TTM TECHNOLOGIES INC
Form 10-Q
August 08, 2011

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
Form 10-Q

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

For the quarterly period ended June 27, 2011

Commission File Number: 0-31285

TTM TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	**91-1033443**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

2630 South Harbor Boulevard, Santa Ana, California 92704
(Address of principal executive offices)

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

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

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

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

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

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

Number of shares of common stock, $0.001 par value, of registrant outstanding at August 3, 2011: 81,331,886

TABLE OF CONTENTS

	Page
PART I: FINANCIAL INFORMATION	
Item 1. Financial Statements (unaudited)	
Consolidated Condensed Balance Sheets as of June 27, 2011 and December 31, 2010	3
Consolidated Condensed Statements of Operations for the quarter and two quarters ended June 27, 2011 and June 28, 2010	4
Consolidated Condensed Statements of Cash Flows for the two quarters ended June 27, 2011 and June 28, 2010	5
Notes to Consolidated Condensed Financial Statements	6
Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3. Quantitative and Qualitative Disclosures About Market Risk	35
Item 4. Controls and Procedures	38
PART II: OTHER INFORMATION	
Item 1. Legal Proceedings	38
Item 1A. Risk Factors	38
Item 6. Exhibits	39
SIGNATURES	40
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	
EX-101 INSTANCE DOCUMENT	
EX-101 SCHEMA DOCUMENT	
EX-101 CALCULATION LINKBASE DOCUMENT	
EX-101 LABELS LINKBASE DOCUMENT	
EX-101 PRESENTATION LINKBASE DOCUMENT	

Table of Contents

TTM TECHNOLOGIES, INC.

Consolidated Condensed Balance Sheets

	June 27, 2011	December 31, 2010
	(Unaudited) (In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 235,898	$ 216,078
Available for sale securities	4,354	
Accounts and notes receivable, net of allowance for bad debts of $1,743 in 2011 and $1,827 in 2010	294,615	287,703
Inventories	141,152	135,385
Prepaid expenses and other current assets	32,639	30,125
Deferred income taxes	7,208	7,208
Total current assets	715,866	676,499
Property, plant and equipment, net of accumulated depreciation of $167,847 in 2011 and $135,565 in 2010	736,548	740,630
Deferred income taxes	19,685	23,733
Goodwill	197,662	197,808
Definite-lived intangibles, net	89,155	97,873
Deposits and other non-current assets	28,071	25,409
	$ 1,786,987	$ 1,761,952
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt, including current portion of long-term debt, net of discount	$ 123,171	$ 67,123
Accounts payable	167,062	154,600
Accounts payable due to related parties	47,403	50,374
Accrued salaries, wages and benefits	45,043	51,107
Equipment payable	69,019	59,802
Other accrued expenses	35,462	35,194
Total current liabilities	487,160	418,200
Convertible senior notes, net of discount	148,157	145,283
Long-term debt	255,836	312,995
Deferred income taxes	16,425	12,608
Related party financing obligation		20,399
Other long-term liabilities	11,915	19,609
Total long-term liabilities	432,333	510,894
Commitments and contingencies (Note 14) Equity:		

Common stock, $0.001 par value; 100,000 shares authorized, 81,332 and 80,262 shares issued and outstanding in 2011 and 2010, respectively	81	80
Additional paid-in capital	531,584	519,051
Retained earnings	200,034	193,814
Accumulated other comprehensive income	27,004	15,310
Total TTM Technologies, Inc. stockholders equity	758,703	728,255
Noncontrolling interest	108,791	104,603
Total equity	867,494	832,858
	$ 1,786,987	$ 1,761,952

See accompanying notes to consolidated condensed financial statements.

Table of Contents

TTM TECHNOLOGIES, INC.

Consolidated Condensed Statements of Operations
For the Quarter and Two Quarters Ended June 27, 2011 and June 28, 2010
(Unaudited)
(In thousands, except per share data)

	Quarter Ended		Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
Net sales	$ 366,117	$ 310,248	$ 708,918	$ 448,467
Cost of goods sold	288,782	253,154	549,657	364,400
Gross profit	77,335	57,094	159,261	84,067
Operating expenses:				
Selling and marketing	9,323	9,103	18,356	15,830
General and administrative	24,111	25,349	47,162	34,386
Amortization of definite-lived intangibles	4,321	4,621	8,479	5,412
Restructuring charges		399		449
Impairment of long-lived assets	48,125	266	48,125	766
Total operating expenses	85,880	39,738	122,122	56,843
Operating income (loss)	(8,545)	17,356	37,139	27,224
Other income (expense):				
Interest expense	(6,684)	(6,411)	(12,975)	(9,192)
Other, net	3,435	181	4,412	173
Total other expense, net	(3,249)	(6,230)	(8,563)	(9,019)
Income (loss) before income taxes	(11,794)	11,126	28,576	18,205
Income tax provision	(8,474)	(4,386)	(19,756)	(6,980)
Net income (loss)	(20,268)	6,740	8,820	11,225
Less: Net income attributable to the noncontrolling interest	(635)	(1,811)	(2,600)	(1,811)
Net income (loss) attributable to TTM Technologies, Inc. stockholders	$ (20,903)	$ 4,929	$ 6,220	$ 9,414
Earnings (loss) per share attributable to TTM Technologies, Inc. stockholders:				
Basic earnings (loss) per share	$ (0.26)	$ 0.06	$ 0.08	$ 0.16
Diluted earnings (loss) per share	$ (0.26)	$ 0.06	$ 0.08	$ 0.16

See accompanying notes to consolidated condensed financial statements.

Table of Contents

TTM TECHNOLOGIES, INC.

Consolidated Condensed Statements of Cash Flows
For the Two Quarters Ended June 27, 2011 and June 28, 2010

	Two Quarters Ended June 27, 2011	Two Quarters Ended June 28, 2010
	(Unaudited) (In thousands)	
Cash flows from operating activities:		
Net income	$ 8,820	$ 11,225
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	32,521	17,182
Amortization of definite-lived intangible assets	8,538	5,470
Amortization of convertible notes, debt discount and debt issuance costs	3,728	3,159
Non-cash interest imputed on other long-term liabilities and related party financing obligation	628	270
Income tax benefit from restricted stock units released and common stock options exercised	(1,956)	(436)
Deferred income taxes	10,155	3,471
Stock-based compensation	3,879	3,006
Impairment of long-lived assets	48,125	766
Realized gain on early payment of related party financing obligation	(1,659)	
Net loss on sale of property, plant and equipment and other	269	152
Net unrealized loss on derivative assets and liabilities	697	73
Net realized foreign currency exchange loss	1,280	
Changes in operating assets and liabilities, net of acquisition:		
Accounts and notes receivable, net	(6,464)	(35,499)
Inventories	(5,614)	(1,114)
Prepaid expenses and other current assets	(1,899)	(6,180)
Accounts payable	10,692	14,076
Accrued salaries, wages and benefits and other accrued expenses	(6,885)	4,129
Net cash provided by operating activities	104,855	19,750
Cash flows from investing activities:		
Purchase of property, plant and equipment and equipment deposits	(70,963)	(18,294)
Proceeds from sale of property, plant and equipment and assets held for sale	364	3,478
Acquisition, net of cash acquired		(28,529)
Restricted cash used for acquisition		120,000
Proceeds from the redemption of short-term investments		1,351
Net cash (used in) provided by investing activities	(70,599)	78,006
Cash flows from financing activities:		
Proceeds from revolving loan	20,000	20,014
Repayment of long-term borrowings	(32,120)	
Proceeds from long-term borrowings	10,822	387,980

Repayment of assumed long-term debt in acquisition		(387,980)
Settlement of related party financing obligation	(20,528)	
Proceeds from exercise of stock options	6,264	197
Excess tax benefits from stock awards exercised or released	1,956	436
Net cash (used in) provided by financing activities	(13,606)	20,647
Effect of foreign currency exchange rates on cash and cash equivalents	(830)	436
Net increase in cash and cash equivalents	19,820	118,839
Cash and cash equivalents at beginning of period	216,078	94,347
Cash and cash equivalents at end of period	$ 235,898	$ 213,186

Supplemental disclosures of noncash investing and financing activities: The Company issued common stock and replacement awards with a fair value of $294,382 in connection with the PCB Subsidiaries acquisition. See Note 2. At June 27, 2011 and June 28, 2010 accrued purchases of equipment totaled $75,840 and $27,400, respectively.

See accompanying notes to consolidated condensed financial statements.

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

(1) Nature of Operations and Basis of Presentation

TTM Technologies, Inc. (the Company or TTM) is a leading global provider of time-critical and technologically complex printed circuit board (PCB) products and backplane assemblies (PCBs populated with electronic components), which serve as the foundation of sophisticated electronic products. The Company provides advanced technology products and offers a one-stop manufacturing solution to customers from engineering support to prototype development through final volume production. The Company serves a diversified customer base in various markets throughout the world, including manufacturers of networking/communications infrastructure products, personal computers, touch screen tablets and mobile media devices (cellular phones and smart phones). The Company also serves high-end computing, commercial aerospace/defense, and industrial/medical industries. The Company s customers include both original equipment manufacturers (OEMs) and electronic manufacturing services (EMS) providers.

The accompanying consolidated condensed financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. These consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position, the results of operations and cash flows of the Company for the periods presented. It is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company s most recent Annual Report on Form 10-K. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the Company s consolidated condensed financial statements and accompanying notes. Actual results could differ materially from those estimates. The Company uses a 13-week fiscal quarter accounting period with the first quarter ending on the last Monday in March and the fourth quarter always ending on December 31. The second quarters ended June 27, 2011 and June 28, 2010 each contained 91 days. The two quarters ended June 27, 2011 and June 28, 2010 contained 178 and 179 days, respectively.

(2) Acquisition of PCB Subsidiaries

On the evening of April 8, 2010 (in the morning of April 9, 2010, Hong Kong time), the Company acquired from Meadville Holdings Limited (Meadville), an exempted company incorporated under the laws of the Cayman Islands, and MTG Investment (BVI) Limited (MTG), a company incorporated under the laws of the British Virgin Islands and a wholly owned subsidiary of Meadville, all of the issued and outstanding capital stock of four wholly owned subsidiaries of MTG. These four companies, through their respective subsidiaries, engage in the business of manufacturing and distributing printed circuit boards, including circuit design, quick-turn-around services, and drilling and routing services. Subsequent to the acquisition, these four companies and their subsidiaries (together, the PCB Subsidiaries) are subsidiaries of the Company and represent the Asia Pacific operating segment of the Company.

The Company purchased the PCB Subsidiaries for a total consideration of $114,034 in cash and 36,334 shares of TTM common stock, of which approximately 26,225 are subject to restrictions. After taking into account the 36,334 shares of TTM common stock issued in the acquisition and based on the number of shares outstanding on April 8, 2010, the date the Company acquired the PCB Subsidiaries, approximately 45% of TTM common stock outstanding was held by Meadville, its shareholders, or their transferees.

The purchase price of the PCB Subsidiaries was allocated to tangible and intangible assets acquired, liabilities assumed and noncontrolling interests based on their estimated fair value at the date of the acquisition (April 8, 2010). Noncontrolling interests consist of a 29.8% equity interest in one PCB manufacturing subsidiary and a 20.0% equity interest in one other PCB manufacturing subsidiary held by third parties. The fair value was determined by utilizing a combination of income and market comparable approaches. The income approach was used to estimate the total enterprise value of each noncontrolling interest by estimating discounted future cash flows. The market comparable approach indicates the fair value of the noncontrolling interest based on a comparison to comparable enterprises in similar lines of business that are publicly traded or are part of a public or private transaction.

Table of Contents

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

Bank fees and legal and accounting costs associated with the acquisition of the PCB Subsidiaries of $6,986 and $8,784 for the quarter and two quarters ended June 28, 2010 have been expensed and recorded as general and administrative expense in the consolidated condensed statement of operations in accordance with ASC Topic 805, *Business Combinations.* There were no bank fees or legal and accounting costs associated with the acquisition of the PCB Subsidiaries for the quarter or two quarters ended June 27, 2011.

Unaudited pro forma operating results for the Company, assuming the acquisition of the PCB Subsidiaries occurred on January 1, 2010 are as follows:

	For the Quarter Ended June 28, 2010	For the Two Quarters Ended June 28, 2010
	(In thousands, except per share data)	
Net sales	$ 334,776	$ 631,311
Net income	$ 9,784	$ 15,955
Basic earnings per share	$ 0.12	$ 0.20
Dilutive earnings per share	$ 0.12	$ 0.20

The pro forma information is not necessarily indicative of the actual results that would have been achieved had the PCB Subsidiaries acquisition occurred as of January 1, 2010, or the results that may be achieved in future periods.

