election Form.

Upon the terms and conditions described in the Offer to Exchange Certain Outstanding Stock Options for New Stock Options, dated September 2, 2010, and your Election Form, we granted new stock options to you in exchange for your eligible stock options that you tendered for exchange.

You will receive an email from FormFactor's stock administration department when your new stock option grant is available for viewing in your E*Trade stock plan account.

If you have any questions, please send an email to option_exchange@formfactor.com.

Thank you,

Hank Feir
SVP, Human Resources



**2002 EQUITY INCENTIVE PLAN
OPTION EXCHANGE STOCK OPTION AGREEMENT**

FormFactor, Inc., a Delaware corporation (the "Company"), hereby grants an Option (this "Option") to the Optionee named below as of the Date of Grant set forth below pursuant to the Company's 2002 Equity Incentive Plan, as amended (the "Plan"). The terms and conditions of the Option are set forth in this Stock Option Agreement (this "Agreement"), in the Terms and Conditions (Exhibit A) and in the Plan. Capitalized terms not defined in this Agreement have the meaning ascribed to them in the Plan.

Name of Optionee:

Optionee's ID #:

Optionee's Address:

Type of Option Granted:

Grant Number:

Date of Grant:

Number of Options Granted:

Option Exercise Price:

Vesting Schedule:

Provided the Optionee renders continuous service to the Company the Options will vest and become exercisable as to 1/3 of the total number of Options granted on the first anniversary of the "Date of Grant" and will continue to vest and become exercisable monthly thereafter for twenty-four (24) months, such that 100% of the total number of Options granted will be vested on the third anniversary of the "Date of Grant".

Expiration Date:

(unless earlier terminated under Section 3 hereof or pursuant to Section 18 of the Plan)

The Company has signed this Agreement effective as of the Date of Grant and has caused it to be executed in duplicate by its duly authorized representative.

FORMFACTOR, INC.

A handwritten signature in black ink, appearing to read 'Carl Everett', is written over the printed name.

CARL EVERETT
CHIEF EXECUTIVE OFFICER

Exhibit A

STOCK OPTION AGREEMENT
2002 EQUITY INCENTIVE PLAN
TERMS AND CONDITIONS

This Option is subject to the following Terms and Conditions and the terms and conditions of the Plan, which are incorporated herein by reference. This Agreement and the Plan constitute the entire agreement and understanding of the Company and the Optionee with respect to this Option and supersede all prior understandings and agreements with respect to such subject matter. If there is any discrepancy, conflict or omission between this Agreement and the provisions of the Plan as interpreted by the Committee, the provisions of the Plan shall apply.

1. Grant of Option

The Company hereby grants to Optionee this Option to purchase up to the total number of shares of Common Stock of the Company (the "**Shares**") at the Exercise Price Per Share (the "**Exercise Price**"), each as set forth on the first page of this Agreement, subject to the terms and conditions of this Agreement and the Plan. If designated as an Incentive Stock Option, this Option is intended to qualify to the extent permitted as an "incentive stock option" ("**ISO**") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**").

2. Exercise Period

2.1 **Vesting of Shares.** This Option is exercisable as it vests. Subject to the terms and conditions of the Plan and this Agreement, this Option shall vest and become exercisable as set forth on the first page of this Agreement if Optionee has continuously provided services to the Company, or any Parent or