(3) Long-lived Assets

Property, plant and equipment, net as of June 27, 2011 and December 31, 2010 consist of the following:

	June 27, 2011	December 31, 2010
	(In thousands)	
Property, plant and equipment, net:		
Land and land use rights	$ 36,924	$ 36,444
Buildings and improvements	209,530	204,850
Machinery and equipment	504,187	477,886
Construction-in-progress	144,974	149,123
Furniture and fixtures	7,215	6,440
Automobiles	1,565	1,452
	904,395	876,195
Less: Accumulated depreciation	(167,847)	(135,565)
	$ 736,548	$ 740,630

During the quarter ended June 27, 2011, the Company recorded an impairment charge in the amount of $48,125 to reduce the carrying value of certain long-lived assets in the Asia Pacific operating segment. The impairment charge is comprised of $39,850 related to manufacturing equipment held for use at a plant acquired by Meadville in 2007 for which the Company had previously reduced the carrying value of certain of these assets during its purchase price allocation completed in 2010 related to the acquisition of the PCB Subsidiaries. Weaker than expected operating performance at this manufacturing plant in the first six months of 2011 resulting from a downturn in the profitability of the products produced at this manufacturing plant and a reduction in expected future demand for the specific products produced resulted in a triggering event during the quarter ended June 27, 2011. Based on the undiscounted cash flows for this plant, an impairment of the manufacturing assets was indicated. The Company s asset grouping for the impairment test was the manufacturing plant as the manufacturing equipment at this plant is specific to the products produced with separately identifiable cash flows. In addition, the manufacturing equipment at this plant cannot be used at the Company s other manufacturing sites. The fair value of these manufacturing assets was determined using a discounted cash flow model over their remaining useful life with the impairment being the difference between the carrying value and fair value of the asset group. The impairment charge is also comprised of $8,275 related to manufacturing equipment that, due to the change in market conditions noted above, has become or is expected to become technologically obsolete. Accordingly, during the quarter ended June 27, 2011, the Company revised its classification of these assets to held for sale or disposal. The fair value of these assets was determined using third party quotes or other estimates of salvage value and the assets carrying value was written down to salvage value. The new carrying value of the assets held for sale or disposal is approximately $1,003, which is included in machinery and equipment in property, plant and equipment in the accompanying consolidated condensed balance sheet.

Additionally, during the quarter and two quarters ended June 28, 2010, the Company reduced the carrying value of the Dallas, Oregon facility, which was classified as an asset held for sale, to record the estimated fair value less costs to sell, resulting in an impairment of $266 and $766, respectively, due to a depressed real estate market in the surrounding Dallas, Oregon region. The Company sold the Dallas, Oregon facility in July 2010.

Table of Contents

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

(4) Accounts and Notes Receivable Factoring and Sales Arrangements

In the normal course of business, the Company s foreign subsidiaries utilize accounts receivable factoring arrangements. Under these arrangements, the Company may sell certain of its accounts receivable to financial institutions, which are accounted for as a sale, at a discount ranging from 1% to 2% of the accounts receivable. In all arrangements there is no recourse against the Company for its customers failure to pay. The Company sold $20,169 and $16,061 of accounts receivable for the quarters ended June 27, 2011 and June 28, 2010, respectively, and $34,430 and $16,061 for the two quarters ended June 27, 2011 and June 28, 2010, respectively.

Additionally, the Company s foreign subsidiaries may also sell certain of their notes receivable at a discount ranging from 1% to 2% of the notes receivable. The Company sold $13,277 and $29,052 of notes receivable for the quarters ended June 27, 2011 and June 28, 2010, respectively, and $39,566 and $29,052 for the two quarters ended June 27, 2011 and June 28, 2010, respectively.

(5) Inventories

Inventories as of June 27, 2011 and December 31, 2010 consist of the following:

	June 27, 2011	December 31, 2010
	(In thousands)	
Inventories:		
Raw materials	$ 48,638	$ 50,465
Work-in-process	53,427	47,178
Finished goods	39,087	37,742
	$ 141,152	$ 135,385

(6) Goodwill and Definite-lived Intangibles

As of June 27, 2011 and December 31, 2010, goodwill by operating segment and the components of definite-lived intangibles were as follows:

Goodwill

	North America	Asia Pacific	Total
		(In thousands)	
Balance as of December 31, 2010			
Goodwill	$ 131,650	$ 183,176	$ 314,826
Accumulated impairment losses	(117,018)		(117,018)
	14,632	183,176	197,808
Foreign currency translation adjustment during the two quarters ended June 27, 2011	279	(425)	(146)
Balance as of June 27, 2011			
Goodwill	131,929	$ 182,751	314,680
Accumulated impairment losses	(117,018)		(117,018)
	$ 14,911	$ 182,751	$ 197,662

The December 31, 2010 goodwill balance includes foreign currency translation adjustments related to foreign subsidiaries which operate in currencies other than the U.S. Dollar.

Table of Contents

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

Definite-lived Intangibles

	Gross Amount	Accumulated Amortization	Foreign Currency Rate Change	Net Carrying Amount	Weighted Average Amortization Period (years)
		(In thousands)			
June 27, 2011:					
Strategic customer relationships	$ 120,427	$ (39,536)	$ 70	$ 80,961	9.2
Trade name	10,302	(2,187)	(27)	8,088	6.0
Licensing agreements	350	(244)		106	3.0
Order backlog	1,288	(1,286)	(2)		0.2
	$ 132,367	$ (43,253)	$ 41	$ 89,155	

All of the definite-lived intangibles are amortized using the straight line method of amortization over the useful life, with the exception of the strategic customer relationship intangibles, which are amortized using an accelerated method of amortization based on estimated cash flows. Amortization expense was $4,350 and $4,650 for the quarters ended June 27, 2011 and June 28, 2010, respectively, and $8,538 and $5,470 for the two quarters ended June 27, 2011 and June 28, 2010, respectively. Amortization expense related to acquired licensing agreements is classified as cost of goods sold.

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

	(In thousands)
Remaining 2011	$ 8,925
2012	16,519
2013	15,524
2014	13,947
2015	12,472
	$ 67,387

(7) Long-term Debt and Letters of Credit

The following table summarizes the long-term debt of the Company as of June 27, 2011 and December 31, 2010.

	Average Effective Interest Rate as of June 27, 2011	June 27, 2011 (In thousands)	Average Effective Interest Rate as of December 31, 2010	December 31, 2010 (In thousands)

Bank loans, due various dates through June 2013	3.70%	$	26,687	3.39%	$	30,412
Term loan due November 2013	2.19%		332,500	2.26%		350,000
Revolving loan	2.44%		20,000			
Other	6.00%		18	6.00%		20
			379,205			380,432
Less: Unamortized discount			(198)			(314)
			379,007			380,118
Less: Current maturities			(123,171)			(67,123)
Long-term debt, less current maturities		$	255,836		$	312,995

The maturities of long-term debt through 2013 and thereafter are as follows:

		(In thousands)
Remaining 2011	$	55,002
2012		120,869
2013		203,326
Thereafter		8
	$	379,205

9

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

Bank loans are made up of bank lines of credit in mainland China and are used for working capital and capital investment for the Company s mainland China facilities. These facilities are denominated in either U.S. Dollars or Chinese Renminbi (RMB), with interest rates tied to either LIBOR or People s Bank of China rates. These bank loans expire at various dates through June 2013.

On April 9, 2010, in conjunction with the acquisition of the PCB Subsidiaries, the Company became a party to a credit agreement (Credit Agreement) entered into on November 16, 2009 by certain PCB Subsidiaries. The Credit Agreement consists of a $350,000 senior secured term loan (Term Loan), a $87,500 senior secured revolving loan (Revolving Loan), a $65,000 factoring facility (Factoring Facility), and a $80,000 letters of credit facility (Letters of Credit Facility), all of which mature on November 16, 2013. The Credit Agreement is secured by substantially all of the assets of the PCB Subsidiaries. The Company has fully and unconditionally guaranteed the full and punctual payment of all obligations of the PCB Subsidiaries under the Credit Agreement.

Borrowings under the Credit Agreement bear interest at a floating rate of LIBOR (term election by Company) plus an applicable interest margin. Borrowings under the Term Loan will bear interest at a rate of LIBOR plus 2.0%, LIBOR plus 2.25% under the Revolving Loan, and LIBOR plus 1.25% under the Factoring Facility. There is no provision, other than an event of default, for these interest margins to increase. At June 27, 2011, the weighted average interest rate on the outstanding borrowings under the Credit Agreement was 2.20%.

The Company is required to make scheduled payments of the outstanding Term Loan balance beginning in 2011. All and any other outstanding balances under the Credit Agreement are due at the maturity date of November 16, 2013. Borrowings under the Credit Agreement are subject to certain financial and operating covenants that include, among other provisions, limitations on dividends or other distributions, maintaining maximum total leverage ratios and minimum net worth, current assets, and interest coverage ratios at both the Company and PCB Subsidiaries level. The Company is in compliance with the covenants.

The Company is also required to pay a commitment fee of 0.20% per annum on the unused portion of any loan or facility under the Credit Agreement. For the quarter and two quarters ended June 27, 2011, the Company incurred $77 and $153, respectively, in commitment fees related to unused borrowing availability under the Credit Agreement. As of June 27, 2011, all of the remaining Term Loan was outstanding, $20,000 of the Revolving Loan was outstanding, none of the Factoring Facility was outstanding, and $65,114 of the Letters of Credit Facility was outstanding. Available borrowing capacity under the Revolving Loan and Factoring Facility was $67,500 and $65,000, respectively, at June 27, 2011.

On April 9, 2010, the Company entered into an interest rate swap arrangement with an initial notional amount of $146,500 for the period beginning April 18, 2011 and ending on April 16, 2013 (see Note 11).

Other Letters of Credit

In addition to the letters of credit obtained by the PCB Subsidiaries pursuant to the Credit Agreement, the Company maintains several unused letters of credit: a $1,994 standby letter of credit expiring December 31, 2011 associated with its insured workers compensation program; a $1,000 standby letter of credit expiring February 29, 2012 related to the lease of one of its production facilities; and various other letters of credit aggregating to approximately $1,661 related to purchases of machinery and equipment with various expiration dates through July 2011.

(8) Convertible Senior Notes

In 2008, the Company issued 3.25% Convertible Senior Notes (Convertible Notes) due May 15, 2015 in a public offering for an aggregate principal amount of $175,000. The Convertible Notes bear interest at a rate of 3.25% per annum. Interest is payable semiannually in arrears on May 15 and November 15 of each year. The Convertible Notes are senior unsecured obligations and rank equally to the Company s future unsecured senior indebtedness and senior in right of payment to any of the Company s future subordinated indebtedness. The liability and equity components of the Convertible Notes are separately accounted for in a manner that reflects the Company s non-convertible debt borrowing rate when interest costs are recognized.

Table of Contents

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

The Company has allocated the Convertible Notes offering costs to the liability and equity components in proportion to the allocation of proceeds and accounted for them as debt issuance costs and equity issuance costs, respectively. At June 27, 2011 and December 31, 2010, the following summarizes the liability and equity components of the Convertible Notes:

	June 27, 2011	December 31, 2010
	(In thousands)	
Liability components:		
Convertible Notes	$ 175,000	$ 175,000
Less: Convertible Notes unamortized discount	(26,843)	(29,717)
Convertible Notes, net of discount	$ 148,157	$ 145,283
Equity components:		
Additional paid-in capital:		
Embedded conversion option Convertible Notes	$ 43,000	$ 43,000
Embedded conversion option Convertible Notes issuance costs	(1,413)	(1,413)
	$ 41,587	$ 41,587

At June 27, 2011 and December 31, 2010, remaining unamortized debt issuance costs included in other non-current assets were $2,708 and $2,998, respectively. The debt issuance costs and debt discount are being amortized to interest expense over the term of the Convertible Notes using the effective interest rate method. At June 27, 2011, the remaining amortization period for the unamortized Convertible Note discount and debt issuance costs was 3.9 years.

The components of interest expense resulting from the Convertible Notes for the quarter and two quarters ended June 27, 2011 and June 28, 2010 are as follows:

	For the Quarter Ended		For the Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
	(In thousands)			
Contractual coupon interest	$ 1,422	$ 1,422	$ 2,844	$ 2,844
Amortization of Convertible Notes debt discount	1,452	1,335	2,874	2,644
Amortization of debt issuance costs	147	135	290	266
	$ 3,021	$ 2,892	$ 6,008	$ 5,754

For the quarter and two quarters ended June 27, 2011 and June 28, 2010, the amortization of the Convertible Notes debt discount and debt issuance costs is based on an effective interest rate of 8.37%.

Conversion

At any time prior to November 15, 2014, holders may convert their Convertible Notes into cash and, if applicable, into shares of the Company s common stock based on a conversion rate of 62.6449 shares of the Company s common stock per $1 principal amount of Convertible Notes, subject to adjustment, under the following circumstances:
(1) during any calendar quarter beginning after June 30, 2008 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days during the 30 consecutive trading days ending on

the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day of such preceding calendar quarter; (2) during the five business day period after any 10 consecutive trading day period in which the trading price per note for each day of that 10 consecutive trading day period was less than 98% of the product of the last reported sale price of the Company s common stock and the conversion rate on such day; or (3) upon the occurrence of specified corporate transactions described in the prospectus supplement. As of June 27, 2011, none of the conversion criteria had been met.