2.2 Acceleration of Vesting in Certain Circumstances Following a Corporate Transaction. In addition to the vesting provided herein, the Option and Shares subject to this Option shall become vested and exercisable immediately prior to the occurrence of a Non-Justifiable Termination (as defined below) occurring during the period beginning on the date of consummation of a Corporate Transaction (as defined in the Plan) and ending twelve (12) months thereafter, as to an additional number of Shares equal to the number of Shares that would have vested and become exercisable during the twelve (12) months following the date of such Non-Justifiable Termination (which accelerated vesting and exercisability is referred to herein as the “**Corporate Transaction Vesting**”). “**Non-Justifiable Termination**” means any Termination by the Company, or any Parent or Subsidiary of the Company or the successor-in-interest to the Company following a Corporate Transaction, other than for Cause (as defined below). “**Cause**” (for purposes of this paragraph only) means (i) any willful participation by Optionee in acts of either material fraud or material dishonesty against the Company or any Subsidiary or Parent of the Company or the successor-in-interest to the Company following a Corporate Transaction; (ii) any indictment or conviction of Optionee of any felony (excluding drunk driving); (iii) any willful act of gross misconduct by Optionee which is materially and demonstrably injurious to the Company or any Subsidiary or Parent of the Company or the successor-in-interest to the Company following a Corporate Transaction; or (iv) the death or Disability of Optionee. Notwithstanding anything to the contrary set forth in this Agreement, if a Corporate Transaction Vesting occurs by reason of a Non-Justifiable Termination, then this Option may be exercised by Optionee up to, but no later than, three (3) months after the date of such Non-Justifiable Termination, but in any event no later than the Expiration Date.

2.3 Acceleration of Vesting on Death or Disability. In the event of Termination of Optionee as a result of his or her death or “permanent and total disability,” as such term is defined in Section 22(e)(3) of the Code, then, in addition to the vesting provided herein, the Option and Shares subject to the Option shall become vested and exercisable as to an additional number of Shares equal to the number of Shares that would have vested and become exercisable during the twelve (12) months following the Termination Date of Optionee; provided, however, such vested Option may be exercised no later than twelve (12) months after the Termination Date, but in any event no later than the Expiration Date.

2.4 Expiration. This Option expires on the Expiration Date set forth on the first page of this Agreement and must be exercised, if at all, on or before the earlier of the Expiration Date or the date on which this Option is terminated in accordance with the provisions of this Section 2, Section 3 of this Agreement or Section 18 of the Plan.

2.5 Additional Terms Applicable to Incentive Stock Options. In the event this Option is designated an ISO on the first page of this Agreement, the following terms and conditions shall also apply to the Option:

- a. This Option shall cease to qualify for favorable tax treatment as an ISO if (and to the extent) this Option is exercised for one or more Option Shares: (i) more than three (3) months after the date Optionee ceases to be employed by the Company for any reason other than death or Disability or (ii) more than twelve (12) months after the date Optionee ceases to be employed by the Company by reason of Disability.
- b. If Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, and (ii) the date one (1) year after transfer of such Shares to Optionee upon exercise of this Option, then Optionee shall immediately notify the Company in writing of such disposition.

3. Termination

3.1 Termination for Any Reason Except Death, Disability or Cause. If Optionee is Terminated for any reason except Optionee’s death, Disability or Cause (as such terms are defined in the Plan), then this Option, to the extent (and only to the extent) that it is vested on the Termination Date in accordance with the schedule set forth on the first page of this Agreement, may be exercised by Optionee during the three (3) months following the Termination Date, but in any event must be exercised no later than the Expiration Date.

3.2 Termination Because of Death or Disability. If Optionee is Terminated because of Optionee’s death or Disability (or Optionee dies within three (3) months after Termination for any reason except Cause or Disability), then this Option, to the extent (and only to the extent) that it is vested on the Termination Date in accordance with the schedule set forth on the first page of this Agreement, may be exercised by Optionee (or Optionee’s legal representative or authorized assignee) during the twelve (12) months following the Termination Date, but in any event must be exercised no later than the Expiration Date. Any exercise occurring more than three months following the Termination Date (when the Termination is for any reason other than Optionee’s death or disability (as defined in the Code)), shall be deemed to be the exercise of a nonqualified stock option.

3.3 Termination for Cause. If Optionee is Terminated for Cause, then this Option, to the extent (and only to the extent) that it is vested on the Termination Date in accordance with the schedule set forth on the first page of this Agreement, may be exercised by Optionee no later than one (1) month after the Termination Date, but in any event must be exercised no later than the Expiration Date.