On or after November 15, 2014 until the close of business on the third scheduled trading day preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing circumstances. Upon conversion, for each $1 principal amount of notes, the Company will pay cash for the lesser of the conversion value or $1 and shares of our common stock, if any, based on a daily conversion value calculated on a proportionate basis for each day of the 60 trading day observation period. Additionally, in the event

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

of a fundamental change as defined in the prospectus supplement, or other conversion rate adjustments such as share splits or combinations, other distributions of shares, cash or other assets to stockholders, including self-tender transactions (Other Conversion Rate Adjustments), the conversion rate may be modified to adjust the number of shares per $1 principal amount of the notes. As of June 27, 2011, none of the criteria for a fundamental change or a conversion rate adjustment had been met.

The maximum number of shares issuable upon conversion, including the effect of a fundamental change and subject to Other Conversion Rate Adjustments, would be 13,978.

Note Repurchase

The Company is not permitted to redeem the Convertible Notes at any time prior to maturity. In the event of a fundamental change or certain default events, as defined in the prospectus supplement, holders may require the Company to repurchase for cash all or a portion of their Convertible Notes at a price equal to 100% of the principal amount, plus any accrued and unpaid interest.

Convertible Note Hedge and Warrant Transaction

In connection with the issuance of the Convertible Notes, the Company entered into a convertible note hedge and warrant transaction (Call Spread Transaction), with respect to the Company s common stock. The convertible note hedge, which cost an aggregate of $38,257 and was recorded, net of tax, as a reduction of additional paid-in capital, consists of the Company s option to purchase up to 10,963 shares of common stock at a price of $15.96 per share. This option expires on May 15, 2015 and can only be executed upon the conversion of the above mentioned Convertible Notes. Additionally, the Company sold warrants to purchase 10,963 shares of its common stock at a price of $18.15 per share. The warrants expire ratably beginning August 2015 through February 2016. Proceeds from the sale of warrants of $26,197 were recorded as an addition to additional paid-in capital. The Call Spread Transaction has no effect on the terms of the Convertible Notes and reduces potential dilution by effectively increasing the conversion price of the Convertible Notes to $18.15 per share of the Company s common stock.

(9) Comprehensive Income (Loss)

The following table summarizes the components of comprehensive income (loss) for the quarter and two quarters ended June 27, 2011 and June 28, 2010:

	Quarter Ended		Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
	(In thousands)			
Net income (loss)	$ (20,268)	$ 6,740	$ 8,820	$ 11,225
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax expense of $174 and $69 for the quarters ended June 27, 2011 and June 28, 2010, respectively, and net of tax of $238 and $69 for the two quarters ended June 27, 2011 and June 28, 2010, respectively.	8,154	2,388	10,968	2,388
Net unrealized gain on available for sale securities	1,648		1,648	
Unrealized gain (loss) on effective cash flow hedges:				
Net unrealized gains (losses) on effective cash flow hedges, net of tax (benefit) of $(56) and $380 for the quarters ended June 27, 2011 and June 28, 2010, respectively, and net of tax (benefit) of $(94) and $380 for the two quarters ended June 27, 2011 and June 28, 2010, respectively.	(63)	(1,924)	554	(1,924)

Less: reclassification adjustment for losses realized in net earnings net of tax of $0 for the quarter and two quarters ended June 27, 2011	113		113	
Net	50	(1,924)	667	(1,924)
Total other comprehensive income, net of tax	9,852	464	13,283	464
Comprehensive income (loss)	(10,416)	7,204	22,103	11,689
Comprehensive income attributable to noncontrolling interests	(1,880)	(2,253)	(4,189)	(2,253)
Comprehensive income (loss) attributable to TTM Technologies, Inc. stockholders	$ (12,296)	$ 4,951	$ 17,914	$ 9,436

12

Table of Contents

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

The following provides a summary of the activity associated with the designated cash flow hedges reflected in accumulated other comprehensive income for the two quarters ended June 27, 2011:

	June 27, 2011 (in thousands)
Beginning balance as of December 31, 2010, net of tax	$ (3,121)
Changes in fair value gain, net of tax	554
Reclassification of losses to earnings, net of tax	113
Ending balance as of June 27, 2011, net of tax	$ (2,454)

The amounts recorded in accumulated other comprehensive income for the cash flow hedge related to the interest rate swap are reclassified into interest expense during the operative period of the swap, beginning April 18, 2011 and ending on April 16, 2013, and in the same period in which the related interest on the floating-rate debt obligation affects earnings. The Company expects that approximately $2,051 will be reclassified into the statement of operations, net of tax, in the next 12 months.

(10) Income Taxes

The Company s effective tax rate was 71.9% and 39.4% for the quarters ended June 27, 2011 and June 28, 2010, respectively and 69.1% and 38.3% for the two quarters ended June 27, 2011 and June 28, 2010, respectively. The Company s effective tax rate changed primarily due to the impact of an impairment charge, for which a tax benefit was not recorded, partially offset by an increase in total earnings generated in lower-tax jurisdictions resulting from the acquisition of the PCB Subsidiaries. The Company s effective tax rate will generally differ from the U.S. federal statutory rate of 35% due to favorable tax rates associated with certain earnings from the Company s operations in lower-tax jurisdictions in China. Certain foreign losses generated are not more than likely to be realizable, and thus, no income tax benefit has been recognized on these losses. The Company s foreign earnings attributable to the Asia Pacific operating segment will be permanently reinvested in such foreign jurisdictions and, therefore, no deferred tax liabilities for U.S. income taxes on undistributed earnings are recorded.

(11) Financial Instruments

Derivatives

Interest Rate Swaps

The Company s business is exposed to interest rate risk resulting from fluctuations in interest rates on certain variable rate LIBOR and People s Bank of China debt. Increases in interest rates would increase interest expenses relating to the outstanding variable rate borrowings of certain foreign subsidiaries and increase the cost of debt. Fluctuations in interest rates can also lead to significant fluctuations in the fair value of the debt obligations.

On April 9, 2010, the Company entered into a two-year pay-fixed, receive floating (1-month LIBOR), amortizing interest rate swap arrangement with an initial notional amount of $146,500, for the period beginning April 18, 2011 and ending on April 16, 2013. The interest rate swap will apply a fixed interest rate against the first interest payments of a portion of the $350,000 Term Loan over the term of the interest rate swap. As part of the Company s risk management strategy, the Company chose not to hedge its initial year interest payment cash flows of its Term Loan because of low LIBOR rates at inception, which would have initially resulted in locking in a fixed rate higher than LIBOR spot rate at the onset.

The notional amount of the interest rate swap decreases to zero over its term, consistent with the Company s risk management objectives. The notional value underlying the hedge at June 27, 2011 was $146,500. Under the terms of the interest rate swap, the Company will pay a fixed rate of 2.50% and will receive floating 1-month LIBOR during the swap period. The Company has designated this interest rate swap as a cash flow hedge.

At inception, the fair value of the interest rate swap was zero. As of June 27, 2011 and December 31, 2010, the fair value of the swap was recorded as a liability of $3,994 and $3,421, respectively, in other long-term liabilities. The change in the fair value of the interest rate swap is recorded as a component of accumulated other comprehensive income, net of tax, in the Company s consolidated condensed balance sheet. No ineffectiveness was recognized for the quarter or two quarters ended June 27, 2011. During the quarter and two quarters ended June 27, 2011, the interest rate swap increased interest expense by $664.

Table of Contents

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

Additionally, the Company, through its acquisition of the PCB Subsidiaries, assumed a long term pay-fixed, receive floating (1-month LIBOR), amortizing interest rate swap arrangement with an initial notional amount of $40,000, for the period beginning October 8, 2008 and ending on July 30, 2012. This interest rate swap applied to the PCB Subsidiaries pre-acquisition, long-term borrowings, which were paid-off on the acquisition date. The notional amount of the interest rate swap decreases to zero over its term. The notional value at June 27, 2011 was $34,000. Under the terms of the interest rate swap, the Company will pay a fixed rate of 3.43% and will receive floating 1-month LIBOR during the swap period. As the borrowings attributable to this interest rate swap were paid off upon acquisition, the Company did not designate this interest rate swap as a cash flow hedge. As of June 27, 2011 and December 31, 2010, the fair value of the swap was recorded as a liability of $826 and $1,206, respectively, in other long-term liabilities. The change in the fair value of this interest rate swap is recorded as Other, net in the consolidated condensed statement of operations.

Foreign Exchange Contracts

The Company enters into foreign currency forward contracts to mitigate the impact of changes in foreign currency exchange rates and to reduce the volatility of purchases and other obligations generated in currencies other than the functional currencies. Our foreign subsidiaries may at times purchase forward exchange contracts to manage their foreign currency risks in relation to particular purchases or obligations, such as the related party financing obligation arising from the put call option to purchase the remaining 20% of a majority owned subsidiary in 2013, which was settled in early June 2011 when the put call option was settled in cash (see Note 20), and certain purchases of machinery denominated in foreign currencies other than the Company s foreign functional currency. The notional amount of the foreign exchange contracts at June 27, 2011 and December 31, 2010 was approximately $40,528 and $36,266, respectively. The Company has designated certain of these foreign exchange contracts as cash flow hedges, with the exception of the foreign exchange contracts in relation to the related party financing obligation, which was recently settled in June 2011. In this instance, the hedged item was a recognized liability subject to foreign currency transaction gains and losses and, therefore, changes in the hedged item due to foreign currency exchange rates were recorded in earnings. Therefore, hedge accounting was not applied.

The fair values of derivative instruments in the consolidated condensed balance sheet are as follows:

	Balance Sheet Location	Asset / (Liability) Fair Value June 27, 2011	Asset / (Liability) Fair Value December 31, 2010
		(In thousands)	
Cash flow derivative instruments designated as hedges:			
Foreign exchange contracts	Prepaid expenses and other current assets	$ 62	$
Foreign exchange contracts	Deposits and other non-current assets	717	9
Foreign exchange contracts	Other accrued expenses	(10)	(1)
Foreign exchange contracts	Other long-term liabilities		(272)
Interest rate swap	Other long-term liabilities	(3,994)	(3,421)
Cash flow derivative instruments not designated as hedges:			
Foreign exchange contracts	Prepaid expenses and other current assets	237	482
Foreign exchange contracts			728

	Deposits and other non-current assets		
Foreign exchange contracts	Other accrued expenses	(5)	(4)
Interest rate swap	Other long-term liabilities	(826)	(1,206)
		$ (3,819)	$ (3,685)

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

The following tables provide information about the amounts recorded in accumulated other comprehensive income related to derivatives designated as cash flow hedges as well as the amounts recorded in each caption in the consolidated condensed statement of operations when derivative amounts are reclassified out of accumulated other comprehensive income:

		For the Quarter Ended					
		June 27, 2011			June 28, 2010		
		Effective Portion		Ineffective Portion	Effective Portion		Ineffective Portion
	Financial Statement Caption	Gain/(Loss) Recognized in Other Comprehensive Income	Gain/(Loss) Reclassified into Income	Gain/(Loss) Reclassified into Income	Gain/(Loss) Recognized in Other Comprehensive Income	Gain/(Loss) Reclassified into Income	Gain/(Loss) Recognized into Income
		(In thousands)					
Cash flow hedge:							
Interest rate swap	Interest expense	$ (338)	$ (664)	$	$ (2,283)	$	$
Foreign currency forward	Other, net	219			(21)		
		$ (119)	$ (664)	$	$ (2,304)	$	$

		For the Two Quarters Ended					
		June 27, 2011			June 28, 2010		
		Effective Portion		Ineffective Portion	Effective Portion		Ineffective Portion
	Financial Statement Caption	Gain/(Loss) Recognized in Other Comprehensive Income	Gain/(Loss) Reclassified into Income	Gain/(Loss) Reclassified into Income	Gain/(Loss) Recognized in Other Comprehensive Income	Gain/(Loss) Reclassified into Income	Gain/(Loss) Recognized into Income
		(In thousands)					
Cash flow hedge:							
Interest rate swap	Interest expense	$ (573)	$ (664)	$	$ (2,283)	$	$
Foreign currency forward	Other, net	1,033			(21)		
		$ 460	$ (664)	$	$ (2,304)	$	$

The gain (loss) recognized in other, net in the consolidated condensed statement of operations on derivative instruments not designated as hedges is as follows:

	For the Quarter Ended		For the Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
	(In thousands)			
Derivative instruments not designated as hedges:				
Interest rate swap	$ 212	$ 51	$ 378	$ 51
Foreign exchange contracts	(139)	(1,630)	782	(1,630)
	$ 73	$ (1,579)	$ 1,160	$ (1,579)

15

Table of Contents

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

Other Financial Instruments

The carrying amount and estimated fair value of the Company s financial instruments at June 27, 2011 and December 31, 2010 were as follows:

	June 27, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Available for sale securities	$ 4,354	$ 4,354	$	$
Derivative assets, current	299	299	482	482
Derivative liabilities, current	15	15	5	5
Derivative assets, non-current	717	717	737	737
Derivative liabilities, non-current	4,820	4,820	4,899	4,899
Long-term equity investment			2,714	2,280
Related party financing obligation			20,399	20,791
Long-term debt	379,007	377,811	380,118	370,812
Convertible senior notes	148,157	214,165	145,283	207,508

The fair value of available for sale securities was determined using quoted market prices for the securities on an active exchange.

The fair value of the derivative instruments was determined using pricing models developed based on the LIBOR swap rate, foreign currency exchange rates, and other observable market data, including quoted market prices, as appropriate. The values were adjusted to reflect nonperformance risk of both the counterparty and the Company.

The fair value of equity securities accounted for under the cost method (nonmarketable equity securities) was estimated using market multiples derived from comparable companies. Under that approach, the identification of comparable companies requires significant judgment. Additionally, multiples might lie in ranges with a different multiple for each comparable company. The selection of where the appropriate multiple falls within that range also requires significant judgment, considering both qualitative and quantitative factors.

The fair value of the related party financing obligation was estimated based on the minimum price of the obligation plus 2.5% interest discounted at the liability s discount rate based on the Company s adjusted cost of borrowing.

The fair value of the long-term debt was estimated based on discounting the par value of the debt over its life for the difference between the debt stated interest rate and current market rates for similar debt at June 27, 2011 and December 31, 2010.

The fair value of the convertible senior notes was estimated based on quoted market prices of the securities on an active exchange.

At June 27, 2011 and December 31, 2010, the Company s financial instruments included cash and cash equivalents, accounts receivable, notes receivable, accounts payable and equipment payables. Due to short-term maturities, the carrying amount of these instruments approximates fair value.

(12) Significant Customers and Concentration of Credit Risk

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

For the quarter and two quarters ended June 27, 2011 one customer accounted for approximately 10% and 12% of the Company s net sales, respectively. For the quarter and two quarters ended June 28, 2010, no one customer accounted for 10% or greater of the Company s net sales. The loss of one or more major customers or a decline in sales to the Company s major customers would have a material adverse effect on the Company s financial condition and results of operation.

TTM TECHNOLOGIES, INC.

Notes to Consolidated Condensed Financial Statements (Continued)

The Company also extends credit to its customers, which are concentrated primarily in the computer and networking and communication and aerospace/defense industries, and most of which are located outside the United States. The Company performs ongoing credit evaluations of customers, does not require collateral and considers the credit risk profile of the entity from which the receivable is due in further evaluating collection risk.

As of June 27, 2011 and December 31, 2010, the Company s 10 largest customers in the aggregate accounted for 48% and 53%, respectively, of total accounts receivable. If one or more of the Company s significant customers were to become insolvent or were otherwise unable to pay for the manufacturing services provided, it would have a material adverse effect on the Company s financial condition and results of operations.

(13) Fair Value Measures

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

At June 27, 2011 and December 31, 2010, the following financial assets and liabilities were measured at fair value on a recurring basis using the type of inputs shown:

	June 27, 2011	Fair Value Measurements Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
		(In thousands)		
Money market funds	$ 97,387	$ 97,387		
Available for sale securities	4,354	4,354		
Foreign exchange derivative assets	1,016		$ 1,016	
Interest rate swap derivative liabilities	4,820		4,820	
Foreign exchange derivative liabilities	15		15	

	December 31, 2010	Fair Value Measurements Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
		(In thousands)		
Money market funds	$ 66,742	$ 66,742		
Foreign exchange derivative assets	1,219		$ 1,219	
Interest rate swap derivative liabilities	4,627		4,627	
Foreign exchange derivative liabilities	277		277	

There were no transfers of financial assets or liabilities between Level 1 and Level 2 inputs for the quarter or two quarters ended June 27, 2011.

The following is a summary of activity for fair value measurements using Level 3 inputs for the two quarters ended June 28, 2010:

Fair Value Measurement using Significant Unobservable Inputs (Level 3)	For the Two Quarters Ended June 28, 2010 (In thousands)

Beginning balance	$	1,351
Transfers to level 3		
Settlement		(1,351)
Changes in fair value included in earnings		
Ending balance	$	

There was no activity for fair value measurement using Level 3 inputs for the quarter or two quarters ended June 27, 2011 or the quarter ended June 28, 2010.

17

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

The changes in fair value included in earnings for the two quarters ended June 28, 2010 have been included in other, net in the consolidated condensed statement of operations.

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

For the quarter and two quarters ended June 27, 2011 and for the two quarters ended June 28, 2010, the following non-financial instruments were measured at fair value on a nonrecurring basis using the type of inputs shown:

	June 27, 2011	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Losses for the Quarter and Two Quarters Ended June 27, 2011
		Fair Value Measurements Using:			
			(In thousands)		
Long-lived assets	$ 19,331		$ 19,331		$ 48,125

	June 28, 2010	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Losses for the Two Quarters Ended June 28, 2010
		Fair Value Measurements Using:			
			(In thousands)		
Asset held for sale	$ 234		$ 234		$ 766

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

(14) Commitments and Contingencies

Legal Matters

The Company is subject to various legal matters, which it considers normal for its business activities. While the Company currently believes that the amount of any ultimate potential loss for known matters would not be material to the Company s financial condition, the outcome of these actions is inherently difficult to predict. In the event of an adverse outcome, the ultimate potential loss could have a material adverse effect on the Company s financial condition or results of operations in a particular period. The Company has accrued amounts for its loss contingencies which are probable and estimable at June 27, 2011 and December 31, 2010. However, these amounts are not material to the consolidated condensed financial statements.

Environmental Matters

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

The Company is involved in various stages of investigation and cleanup of three sites in Connecticut and one in California related to environmental remediation matters. The ultimate cost of site cleanup for the two Connecticut sites and one California site is difficult to predict given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. The third Connecticut site was investigated under Connecticut s Land Transfer Act and no contamination above applicable standards was found. The Company concluded that it was probable that it would incur remediation and monitoring costs for these sites of approximately $685 and $558 as of June 27, 2011 and December 31, 2010, respectively, the liability for which is included in other

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

long-term liabilities. The Company estimates that it will incur the remediation costs over the next 12 to 84 months. This accrual was discounted at 8% per annum to determine the Company s best estimate of the liability, which the Company estimated as ranging from $839 to $1,274 on an undiscounted basis.

The liabilities recorded do not take into account any claims for recoveries from insurance or third parties and none are anticipated. These costs are mostly comprised of estimated consulting costs to evaluate potential remediation requirements, completion of the remediation, and monitoring of results achieved. Subject to the imprecision in estimating future environmental remediation costs, the Company does not expect the outcome of the environmental remediation matters, either individually or in the aggregate, to have a material adverse effect on its financial position, results of operations, or cash flows.

(15) Earnings (Loss) Per Share

The following is a reconciliation of the numerator and denominator used to calculate basic earnings (loss) per share and diluted earnings (loss) per share for the quarter and two quarters ended June 27, 2011 and June 28, 2010:

	Quarter Ended		Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
	(In thousands, except per share amounts)			
Net income (loss) attributable to TTM Technologies, Inc. stockholders	$ (20,903)	$ 4,929	$ 6,220	$ 9,414
Weighted average shares outstanding	81,309	76,050	81,009	59,954
Dilutive effect of performance-based stock units, restricted stock units and stock options		434	916	550
Dilutive effect of assumed conversion of convertible notes outstanding			470	
Diluted shares	81,309	76,484	82,395	60,504
Earnings (loss) per share attributable to TTM Technologies, Inc. stockholders:				
Basic	$ (0.26)	$ 0.06	$ 0.08	$ 0.16
Diluted	$ (0.26)	$ 0.06	$ 0.08	$ 0.16

Performance-based stock units, restricted stock units and stock options to purchase 1,714 shares of common stock for the quarter ended June 28, 2010 and 528 and 2,015 shares of common stock for the two quarters ended June 27, 2011 and June 28, 2010, respectively, were not considered in calculating diluted earnings per share because the options exercise prices or the total expected proceeds under the treasury stock method for performance-based stock units, restricted stock units or stock options was greater than the average market price of common shares during the period and, therefore, the effect would be anti-dilutive. For the quarter ended June 27, 2011, potential shares of common stock, consisting of stock options to purchase approximately 1,167 shares of common stock at exercise prices ranging from $2.76 to $16.82 per share, 1,338 restricted stock units, and 163 performance-based restricted stock units were not included in the computation of diluted earnings per share because the Company incurred a net loss from operations and, as a result, the impact would be anti-dilutive.

Additionally, for the quarter ended June 27, 2011, the effect of 10,963 shares of common stock related to the Company s Convertible Notes, the effect of the convertible note hedge to purchase 10,963 shares of common stock and the warrants sold to purchase 10,963 shares of the Company s common stock were not included in the computation of dilutive earnings per share because the Company incurred a loss from operations and, as a result, the impact would be anti-dilutive.

Table of Contents

TTM TECHNOLOGIES, INC.

Notes to Consolidated Condensed Financial Statements (Continued)

(16) Stock-Based Compensation

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

	Quarter Ended		Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
	(In thousands)			
Cost of goods sold	$ 254	$ 328	$ 471	$ 655
Selling and marketing	100	109	211	217
General and administrative	1,770	1,158	3,197	2,134
Stock-based compensation expense recognized	2,124	1,595	3,879	3,006
Income tax benefit recognized	(584)	(412)	(1,118)	(890)
Total stock-based compensation expense after income taxes	$ 1,540	$ 1,183	$ 2,761	$ 2,116

Performance-based Restricted Stock Units

In 2010, the Company implemented a long-term incentive program for executives that provides for the issuance of performance-based restricted stock units (PRUs), representing hypothetical shares of the Company s common stock that may be issued. Under the PRU program, a target number of PRUs is awarded at the beginning of each three-year performance period. The number of shares of common stock released at the end of the performance period will range from zero to 2.4 times the target number depending on performance during the period. The performance metrics of the PRU program are based on (a) annual financial targets, which are based on revenue and EBITDA (earnings before interest, tax, depreciation, and amortization expense), each equally weighted, and (b) an overall modifier based on the Company s total stockholder return (TSR) relative to the S&P SmallCap 600 over the three-year performance period.

The Company records stock-based compensation expense for PRU awards granted based on management s periodic assessment of the probability of the PRU awards vesting. For the quarter and two quarters ended June 27, 2011, management determined that vesting of the PRU awards was probable. PRUs activity for the two quarters ended June 27, 2011 was as follows:

	Shares (In thousands)
Outstanding target shares at December 31, 2010	55
Granted:	
Second tranche of 2010 grant	45
First tranche of 2011 grant	63
Outstanding target shares at June 27, 2011	163

The fair value for PRUs granted is calculated using the Monte Carlo simulation model, as the TSR modifier contains a market condition. For the quarters and two quarters ended June 27, 2011 and June 28, 2010, the following assumptions were used in determining the fair value:

	June 27, 2011[1]	June 28, 2010[2]
Weighted-average fair value	$ 22.74	$ 10.11
Risk-free interest rate	1.0%	1.3%
Dividend yield		
Expected volatility	59%	65%
Expected term in months	28	33

(1) Reflects the weighted-averages for the second year of the three-year performance period applicable to PRUs granted in 2010 and for the first year of the three-year performance period applicable to PRUs granted in 2011.

(2) Reflects the first year of the three-year performance period applicable to PRUs granted in 2010.

Table of Contents

TTM TECHNOLOGIES, INC.

Notes to Consolidated Condensed Financial Statements (Continued)

Restricted Stock Units

The Company granted 239 restricted stock units during the quarter ended June 27, 2011 and 574 and 377 restricted stock units during the two quarters ended June 27, 2011 and June 28, 2010, respectively. There were no restricted stock units granted for the quarter ended June 28, 2010. The units granted have a weighted-average fair value per unit of $18.35 for the quarter ended June 27, 2011 and $17.74 and $9.14 for the two quarters ended June 27, 2011 and June 28, 2010, respectively. The fair value for restricted stock units granted is based on the closing share price of the Company s common stock on the date of grant.

Stock Options

The Company did not grant any stock option awards during the quarter or two quarters ended June 27, 2011 and June 28, 2010.

Foreign Employee Share Awards

Prior to the acquisition of the PCB Subsidiaries by the Company, there existed an employee share award scheme originally set up by the controlling shareholder of the PCB Subsidiaries to incentivize and reward the PCB Subsidiaries employees. In 2008, administration of this scheme was transferred to a small group of employees in order to carry on the objectives of the program. After the close of the acquisition, the unvested Meadville Holdings shares remaining for vesting and/or granting purposes under that scheme were exchanged for the right to earn fractional shares of TTM common stock plus cash equal to the dividend distributed by Meadville Holdings to the holders of Meadville Holdings shares after the acquisition. These remaining grants vest over five tranches. Two tranches vested in the first quarter of 2011 and the remaining three tranches will vest annually thereafter, through 2014. As per ASC Topic 805, *Business Combinations,* the fair value of the common stock plus cash consideration to be received by the employee, after adjustment for estimated forfeitures, that is attributed to pre-combination service is recognized as purchase consideration. The fair value, after adjustment for estimated forfeitures, that is attributed to post-combination service is recognized as an expense over the remaining vesting period and is included as a component of total stock-based compensation expense. At June 27, 2011 and December 31, 2010, there were approximately 50 and 193 shares in the employee share award grants, respectively.