3.4 No Obligation to Employ. Nothing in the Plan or this Agreement confers on Optionee any right to continue in the employ of, or other relationship with, the Company or any Parent or Subsidiary of the Company (or any successor-in-interest to the Company), or limits in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Optionee’s employment or other relationship at any time, with or without Cause.

4. Manner of Exercise

4.1 Method of Payment. In order to exercise this Option with respect to all or any part of the Shares for which this Option is at the time exercisable, Optionee (or any other person or persons exercising the Option) must take the following actions:

- a. Pay the aggregate Exercise Price for the purchased Shares in one or more of the following forms:
 - i. cash or check which, in the Company’s sole discretion, shall be made payable to a Company-designated brokerage firm or the Company;

ii. as permitted by applicable law, through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the Option) shall concurrently provide irrevocable written instructions (i) to a Company-designated brokerage firm (or in the case of an executive officer or Board member of the Company, an Optionee-designated brokerage firm) to effect the immediate sale of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased Shares, plus, if applicable, the amount necessary to satisfy the Company's tax withholding obligations at the minimum statutory tax withholding rates and (ii) to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

iii. shares of the Company's common stock held by Optionee (or any other person or persons exercising the Option) valued at Fair Market Value.

- b. Furnish to the Company appropriate documentation that the person or persons exercising the Option (if other than Optionee) have the right to exercise this Option.
- c. Make appropriate arrangement with the Company (or Parent or Subsidiary employing or retaining Optionee) for the satisfaction of all tax withholding requirements applicable to the Option exercise.

4.2 **Limitations on Exercise.** This Option may not be exercised (a) unless such exercise is in compliance with all applicable federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Common Stock may be listed at the time of such issuance and (b) as to fewer than 100 Shares unless it is exercised as to all Shares as to which this Option is then exercisable. The Company is under no obligation to register or qualify the Shares with the SEC, any state securities commission or any stock exchange to effect such compliance. In no event may this Option be exercised for any fractional Shares.

4.3 **Issuance of Shares.** As soon as practical after the exercise date, the Company shall issue to or on behalf of Optionee (or any other person or persons exercising this Option) the purchased Option Shares (as evidenced by an appropriate entry on the books of the Company or a duly authorized transfer agent of the Company), subject to the appropriate legends and/or stop transfer instructions.

4.4 **Optionee Indebtedness.** Notwithstanding any other provisions of the Plan, this Agreement or any other agreement to the contrary, if at the time this Option is exercised, Optionee is indebted to the Company (or any Parent or Subsidiary) for any reason, the following actions shall be taken, as deemed appropriate by the Committee:

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- a. any Shares to be issued upon such exercise shall automatically be pledged against Optionee's outstanding indebtedness; and
- b. if this Option is exercised in accordance with subparagraph 4.1(a)(ii) above, the after tax proceeds of the sale of Optionee's Shares shall automatically be applied to the outstanding balance of Optionee's indebtedness.

5. **Nontransferability of Option and Shares**

This Option may not be transferred in any manner other than under the terms and conditions of the Plan or by will or by the laws of descent and distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the legal representatives and authorized executors and assignees of Optionee.

6. **Tax Consequences**

Optionee should refer to the prospectus for the Plan for a description of the federal tax consequences of exercising this Option and disposing of the Shares. A copy of the Prospectus is available at the Finance/Stock Administration page of the Company's internal website, or upon request from the Company's Stock Administrator.

7. **Privileges of Stock Ownership**

Optionee shall not have any of the rights of a stockholder with respect to any Shares until the Shares are issued to Optionee.

8. **Notices**

Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated on the first page of this Agreement or to such other address as such party may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery; three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested); one (1) business day after deposit with any return receipt express courier (prepaid); or one (1) business day after transmission by facsimile or email.

9. **Successors and Assigns**

The Company may assign any of its rights under this Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon Optionee and Optionee's legal representatives and authorized assigns.

10. **Further Instruments**

The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

11. **Governing Law**

This Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without regard to that body of law pertaining to choice of law or conflicts of law.