The following is a summary of total unrecognized compensation costs as of June 27, 2011:

	Unrecognized Stock-Based Compensation Cost (In thousands)	Remaining Weighted Average Recognition Period (In years)
PRU awards	$ 2,436	2.1
RSU awards	12,620	1.6
Stock option awards	639	1.7
Foreign employee share awards	400	1.6
	$ 16,095	

(17) Distribution of profits

As stipulated by the relevant laws and regulations of the People s Republic of China (PRC) applicable to the Company s subsidiaries in the PRC, each of such subsidiaries is required to make appropriations from its net income as determined in accordance with accounting principles and the relevant financial regulations of the PRC (PRC GAAP) to a non-distributable reserve, also referred to as statutory surplus reserve. The appropriations to the statutory surplus reserve are required to be made at not less than 10% of the profit after tax as determined under PRC GAAP and required until the balance reaches 50% of its registered capital. The statutory surplus reserve is used to offset future or past losses. The subsidiaries may, upon a resolution passed by the shareholders, convert the statutory surplus reserve into its capital.

There were appropriations of approximately $3,295 to the statutory surplus reserve for the quarter and two quarters ended June 27, 2011. There were no appropriations to such reserve for the quarter or two quarters ended June 28, 2010.

Table of Contents

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

(18) Segment Information

The operating segments reported below are the Company s segments for which separate financial information is available and upon which operating results are evaluated by the chief operating decision maker to assess performance and to allocate resources. The Company manages its worldwide operations based on two geographic operating segments: 1) North America, which consists of seven domestic PCB fabrication plants, including a facility that provides follow-on value-added services primarily for one of the PCB fabrication plants, and one backplane assembly plant in Shanghai, China, which is managed in conjunction with the Company s U.S. operations and its related European sales support infrastructure; and 2) Asia Pacific, which consists of the PCB Subsidiaries and their seven PCB fabrication plants, which include a substrate facility. Each segment operates predominantly in the same industry with production facilities that produce similar customized products for its customers and use similar means of product distribution in their respective geographic regions.

The Company evaluates segment performance based on operating segment income, which is operating income before amortization of intangibles. Interest expense and interest income are not presented by segment since they are not included in the measure of segment profitability reviewed by the chief operating decision maker. All inter-segment transactions have been eliminated.

	Quarter Ended		Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
	(In thousands)			
Net Sales:				
North America	$ 142,245	$ 138,925	$ 284,495	$ 277,144
Asia Pacific	226,203	173,073	428,668	173,073
Total sales	368,448	311,998	713,163	450,217
Inter-segment sales	(2,331)	(1,750)	(4,245)	(1,750)
Total net sales	$ 366,117	$ 310,248	$ 708,918	$ 448,467
Operating Segment Income (Loss):				
North America	$ 13,792	$ 6,206	$ 30,557	$ 16,865
Asia Pacific	(18,016)	15,771	15,061	15,771
Total operating segment income (loss)	(4,224)	21,977	45,618	32,636
Amortization of definite-lived intangibles	(4,321)	(4,621)	(8,479)	(5,412)
Total operating income (loss)	(8,545)	17,356	37,139	27,224
Total other expense	(3,249)	(6,230)	(8,563)	(9,019)
Income (loss) before income taxes	$ (11,794)	$ 11,126	$ 28,576	$ 18,205

During the second quarter ended June 27, 2011, the Company recorded a charge of $48,125 for its Asia Pacific operating segment for the impairment of long-lived assets. (Note 3)

The Company accounts for inter-segment sales and transfers as if the sale or transfer were to third parties: at arms length and in conjunction with the Company s revenue recognition policy. The inter-segment sales for the quarter and two quarters ended June 27, 2011 and June 28, 2010 are sales from the Asia Pacific operating segment to the North America operating segment.

(19) Related Party Transactions

Supply and Lease Arrangements

The Company s foreign subsidiaries enter into long-term supply arrangements to purchase laminate and prepreg from a related party in which a significant shareholder of the Company holds an approximate 16% shareholding. These supply arrangements expire on December 31, 2012. The Company s foreign subsidiaries also purchased laminate and prepreg from the laminate companies of the said significant shareholder of the Company. The Company purchased laminate and prepreg from these related parties in the amounts of $32,783 and $26,861 for the quarters ended June 27, 2011 and June 28, 2010, respectively, and $56,916 and $26,861 for the two quarters ended June 27, 2011 and June 28, 2010, respectively.

Additionally, a foreign subsidiary of the Company also leases warehouse space from a related party controlled by a significant shareholder of the Company. Likewise, a related party leases employee housing space from a foreign subsidiary of the Company. The net income for these activities was $62 and $80 for the quarters ended June 27, 2011 and June 28, 2010, respectively, and $126 and $80 for the two quarters ended June 27, 2011 and June 28, 2010, respectively.

Table of Contents

TTM TECHNOLOGIES, INC.

Notes to Consolidated Condensed Financial Statements (Continued)

At June 27, 2011 and December 31, 2010, the Company s consolidated condensed balance sheet included $47,403 and $50,374, respectively, in accounts payable due to and $153 and $86, respectively, in accounts receivable due from a related party for the supply and lease arrangements.

(20) Other

In April 2010, the Company, through its acquisition of the PCB Subsidiaries, acquired a 10% interest in a private company, Aspocomp Oulu Oy (Oulu), which is located in Finland. The majority owner of this private company is Aspocomp Group Oyj (Aspocomp), a Helsinki Stock Exchange traded Finnish company. The Company accounted for this 10% nonmarketable investment in Oulu using the cost method of accounting. The fair value assigned to this investment at the acquisition date was $2,718, which was based on a market approach to estimate the enterprise value.

Aspocomp was also the 20% minority shareholder in Meadville Aspocomp (BVI) Holdings Ltd., a majority-owned subsidiary of the Company, and therefore was a related party. The Company consolidated the financial results of this majority-owned company.

Exchange of Investments

On June 8, 2011, the Company exchanged its 10% interest in Oulu for approximately 12,300 shares of Aspocomp, (representing approximately 19.7% of Aspocomp s outstanding share capital) having a fair value of $5,205. The Company has concluded that Aspocomp and Oulu are substantially similar entities as Aspocomp is a holding company and its primary operating subsidiary is Oulu. As such, the unrealized gain on the exchange of the investments has been recorded in other comprehensive income, and no realized gains or losses will be recognized until the Aspocomp shares are sold, unless an other than temporary decline in fair value occurs in the future. These securities are classified as available for sale securities, and at June 27, 2011 have a fair value of $4,354. The Company has determined this investment to be classified as available for sale as it has a readily determinable fair value and is not being held for trading purposes. Unrealized holding gains and losses on available for sale securities are recorded as a component of accumulated other comprehensive income in the consolidated condensed balance sheet.

Gain on Early Settlement of Related Party Financing Obligation

The related party financing obligation represents the value of the Company s obligation under a put and call option agreement which granted Aspocomp the right to sell its 20% equity interest in Meadville Aspocomp (BVI) Holdings Ltd. to one of the PCB Subsidiaries. The PCB Subsidiary also had the right to purchase that 20% equity interest held by Aspocomp in Meadville Aspocomp (BVI) Holdings Ltd.

On June 8, 2011, the Company settled its obligation under the put and call option agreement for a payment of approximately $20,528, resulting in a gain of $1,659, which is included in Other, net in the consolidated condensed statement of operations. As a result of the settlement of this obligation, Aspocomp is no longer considered to be a related party of the Company.

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

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

This discussion and analysis should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations set forth in our annual report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission.

OVERVIEW

We are a leading global provider of time-critical and technologically complex printed circuit board (PCB) products and backplane assemblies (PCBs populated with electronic components), which serve as the foundation of sophisticated electronic products. We provide our customers advanced technology products and offer a one-stop manufacturing solution to customers from engineering support to prototype development through final volume production. We serve a diversified customer base in various markets throughout the world, including manufacturers of networking/communications infrastructure products, personal computers, touch screen tablets and mobile media devices (cellular phones and smart phones). We also serve high-end computing, commercial aerospace/defense, and industrial/medical industries. Our customers include both original equipment manufacturers (OEMs) and electronic manufacturing services (EMS) providers.

In April 2010, we acquired from Meadville all of the issued and outstanding capital stock of four of its subsidiaries. These four companies and their respective subsidiaries, collectively referred to as the PCB Subsidiaries, comprised Meadville s PCB manufacturing and distributing business. See Note 2 in our consolidated condensed financial statements.

While our customers include both OEM and EMS providers, we measure customers based on OEM companies as they are the ultimate end customers. We measure customers as those companies that have placed orders of $2,000 or more in the preceding 12-month period. As of June 27, 2011, we had approximately 1,260 customers and as of June 28, 2010 we had approximately 1,185 customers. Sales to our 10 largest customers accounted for 47% and 42% of our net sales in the quarter ended June 27, 2011 and June 28, 2010, respectively. Sales to our 10 largest customers accounted for 47% of our net sales for the two quarters ended June 27, 2011 and 42% of our net sales for the two quarters ended June 28, 2010. We sell to OEMs both directly and indirectly through EMS companies.

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

	Quarter Ended		Two Quarters Ended	
End Markets(1)	**June 27, 2011**	**June 28, 2010**	**June 27, 2011**	**June 28, 2010**
Aerospace/Defense	17%	19%	16%	26%
Cellular Phone	9	10	9	7
Computing/Storage/Peripherals	23	25	25	21
Medical/Industrial/Instrumentation/Other	7	9	8	9
Networking/Communications	38	32	36	33
Other	6	5	6	4
Total	100%	100%	100%	100%

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

24

For PCBs, we measure the time sensitivity of our products by tracking the quick-turn percentage of our work. We define quick-turn orders as those with delivery times of 10 days or less, which typically captures research and development, prototype, and new product introduction work, in addition to unexpected short-term demand among our customers. Generally, we quote prices after we receive the design specifications and the time and volume requirements from our customers. Our quick-turn services command a premium price as compared to standard lead-time products.

We also deliver a significant percentage of compressed lead-time work with lead times of 11 to 20 days. We typically receive a premium price for this work as well. Purchase orders may be cancelled prior to shipment. We charge customers a fee, based on percentage completed, if an order is cancelled once it has entered production. We derive revenues primarily from the sale of PCBs and backplane assemblies using customer-supplied engineering and design plans. We recognize revenues when persuasive evidence of a sales arrangement exists, the sales terms are fixed or determinable, title and risk of loss have transferred, and collectibility is reasonably assured and in accordance with sales contracts. Net sales consist of gross sales less an allowance for returns, which typically has been less than 2% of gross sales. We provide our customers a limited right of return for defective PCBs and backplane assemblies. We record an estimated amount for sales returns and allowances at the time of sale based on historical information.

Cost of goods sold consists of materials, labor, outside services, and overhead expenses incurred in the manufacture and testing of our products as well as stock-based compensation expense. Many factors affect our gross margin, including capacity utilization, product mix, production volume, and yield. We generally do not participate in any significant long-term contracts with suppliers, with the exception of the supply arrangement to purchase laminate and prepregs from a related party controlled by a significant shareholder, and we believe there are a number of potential suppliers for the raw materials we use.

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

General and administrative costs primarily include the salaries for executive, finance, accounting, information technology, facilities and human resources personnel, as well as insurance expenses, expenses for accounting and legal assistance, incentive compensation expense, stock-based compensation expense, bad debt expense, gains or losses on the sale or disposal of property, plant and equipment, and acquisition related expenses.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated condensed financial statements included in this report have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses, and related disclosure of contingent assets and liabilities.

A critical accounting policy is defined as one that is both material to the presentation of our consolidated condensed financial statements and requires management to make judgments that could have a material effect on our financial condition or results of operations. These policies require us to make assumptions about matters that are highly uncertain at the time of the estimate. Different estimates we could reasonably have used, or changes in the estimates that are reasonably likely to occur, could have a material effect on our financial condition or results of operations.

Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management has discussed the development, selection and disclosure of these estimates with the audit committee of our board of directors. Actual results may differ from these estimates under different assumptions or conditions.

Table of Contents

Our critical accounting policies include asset valuation related to bad debts and inventory; sales returns and allowances; impairment of long-lived assets, including goodwill and intangible assets; derivative instruments and hedging activities; realizability of deferred tax assets; establishing the fair value of individual assets acquired, liabilities assumed, and noncontrolling interest when we acquire other businesses; and determining self-insured reserves.

Allowance for Doubtful Accounts

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

Inventories

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

Sales Returns and Allowances

We derive revenues primarily from the sale of printed circuit boards and backplane assemblies using customer-supplied engineering and design plans and generally recognize revenue upon delivery. We provide our customers a limited right of return for defective printed circuit boards and backplane assemblies. We accrue an estimated amount for sales returns and allowances at the time of sale using our judgment based on historical information and anticipated returns as a result of current period sales. To the extent actual experience varies from our historical experience, revisions to these allowances may be required.

Long-lived Assets

We have significant long-lived tangible and intangible assets consisting of property, plant and equipment, definite-lived intangibles, and goodwill. We review these assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. In addition, we perform an impairment test related to goodwill at least annually. Our goodwill and intangibles are largely attributable to our acquisitions of other businesses. We have two operating segments, North America and Asia Pacific.

During the fourth quarter of each year, and when events and circumstances warrant an evaluation, we perform an impairment assessment of goodwill, which requires the use of a fair value based analysis. We determine the fair value of our reporting units based on discounted cash flows and market approach analyses as considered necessary and consider factors such as a weakened economy, reduced expectations for future cash flows coupled with a decline in the market price of our stock and market capitalization for a sustained period as indicators for potential goodwill impairment. If the reporting unit s carrying amount exceeds its estimated fair value, a second step must be performed to measure the amount of the goodwill impairment loss, if any. The second step compares the implied fair value of the reporting unit s goodwill, determined in the same manner as the amount of goodwill recognized in a business combination, with the carrying amount of such goodwill. If the carrying amount of the reporting unit s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

Table of Contents

We also assess other long-lived assets, specifically property, plant and equipment, for potential impairment given similar impairment indicators. When indicators of impairment exist related to our long-lived tangible assets and definite-lived intangible assets, we use an estimate of the undiscounted net cash flows in measuring whether the carrying amount of the assets is recoverable. Measurement of the amount of impairment, if any, is based upon the difference between the asset s carrying value and estimated fair value. Fair value is determined through various valuation techniques, including market and income approaches as considered necessary. During the quarter ended June 27, 2011, we completed our assessment of long-lived assets and determined that the carrying value of certain long-lived assets at production facilities within our Asia Pacific operating segment exceeded their fair value. As a result, we recorded an impairment of long-lived assets for $48.1 million to adjust such assets to their fair value as of June 27, 2011.

We use an estimate of the future undiscounted net cash flows in measuring whether our long-lived tangible assets and definite-lived intangible assets are recoverable. If forecasts and assumptions used to support the realizability of our goodwill and other long-lived assets change in the future, significant impairment charges could result that would adversely affect our results of operations and financial condition.

Derivative Instruments and Hedging Activities

As a matter of policy, we use derivatives for risk management purposes, and we do not use derivatives for speculative purposes. Derivatives are typically entered into as hedges of changes in interest rates, currency exchange rates, and other risks.

When we determine to designate a derivative instrument as a cash flow hedge, we formally document the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument s effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness. We also formally assess, both at the hedge s inception and on an ongoing basis, whether the derivative that is used in hedging transactions is highly effective in offsetting changes in cash flows of hedged items.

Derivative financial instruments are recognized as either assets or liabilities on the consolidated condensed balance sheet with measurement at fair value. Fair value of the derivative instruments is determined using pricing models developed based on the underlying swap interest rate, foreign currency exchange rates, and other observable market data as appropriate. The values are also adjusted to reflect nonperformance risk of both the counterparty and the Company. For derivatives that are designated as a cash flow hedge, changes in the fair value of the derivative are recognized in accumulated other comprehensive income, to the extent the derivative is effective at offsetting the changes in cash flow being hedged until the hedged item affects earnings. To the extent there is any hedge ineffectiveness, changes in fair value relating to the ineffective portion are immediately recognized in earnings. Changes in the fair value of derivatives that are not designated as hedges are recorded in earnings each period.

Income Taxes

Deferred income tax assets are reviewed for recoverability, and valuation allowances are provided, when necessary, to reduce deferred income tax assets to the amounts that are more likely than not to be realized based on our estimate of future taxable income. Should our expectations of taxable income change in future periods, it may be necessary to establish a valuation allowance, which could affect our results of operations in the period such a determination is made. We record an income tax provision or benefit during interim periods at a rate that is based on expected results for the full year. If future changes in market conditions cause actual results for the year to be more or less favorable than those expected, adjustments to the effective income tax rate could be required.

In addition, we are subject to income taxes in the United States and foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions where the ultimate tax determination is uncertain. Additionally, our calculations of income taxes are based on our interpretations of applicable tax laws in the jurisdictions in which we file.

Business Combinations

We allocate the purchase price of acquired companies to the tangible and intangible assets acquired, liabilities assumed and noncontrolling interest, based on their estimated fair values. The excess of the purchase price over these fair values is recorded as goodwill. We engage independent third-party appraisal firms to assist us in determining the fair values of assets acquired, liabilities assumed, and noncontrolling interest. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets.

For the business combination with Meadville in April 2010, the fair value of the real property was estimated primarily via the cost approach, and where applicable, the sales comparison approach and income approach. The procedures employed include site inspections, analysis of the subject properties, review of the highest and best use of the subject properties, discussions with onsite property management, determinations regarding future use of the facilities, review of real property market data available in the local market, estimation of replacement cost, new and typical expected useful lives, and the calculation of all factors of obsolescence.

For the fair value of the personal property we utilize the cost approach as the primary approach for valuing the majority of the personal property. The market approach was used to estimate the value of certain equipment commonly traded in the second hand marketplace, as well as computers and computer-related assets. The income approach was used to quantify any economic obsolescence that may be present in the subject assets. Our analysis also entailed an estimation of useful lives, which were researched and discussed with property management and market sources. The fair value measurement assumes the highest and best use of personal property assets by market participants.

The significant purchased intangible assets recorded by us include customer relationships, trade name, and order backlog. The fair values assigned to the identified intangible assets are discussed in Note 6 of the notes to the consolidated condensed financial statements.

Critical estimates in valuing certain intangible assets include but are not limited to: future expected cash flows from customer relationships, estimating cash flows from existing backlog, market position of the trade name, as well as assumptions about cash flow savings from the trade name, and discount rates. Management s estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Estimates associated with the accounting for acquisitions may change during the measurement period as additional information becomes available regarding the assets acquired, liabilities assumed, and noncontrolling interest as discussed in Note 2 of the notes to consolidated condensed financial statements.

Self Insurance

We are primarily self-insured in North America for group health insurance and worker s compensation benefits provided to our U.S. employees, and we purchase insurance to protect against annual claims at the individual and aggregate level. We estimate our exposure for claims incurred but not reported at the end of each reporting period. We use our judgment using our historical claim data and information and analysis provided by actuarial and claim advisors, our insurance carriers and brokers on an annual basis to estimate our liability for these claims. This liability is subject to individual insured stop-loss coverage for both programs, which is $250,000 per individual. Our actual claims experience may differ from our estimates.

RESULTS OF OPERATIONS

There were 91 days in each of the second quarters ended June 27, 2011 and June 28, 2010 and 178 and 179 days in the two quarters ended June 27, 2011 and June 28, 2010, respectively. Included in the consolidated condensed statement of operations for both the quarter and two quarters ended June 28, 2010 are 81 days of Asia Pacific s results of operations for the period from April 9, 2010 through June 28, 2010. The acquisition has had and will continue to have a significant effect on our operations as discussed in the various comparisons noted below.

Table of Contents

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

	Quarter Ended		Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	78.9	81.6	77.5	81.3
Gross profit	21.1	18.4	22.5	18.7
Operating expenses:				
Selling and marketing	2.5	2.9	2.6	3.5
General and administrative	6.6	8.2	6.7	7.7
Amortization of definite-lived intangibles	1.2	1.5	1.2	1.2
Restructuring charges		0.1		0.1
Impairment of long-lived assets	13.1	0.1	6.8	0.1
Total operating expenses	23.4	12.8	17.3	12.6
Operating income (loss)	(2.3)	5.6	5.2	6.1
Other income (expense):				
Interest expense	(1.8)	(2.0)	(1.8)	(2.0)
Other, net	0.9		0.6	
Total other expense, net	(0.9)	(2.0)	(1.2)	(2.0)
Income (loss) before income taxes	(3.2)	3.6	4.0	4.1
Income tax provision	(2.3)	(1.4)	(2.8)	(1.6)
Net income (loss)	(5.5)	2.2	1.2	2.5
Less: Net income attributable to noncontrolling interest	(0.2)	(0.6)	(0.3)	(0.4)
Net income (loss) attributable to TTM Technologies, Inc. stockholders	(5.7)%	1.6%	0.9%	2.1%

We manage our worldwide operations based on two geographic operating segments: (1) North America, which consists of seven domestic PCB fabrication plants, including a facility that provides follow-on value-added services primarily for one of the PCB fabrication plants, and one backplane assembly plant in Shanghai, China, which is managed in conjunction with our U.S. operations and its related European sales support infrastructure; and (2) Asia Pacific, which consists of the PCB Subsidiaries and their seven PCB fabrication plants, which include a substrate facility. Each segment operates predominantly in the same industry with production facilities that produce similar customized products for our customers and use similar means of product distribution in their respective geographic regions.

The following table compares net sales by reportable segment for the quarters and two quarters ended June 27, 2011 and June 28, 2010:

	Quarter Ended		Two Quarters Ended	
	June 27, 2011	June 28, 2010	June 27, 2011	June 28, 2010
	(In thousands)			
Net Sales:				
North America	$ 142,245	$ 138,925	$ 284,495	$ 277,144
Asia Pacific	226,203	173,073	428,668	173,073
Total sales	368,448	311,998	713,163	450,217
Inter-segment sales	(2,331)	(1,750)	(4,245)	(1,750)
Total net sales	$ 366,117	$ 310,248	$ 708,918	$ 448,467

Net Sales

Total net sales increased $55.9 million or 18.0%, from $310.2 million for the quarter ended June 28, 2010 to $366.1 million for the quarter ended June 27, 2011. Sales related to the North America segment increased $3.3 million, or 2.4%, from $138.9 million for the quarter ended June 28, 2010 to $142.2 million for the quarter ended June 27, 2011 and was primarily due to higher average PCB pricing and increased demand at our backplane assembly facilities. Sales related to the Asia Pacific segment increased $53.1 million, or 30.7%, from $173.1 million for the quarter ended June 28, 2010 to $226.2 million for the quarter ended June 27, 2011 and was primarily due to higher average prices, product mix shift, increased production as well as the inclusion of 81 days of results of operations for the quarter ended June 28, 2010 compared to 91 days for the quarter ended June 27, 2011.

Total net sales increased by $260.4 million from $448.5 million for the two quarters ended June 28, 2010 to $708.9 million for the two quarters ended June 27, 2011. Sales related to the North America segment increased by $7.4 million, or 2.7%, from $277.1 million for the two quarters ended June 28, 2010 to $284.5 million for the two quarters ended June 27, 2011 and was primarily due to higher average PCB pricing and increased demand at our backplane assembly facilities, partially offset by the closure of our Hayward, California backplane assembly facility. Sales for the Asia Pacific segment increased by $255.6 million from $173.1 million for the two quarters June 28, 2010 to $428.7 million for the two quarters ended June 27, 2011 and was mainly due to the inclusion of only 81 days of results of operations for the two quarters ended June 28, 2010 compared to 178 days for the two quarters ended June 27, 2011.

Cost of Goods Sold

Total cost of goods sold increased $35.6 million from $253.2 million for the quarter ended June 28, 2010 to $288.8 million for the quarter ended June 27, 2011. Cost of goods sold related to the North America segment increased $2.8 million in line with the sales increase from $111.2 million for the quarter ended June 28, 2010 to $114.0 million for the quarter ended June 27, 2011. As a percentage of net sales, cost of goods sold for the North America segment remained consistent at 80.0% for the quarter ended June 28, 2010 and 80.1% for the quarter ended June 27, 2011. Cost of goods sold related to the Asia Pacific segment increased $32.9 million, or 23.2%, from $141.9 million in the quarter ended June 28, 2010 to $174.8 million in the quarter ended June 27, 2011. As a percentage of net sales, cost of goods sold for the Asia Pacific segment decreased from 82.9% for the quarter ended June 28, 2010 to 78.3% for the quarter ended June 27, 2011 and was primarily due to the inclusion of a $6.7 million fair value mark up on the substantially completed acquired PCB inventory in the quarter ended June 28, 2010.

Total cost of goods sold increased by $185.3 million from $364.4 million for the two quarters ended June 28, 2010 to $549.7 million for the two quarters ended June 27, 2011. Cost of goods sold related to the North America segment increased $2.6 million from $222.5 million for the two quarters ended June 28, 2010 to $225.1 million for the two quarters ended June 27, 2011. As a percentage of net sales, cost of goods sold for the North America segment decreased from 80.3% for the two quarters ended June 28, 2010 to 79.1% for the two quarters ended June 27, 2011 and was primarily due to higher average sales prices and savings from the closure of our Hayward, California production facility in 2010. Cost of goods sold related to the Asia Pacific segment increased $182.6 million from $141.9 million for the two quarters ended June 28, 2010 to $324.5 million for the two quarters ended June 27, 2011. As a percentage of net sales, cost of goods sold related to the Asia Pacific segment decreased from 82.9% for the two quarters ended June 28, 2010 to 76.7% for the two quarters ended June 27, 2011 and was due to the inclusion of a $6.7 million fair value mark up on the substantially completed acquired PCB inventory in the quarter ended June 28, 2010 combined with higher average sales prices in our Asia Pacific segment during the two quarters ended June 27, 2011, which contained 178 days of results of operations compared to only 81 days of results of operations for the two quarters ended June 28, 2010.

Gross Profit

As a result of the foregoing, gross profit increased by $20.2 million from $57.1 million for the quarter ended June 28, 2010 to $77.3 million for the quarter ended June 27, 2011. The overall gross margin percentage increased from 18.4% for the quarter ended June 28, 2010 to 21.1% for the quarter ended June 27, 2011 and was primarily due to the inclusion of a $6.7 million fair value mark up on the substantially completed acquired PCB inventory in the quarter ended June 28, 2010 as described above.

As a result of the foregoing, gross profit increased by $75.2 million from $84.1 million for the two quarters ended June 28, 2010 to $159.3 million for the two quarters ended June 27, 2011. The overall gross margin increased from 18.7% for the two quarters ended June 28, 2010 to 22.5% for the two quarters ended June 27, 2011. The increase in gross margin was primarily due to the inclusion of a $6.7 million fair value mark up on the substantially completed acquired PCB inventory in the quarter ended June 28, 2010, in addition to higher overall profit margins for the Asia Pacific segment. Additionally, gross margins increased in our North America segment due to the facility closure discussed above.

Selling and Marketing Expenses

Selling and marketing expenses increased by $0.2 million, or 2.2%, from $9.1 million for the quarter ended June 28, 2010 to $9.3 million for the quarter ended June 27, 2011. As a percentage of net sales, selling and marketing expenses were 2.9% for the quarter ended June 28, 2010 as compared to 2.5% for the quarter ended June 27, 2011. Additionally, selling and marketing expenses increased by $2.6 million, or 16.5%, from $15.8 million for the two quarters ended June 28, 2010 to $18.4 million for the two quarters ended June 27, 2011. As a percentage of net sales, selling and marketing expenses were 3.5% for the two quarters ended June 28, 2010 as compared to 2.6% for the two quarters ended June 27, 2011. The decline in selling and marketing expense for the quarter and two quarters ended June 27, 2011 as a percentage of net sales is due to our acquisition of the PCB Subsidiaries, which have lower selling labor and commission expense than our North America segment.

General and Administrative Expense

General and administrative expenses decreased $1.2 million from $25.3 million, or 8.2% of net sales, for the quarter ended June 28, 2010 to $24.1 million, or 6.6% of net sales, for the quarter ended June 27, 2011. Additionally, general and administrative expenses increased $12.8 million from $34.4 million, or 7.7% of net sales, for the two quarters ended June 28, 2010 to $47.2 million, or 6.7% of net sales, for the two quarters ended June 27, 2011. The changes in expense for the quarter and two quarters ended June 28, 2010 and June 27, 2011 primarily relates to our acquisition of the PCB Subsidiaries in April 2010, partially offset by a decrease in transaction-related costs of $7.0 million and $8.8 million from the quarter and two quarters ended June 28, 2010, respectively.

Amortization of Definite-Lived Intangibles

Identifiable intangible assets include customer relationships, trade name and order backlog.

Intangible amortization expense decreased for the quarter ended June 27, 2011 by $0.3 million from $4.6 million, or 1.5% of net sales, for the quarter ended June 28, 2010 to $4.3 million, or 1.2% of net sales, for the quarter ended June 27, 2011. The decrease in amortization expense for the quarter ended June 27, 2011 as compared to the quarter ended June 28, 2010 is primarily due to completion of the valuation of intangible assets in conjunction with finalizing the allocation of the fair value of assets acquired, liabilities assumed and noncontrolling interests for the acquisition of the PCB Subsidiaries. Additionally, intangible amortization expense increased by $3.1 million from $5.4 million, or 1.2% of net sales, for the two quarters ended June 28, 2010 to $8.5 million, or 1.2% of net sales, for the two quarters ended June 27, 2011. The overall increase of amortization expense between the two quarters ended June 28, 2010 and two quarters ended June 27, 2011 was due to our acquisition of the PCB Subsidiaries.

Impairment of Long-Lived Assets

During the quarter ended June 27, 2011, we recorded an impairment charge in the amount of $48.1 million to reduce the carrying value of certain long-lived assets in the Asia Pacific operating segment. The impairment charge is comprised of $39,850 related to manufacturing equipment held for use at a plant acquired by Meadville in 2007 for which we had previously reduced the carrying value of certain of these assets during our purchase price allocation completed in 2010 related to the acquisition of the PCB Subsidiaries. Weaker than expected operating performance at this manufacturing plant in the first six months of 2011 resulting from a downturn in the profitability of the products produced at this manufacturing plant and a reduction in expected future demand for the specific products produced resulted in a triggering event during the quarter ended June 27, 2011. Based on the undiscounted cash flows for this plant, an impairment of the manufacturing assets was indicated. Our asset grouping for the impairment test was the manufacturing plant as the manufacturing equipment at this plant is specific to the products produced with separately identifiable cash flows. In addition, the manufacturing equipment at this plant cannot be used at our other manufacturing sites. The fair value of these manufacturing assets was determined using a discounted cash flow model over their remaining useful life with the impairment being the difference between the carrying value and fair value of the asset group. The impairment charge also includes $8,275 related to manufacturing equipment that, due to the change in market conditions noted above, has become or is expected to become technologically obsolete. Accordingly, during the quarter ended June 27, 2011, we revised our classification of these assets to held for sale or disposal. The fair value of these assets was determined using third party quotes or other estimates of salvage value and the assets carrying value was written down to salvage value. The new carrying value of the assets held for sale or disposal is approximately $1,003, which is included in machinery and equipment in property, plant and equipment in the accompanying consolidated condensed balance sheet.

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

Other Income (Expense)

Other expense, net decreased $3.0 million from $6.2 million for the quarter ended June 28, 2010 to $3.2 million for the quarter ended June 27, 2011. Additionally, other expense, net decreased by $0.4 million from $9.0 million for the two quarters ended June 28, 2010 to $8.6 million for the two quarters ended June 27, 2011. The decrease in other expense, net for the quarter and two quarters ended June 27, 2011 was primarily due to a realized gain of $1.7 million related to the early settlement of a related party financing obligation, related to the remaining 20% interest in Meadville Aspocomp (BVI) Holdings Ltd., and foreign currency transaction gains, partially offset by interest expense related to the debt assumed at the date of acquisition of the PCB Subsidiaries.

Table of Contents

Income Taxes

The provision for income taxes increased $4.1 million from $4.4 million for the quarter ended June 28, 2010 to $8.5 million for the quarter ended June 27, 2011 and by $12.8 million from $7.0 million for the two quarters ended June 28, 2010 to $19.8 million for the two quarters ended June 27, 2011 primarily due to higher pre-tax income and certain foreign losses generated for which a tax benefit was not recorded. Our effective tax rate was 71.9% and 39.4% for the quarter ended June 27, 2011 and June 28, 2010, respectively, and 69.1% and 38.3% for the two quarters ended June 27, 2011 and June 28, 2010, respectively. Our effective tax rate changed in 2011 primarily due to the impact of an impairment for which a tax benefit was not recorded, partially offset by an increase in total earnings generated in lower-tax jurisdictions resulting from the acquisition of the PCB Subsidiaries, which have a lower effective tax rate than our North America operations. Our effective tax rate is primarily impacted by the U.S. federal income tax rate, apportioned state income tax rates, tax rates in China and Hong Kong, generation of other credits and deductions available to us, and certain non-deductible items. Certain foreign losses generated are not more than likely to be realizable, and thus no income tax benefit has been recognized on these losses. Additionally, as of June 27, 2011 and December 31, 2010, we had net deferred income tax assets of approximately $10.5 million and $18.3 million, respectively. Based on our forecast for future taxable earnings, we believe it is more likely than not that we will utilize the deferred income tax assets in future periods.

Liquidity and Capital Resources

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

As of June 27, 2011, we had net working capital of approximately $228.7 million compared to $258.3 million as of December 31, 2010.

Our 2011 capital expenditure plan is expected to total approximately $136.0 million (of which approximately $115.0 million relates to our Asia Pacific segment), and will fund capital equipment purchases to increase production capacity, expand our technological capabilities and replace aging equipment.

Based on our current level of operations, we believe that cash generated from operations, cash on hand and available borrowings under our existing credit arrangements will be adequate to meet our currently anticipated debt service, capital expenditures, acquisition, and working capital needs for the next 12 months and beyond. The semiannual repayments on our existing term loan increase as the debt nears maturity in 2013. Should we choose to maintain a significant level of annual capital expenditures or to pursue an acquisition in the next few years, refinancing of our existing debt may be necessary. In the event we determine to engage in significant acquisition or debt refinancing transactions, the adequacy of our liquidity will depend on our ability to achieve an appropriate combination of financing from third parties and access to capital markets. We cannot give any assurances that we will be able to obtain additional financing or otherwise access the capital markets in the future on acceptable terms or at all.

Credit Agreement

On April 9, 2010, in conjunction with the acquisition of the PCB Subsidiaries, the Company became a party to a credit agreement (Credit Agreement), entered into on November 16, 2009 by certain PCB Subsidiaries, which are now our wholly owned foreign subsidiaries. The Credit Agreement was put in place in contemplation of the acquisition in order to refinance the then-existing credit facilities of the PCB Subsidiaries.

The Credit Agreement consists of a $350.0 million senior secured Term Loan, an $87.5 million senior secured Revolving Loan, a $65.0 million Factoring Facility, and a $80.0 million Letters of Credit Facility, all of which mature on November 16, 2013. The Credit Agreement is secured by substantially all of the assets of the PCB Subsidiaries. The Company has fully and unconditionally guaranteed the full and punctual payment of all obligations of the PCB Subsidiaries under the Credit Agreement.

Borrowings under the Credit Agreement bear interest at a floating rate of LIBOR (term election by Company) plus an applicable interest margin. Borrowings bear interest at a rate of LIBOR plus 2.0% under the Term Loan, LIBOR plus 2.25% under the Revolving Loan, and LIBOR plus 1.25% under the Factoring Facility. At June 27, 2011, the weighted average interest rate on the outstanding borrowings was 2.20%.

Borrowings under the Credit Agreement are subject to certain financial and operating covenants that include maintaining maximum total leverage ratios and minimum net worth, current assets, and interest coverage ratios at both the Company and PCB Subsidiaries level. At June 27, 2011, we were in compliance with the covenants.

We are required to pay a commitment fee of 0.20% per annum on any unused portion of loan or facility under the Credit Agreement. We incurred $0.1 million and $0.2 million in commitment fees for the quarter and two quarters ended June 27, 2011, respectively, related to the unused portion of any loan or facility under the Credit Agreement. As of June 27, 2011, all of the remaining Term Loan, $20.0 million of the Revolving Loan, and $65.1 million of the Letters of Credit Facility was outstanding, and available borrowing capacity under the Revolving Loan and Factoring Facility was $67.5 million and $65.0 million, respectively.

Bank Loans

Bank loans are made up of bank lines of credit in mainland China and are used for working capital and capital investment for our mainland China facilities. These facilities are denominated in either U.S. Dollars or Chinese Renminbi (RMB), with interest rates tied to either LIBOR or the People s Bank of China rates with a small margin adjustment. These bank loans expire on various dates through June 2013.

Convertible Notes

In 2008 we issued $175.0 million of Convertible Notes. The Convertible Notes bear interest at a rate of 3.25% per annum. Interest is payable semiannually in arrears on May 15 and November 15 of each year. The Convertible Notes are senior unsecured obligations and rank equally to our future unsecured senior indebtedness and senior in right of payment to any of our future subordinated indebtedness.

At any time prior to November 15, 2014, holders may convert their Convertible Notes into cash and, if applicable, into shares of our common stock based on a conversion rate of 62.6449 shares of our common stock per $1,000 principal amount of Convertible Notes, subject to adjustment, under the following circumstances: (1) during any calendar quarter beginning after June 30, 2008 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days during the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day of such preceding calendar quarter; (2) during the five business day period after any 10 consecutive trading day period in which the trading price per note for each day of that 10 consecutive trading day period is less than 98% of the product of the last reported sale price of our common stock and the conversion rate on such day; or (3) upon the occurrence of specified corporate transactions described in the prospectus supplement related to the Convertible Notes, which can be found on the SEC s website at www.sec.gov. As of June 27, 2011, none of the conversion criteria had been met.

On or after November 15, 2014 until the close of business on the third scheduled trading day preceding the May 15, 2015 maturity of the Convertible Notes, holders may convert their notes at any time, regardless of the foregoing circumstances. Upon conversion, for each $1,000 principal amount of notes, we will pay cash for the lesser of the conversion value or $1,000 and shares of our common stock, if any, based on a daily conversion value calculated on a proportionate basis for each day of the applicable 60 trading day observation period.

The maximum number of shares issuable upon conversion, subject to certain conversion rate adjustments, would be approximately 14 million shares.

We are not permitted to redeem the notes at any time prior to maturity. In the event of a fundamental change or certain default events, as defined in the prospectus supplement, holders may require us to repurchase for cash all or a portion of their notes at a price equal to 100% of the principal amount, plus any accrued and unpaid interest.

In 2008, in connection with the issuance of the Convertible Notes, we entered into a convertible note hedge and warrant transaction (Call Spread Transaction), with respect to our common stock. The convertible note hedge consists of our option to purchase up to 11.0 million shares of common stock at a price of $15.96 per share. This option expires on May 15, 2015 and can only be executed upon the conversion of the Convertible Notes. Additionally, we sold warrants for the option to purchase 11.0 million shares of our common stock at a price of $18.15 per share. The warrants expire ratably beginning August 2015 through February 2016. The Call Spread Transaction has no effect on the terms of the Convertible Notes and reduces potential dilution by effectively increasing the conversion price of the Convertible Notes to $18.15 per share of our common stock.

Other Letters of Credit

In addition to the letters of credit obtained by the PCB Subsidiaries pursuant to the Credit Agreement, we maintain several letters of credit: a $2.0 million standby letter of credit expiring December 31, 2011 associated with insured workers compensation program; a $1.0 million standby letter of credit expiring February 29, 2012 related to the lease for one of our production facilities; and various other letters of credits aggregating to approximately $1.7 million related to purchases of machinery and equipment with various expiration dates through July 2011.

Contractual Obligations and Commitments

The following table provides information on our contractual obligations as of June 27, 2011:

Contractual Obligations(1)(2)	**Total**	**Less Than 1 Year**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
			(In thousands)		
Long-term debt obligations	$ 379,205	$ 123,369	$ 255,830	$ 6	$
Convertible debt obligations	175,000			175,000	
Interest on debt obligations	35,515	13,003	16,824	5,688	
Interest rate swap liabilities	5,565	3,686	1,879		
Foreign currency forward contract liabilities	15	15			
Equipment payables	74,579	69,019	5,560		
Purchase obligations	76,374	38,786	37,588		
Operating lease commitments	4,759	2,102	1,320	453	884
Total contractual obligations	$ 751,012	$ 249,980	$ 319,001	$ 181,147	$ 884

(1) Unrecognized uncertain tax benefits of $0.1 million are not included in the table above as we have not determined when the amount will be paid.

(2) Estimated environmental liabilities of $0.7 million, not included in the table above, are accrued and recorded as liabilities in our consolidated condensed balance sheet as of June 27, 2011.

Off Balance Sheet Arrangements

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

Seasonality

As a result of the product and customer mix of our Asia Pacific operating segment, a portion of our revenue will be subject to seasonal fluctuations going forward. These fluctuations include seasonal patterns in the computer and cellular phone industry, which together have become a significant portion of the end markets that we serve. This seasonality typically results in higher net sales in the third quarter due to end customer demand for fourth quarter sales of consumer electronics products. Seasonal fluctuations also include the Chinese New Year holiday in the first quarter, which typically results in lower net sales.

Table of Contents

Impact of Inflation

We believe that our results of operations are not materially impacted by moderate changes in the inflation rate as we expect that we generally will be able to continue to pass along component price increases to our customers. Severe increases in inflation, however, could affect the global and U.S. economies and have an adverse impact on our business, financial condition and results of operations.

Recently Issued Accounting Pronouncements

On January 1, 2011, we adopted a new accounting standard related to revenue recognition in multiple-deliverable revenue arrangements. This standard eliminates the residual method of revenue allocation by requiring entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. Our adoption of this standard did not have a material impact on our consolidated financial position, results of operations or cash flows.

In June 2011, the FASB issued an update to an accounting standard related to comprehensive income, whereby an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Our adoption of this updated standard is not expected to have a material impact.

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

In the normal course of business operations we are exposed to risks associated with fluctuations in interest rates and foreign currency exchange rates. We address these risks through controlled risk management that includes the use of derivative financial instruments to economically hedge or reduce these exposures. We do not enter into derivative financial instruments for trading or speculative purposes.

We have not experienced any losses to date on any derivative financial instruments due to counterparty credit risk.

To ensure the adequacy and effectiveness of our interest rate and foreign exchange hedge positions, we continually monitor our interest rate swap positions and foreign exchange forward positions, both on a stand-alone basis and in conjunction with their underlying interest rate and foreign currency exposures, from an accounting and economic perspective. However, given the inherent limitations of forecasting and the anticipatory nature of the exposures intended to be hedged, we cannot assure that such programs will offset more than a portion of the adverse financial impact resulting from unfavorable movements in either interest or foreign exchange rates. In addition, the timing of the accounting for recognition of gains and losses related to mark-to-market instruments for any given period may not coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect our consolidated condensed operating results and financial position.

Interest rate risk

Our business is exposed to interest rate risk resulting from fluctuations in interest rates. Our interest expense is more sensitive to fluctuations in the general level of LIBOR and the People s Bank of China interest rates than to changes in rates in other markets. Increases in interest rates would increase interest expenses relating to the outstanding variable rate borrowings of certain foreign subsidiaries and increase the cost of debt. Fluctuations in interest rates can also lead to significant fluctuations in the fair value of the debt obligations.

On April 9, 2010, we entered into a two-year pay-fixed, receive floating (1-month LIBOR), amortizing interest rate swap arrangement with an initial notional amount of $146.5 million, for the period beginning April 18, 2011 and ending on April 16, 2013. The interest rate swap will apply a fixed interest rate against the first interest payments of a portion of the $350.0 million Term Loan for this period. The notional amount of the interest rate swap decreases to zero over its term, consistent with our risk management objectives. The notional value underlying the hedge at June 27, 2011 was $146.5 million. Under the terms of the interest rate swap, the Company will pay a fixed rate of 2.50% and will receive floating 1-month LIBOR during the swap period.

To the extent the instruments are considered to be effective, changes in fair value are recorded as a component of accumulated other comprehensive income. To the extent there is any hedge ineffectiveness, changes in fair value relating to the ineffective portion are immediately recognized in earnings as interest expense. No ineffectiveness was recognized for the quarter or two quarters ended June 27, 2011. At inception, the fair value of the interest rate swap was zero. As of June 27, 2011 and December 31, 2010, the fair value of the swap was recorded as a liability of $4.0 million and $3.4 million, respectively, in other long-term liabilities. The change in the fair value of the interest rate swap is recorded as a component of accumulated other comprehensive income, net of tax, in our consolidated condensed balance sheet. During the quarter and two quarters ended June 27, 2011, the interest rate swap increased interest expense by $0.7 million. We have designated this interest rate swap as a cash flow hedge.

We also, through our acquisition of the PCB Subsidiaries, assumed a long term pay-fixed, receive floating (1-month LIBOR), amortizing interest rate swap arrangement with an initial notional amount of $40.0 million, for the period beginning October 8, 2008 and ending on July 30, 2012. The notional amount of the interest rate swap amortizes to zero over its term, consistent with our risk management objectives. The notional value underlying the hedge at June 27, 2011 was $34.0 million. Under the terms of the interest rate swap, we will pay a fixed rate of 3.43% and will receive floating 1-month LIBOR during the swap period. As the borrowings attributable to this interest rate swap were paid off upon acquisition, we did not designate this interest rate swap as a cash flow hedge. As of June 27, 2011 and December 31, 2010, the fair value of the swap was recorded as a liability of $0.8 million and $1.2 million, respectively, in other long-term liabilities. The change in fair value of this interest rate swap is recorded as other, net in the consolidated condensed statement of operations.

As of June 27, 2011, approximately 64% of our total debt was based on fixed rates, including notional amounts related to interest rate swaps. Based on our borrowings as of June 27, 2011 an assumed 1% change in variable rates would cause our annual interest cost to change by $2.0 million.

Foreign currency risks

We are subject to risks associated with transactions that are denominated in currencies other than our functional currencies, as well as the effects of translating amounts denominated in a foreign currency to the U.S. Dollar as a normal part of the reporting process. Our Asia Pacific operations utilize the Chinese Renminbi, or RMB, and the Hong Kong Dollar, or HKD, as the functional currency, which results in the Company recording a translation adjustment that is included as a component of accumulated other comprehensive income. The Company does not generally engage in hedging to manage foreign currency risk related to its revenue and expenses denominated in RMB and HKD.

We enter into foreign currency forward contracts to mitigate the impact of changes in foreign currency exchange rates and to reduce the volatility of purchases and other obligations generated in currencies other than the functional currencies. Our foreign subsidiaries may at times purchase forward exchange contracts to manage their foreign currency risk in relation to particular purchases or obligations, such as the related party financing obligation arising from the put call option to purchase the remaining 20% of a majority owned subsidiary, which was settled in early June 2011 when the put call option was settled in cash, and certain purchases of machinery denominated in foreign currencies other than our foreign functional currency. The notional amount of the foreign exchange contracts at June 27, 2011 was approximately $40.5 million. We have designated certain of these foreign exchange contracts as cash flow hedges, with the exception of the foreign exchange contracts in relation to the related party financing obligation, which was settled in June 2011. In this instance, the hedged item was a recognized liability subject to foreign currency transaction gains and losses and therefore, changes in the hedged item due to foreign currency exchange rates were already recorded in earnings. Therefore, hedge accounting was not applied.

Table of Contents

The table below presents information about certain of the foreign currency forward contracts at June 27, 2011 and December 31, 2010:

	As of June 27, 2011		As of December 31, 2010	
	Notional Amount (In thousands in USD)	Average Contract Rate or Strike Amount	Notional Rate or Amount (In thousands in USD)	Average Contract Strike Amount
Receive foreign currency/pay USD				
Euro	$ 37,415	1.37	$ 31,685	1.32
Japanese Yen	3,113	0.01	4,581	0.01
	$ 40,528		$ 36,266	
Estimated fair value, net asset	$ 1,001		$ 942	

Debt Instruments

The table below presents information about certain of our debt instruments (bank borrowings) as of June 27, 2011 and December 31, 2010.

As of June 27, 2011

	Remaining 2011	2012	2013	2014	Thereafter	Total	Fair Market Value	Weighted Average Interest Rate
				(In thousands)				
Variable Rate:								
US$	$ 55,000	$ 117,000	$ 192,500	$	$	$ 364,500	$ 363,106	2.17%
RMB		3,865	10,822			14,687	14,687	5.76%
Total Variable Rate	55,000	120,865	203,322			379,187	377,793	
Fixed Rate:								
US	$ 2	4	4	4	175,004	175,018	214,183	3.25%
Total Fixed Rate	2	4	4	4	175,004	175,018	214,183	
Total	$ 55,002	$ 120,869	$ 203,326	$ 4	$ 175,004	$ 554,205	$ 591,976	

As of December 31, 2010

	2011	2012	2013	2014	Thereafter	Total	Fair Market Value	Weighted Average Interest Rate
					(In thousands)			
Variable Rate:								
US$	$ 56,500	$ 117,000	$ 192,500	$	$	$ 366,000	$ 356,380	2.23%
RMB	10,619	3,792				14,411	14,411	5.48%
Total Variable Rate	67,119	120,792	192,500			380,411	370,791	
Fixed Rate:								
US	$ 4	5	4	4	175,004	175,021	207,529	3.25%
Total Fixed Rate	4	5	4	4	175,004	175,021	207,529	
Total	$ 67,123	$ 120,797	$ 192,504	$ 4	$ 175,004	$ 555,432	$ 578,320	

Interest Rate Swap Contracts

The table below presents information regarding our interest rate swaps as of June 27, 2011.

	Remaining 2011	2012	2013	Fair Market Value
Average interest payout rate	2.59%	2.59%	2.50%	
Interest payout amount	(2,162)	(3,155)	(676)	
Average interest received rate	0.19%	0.19%	0.19%	
Interest received amount	151	227	50	
Fair value loss at June 27, 2011				(4,820)

Item 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures.

We maintain a system of disclosure controls and procedures for financial reporting to give reasonable assurance that information required to be disclosed in our reports submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with management, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of June 27, 2011, pursuant to Rules 13a-15(e) of the Exchange Act. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) were effective such that information relating to the Company, including our consolidated subsidiaries, required to be disclosed in our SEC reports, (i) is recorded, processed, summarized and reported within the time frames specified in SEC rules and forms, and (ii) is accumulated and communicated to company management, including our CEO and CFO, as appropriate to allow timely discussion regarding disclosure.

Changes in Internal Control over Financial Reporting.

There have been no changes in our internal control over financial reporting during the quarter ended June 27, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

From time to time, we may become a party to various legal proceedings arising in the ordinary course of our business. There can be no assurance that we will prevail in any such litigation. We believe that the amount of any ultimate potential loss for known matters would not be material to our financial condition; however, the outcome of these actions is inherently difficult to predict. In the event of an adverse outcome, the ultimate potential loss could have a material adverse effect on our financial condition or results of operations and cash flows in a particular period.

Item 1A. ***Risk Factors***

An investment in our common stock involves a high degree of risk. You should carefully consider the factors described in Part I Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010, in analyzing an investment in our common stock. If any of the risks in our Annual Report on Form 10-K occurs, our business, financial condition, and results of operations would likely suffer, the trading price of our common stock could fall, and you could lose all or part of the money you paid for our common stock.

Table of Contents

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

Item 6. ***Exhibits***

Exhibit Number	Exhibits
3.1	Registrant s Certificate of Incorporation, as amended June 3, 2011(1)
31.1	CEO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	CFO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1	CEO Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2	CFO Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

(1) Incorporated by reference to the Registrant s Current Report on Form 8-K filed on June 6, 2011.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	TTM Technologies, Inc.
	/s/ Kenton K. Alder
	Kenton K. Alder
Dated: August 8, 2011	President and Chief Executive Officer
	/s/ Steven W. Richards
	Steven W. Richards
Dated: August 8, 2011	Chief Financial Officer and Secretary

Table of Contents

EXHIBIT INDEX

Exhibit Number	Exhibits
3.1	Registrant s Certificate of Incorporation, as amended June 3, 2011(1)
31.1	CEO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	CFO Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1	CEO Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2	CFO Certification Pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

(1) Incorporated by reference to the Registrant s Current Report on Form 8-K filed on June 6, 2011.