
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): **May 17, 2016**

NETLIST, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-33170
(Commission
File Number)

95-4812784
(IRS Employer
Identification Number)

**175 Technology Drive, Suite 150
Irvine, California 92618**
(Address of Principal Executive Offices)

(949) 435-0025
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On May 17, 2016 Netlist, Inc. (the “Company”) issued a press release announcing the Company’s results of operations for the quarter ended April 2, 2016. The press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein in its entirety.

The information included in this Item 2.02 of Current Report on Form 8-K, including the attached Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release, dated May 17, 2016

SIGNATURE

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 hereunto duly authorized.

NETLIST, INC.

Date: May 18, 2016

By: /s/ Gail M. Sasaki

Gail M. Sasaki

Vice President and Chief Financial Officer

NETLIST REPORTS FIRST QUARTER 2016 RESULTS

IRVINE, CALIFORNIA, May 17, 2016 - Netlist, Inc. (NASDAQ: NLST), a leading provider of high performance memory solutions for the cloud computing and storage markets, today reported financial results for the first quarter ended April 2, 2016.

Revenues for the quarter ended April 2, 2016, were \$4.6 million, up 118% from revenues of \$2.1 million for the quarter ended March 28, 2015. Gross profit for the quarter ended April 2, 2016, was \$3.5 million, or 75 % of revenues compared to a gross profit of \$699,000, or 33% of revenues for the quarter ended March 28, 2015.

Net loss for the quarter ended April 2, 2016, was (\$1.4) million, or (\$0.03) loss per share, compared to a net loss in the prior year period of (\$6.5) million, or (\$0.14) loss per share. These results include stock-based compensation expense of \$0.5 million for the first quarters of both 2016 and 2015.

“We are pleased to have delivered 118% year over year growth in revenues with gross margins of 75% during the first quarter. Our financial results for the quarter reflect the benefit of our joint development agreement with Samsung as we remain on pace to sample a first generation NVDIMM-P storage class memory product with select customers later this year,” said C.K. Hong, Netlist’s Chief Executive Officer. “During the quarter we also secured major victories for our portfolio of fundamental patents related to high performance and nonvolatile memory at DDR3 and DDR4. We remain focused on capturing license opportunities as well as leveraging our intellectual property assets to drive the adoption of our breakthrough products in the marketplace.”

As of April 2, 2016, cash and cash equivalents and restricted cash were \$15.3 million, total assets were \$19.9 million, working capital was \$11.0 million, total debt, net of debt discounts, was \$13.9 million, and stockholders’ deficit was (\$2.2) million.

Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) loss is a non-GAAP measure in which the net interest expense, provision for income taxes, depreciation, amortization, stock-based compensation and net other income (expense) are added back to the GAAP basis net income (loss). The non-GAAP measures are described below and are reconciled to the corresponding GAAP measure in the condensed consolidated financial statements portion of this release under the heading “Unaudited Schedule Reconciling GAAP Net Loss to Non-GAAP EBITDA and Adjusted EBITDA.” The adjusted EBITDA loss was (\$0.8) million for the quarter ended April 2, 2016, compared to an adjusted EBITDA loss of (\$5.3) million for the prior year period.

Conference Call Information

C.K. Hong, Chief Executive Officer, and Gail Sasaki, Chief Financial Officer, will host an investor conference call today, May 17, 2016 at 5:00 p.m. Eastern Time to review the company’s results for the first quarter ended April 2, 2016. The dial-in number for the call is 1-412-317-5443. The live webcast and archived replay of the call can be accessed in the Investors section of Netlist’s website at www.netlist.com.

Note Regarding Use of Non-GAAP Financial Measures

Certain of the information set forth herein, including EBITDA and adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), may be considered non-GAAP financial measures. Netlist believes this information is useful to investors because it provides a basis for measuring Netlist's available capital resources, the operating performance of Netlist's business and Netlist's cash flow, excluding net interest expense, provisions for income taxes, depreciation, amortization, stock-based compensation and net other expense that would normally be included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"). Netlist's management uses these non-GAAP financial measures along with the most directly comparable GAAP financial measures in evaluating Netlist's operating performance, capital resources and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-financial measures as reported by Netlist may not be comparable to similarly titled amounts reported by other companies.

Adjusted EBITDA loss is a non-GAAP measure in which the net interest expense, provision for income taxes, depreciation and amortization, stock-based compensation and net other (income) expense are added back to the GAAP basis loss. The non-GAAP measures are described above and are reconciled to the corresponding GAAP measure in the condensed consolidated financial statements portion of this release under the heading "Unaudited Schedule Reconciling GAAP Net Loss to Non-GAAP EBITDA and Adjusted EBITDA."

About Netlist, Inc.

Netlist creates solutions that accelerate turning data into information. We produce next generation persistent memory solutions that enable businesses to transact quicker, gain insight faster, and reduce datacenter costs. Flagship products NVvault® and EXPRESSvault™ accelerate system performance and provide mission critical fault tolerance. HyperVault®, Netlist's next-generation architecture, expands the performance and capacity of memory channel storage. The company holds a portfolio of patents, many seminal, in the area of hybrid memory, rank multiplication and load-reduction, among others. To learn more, visit www.netlist.com.

Safe Harbor Statement:

This news release contains forward-looking statements regarding future events and the future performance of Netlist. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances and is based on currently available market, operating, financial and competitive information and assumptions. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expected or projected, including, among others, risks associated with the launch and commercial success of our products, programs and technologies; the success of product, joint development and licensing partnerships; continuing development, qualification and volume production of HyperVault™, EXPRESSvault™, NVvault®, HyperCloud® and VLP Planar-X RDIMM; the timing and magnitude of the continued decrease in our sales; our ability to leverage our NVvault® and EXPRESSvault™ technology in a more diverse customer base; our need to raise additional capital and our ability to obtain financing when necessary; the rapidly-changing nature of technology; risks associated with intellectual property, including patent infringement litigation against us as well as the costs and unpredictability of litigation over infringement of our intellectual property and the possibility of our patents being reexamined or reviewed by the United States Patent and Trademark office and the Patent Trial and Appeal Board; volatility in the pricing of DRAM ICs and NAND flash; changes in and uncertainty of customer acceptance of, and demand for, our existing products and products under development, including uncertainty of and/or delays in product orders and product

qualifications; delays in our and our customers' product releases and development; introductions of new products by competitors; changes in end-user demand for technology solutions; our ability to attract and retain skilled personnel; our reliance on suppliers of critical components and vendors in the supply chain; fluctuations in the market price of critical components; evolving industry standards; the political and regulatory environment in the People's Republic of China; and general economic and market conditions. Other risks and uncertainties are described in our annual report on Form 10-K filed on March 4, 2016, and subsequent filings with the U.S. Securities and Exchange Commission we make from time to time. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

(Tables Follow)

For more information, please contact:

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Netlist, Inc.
Gail M. Sasaki
Chief Financial Officer
(949) 435-0025

Netlist, Inc.
Condensed Consolidated Balance Sheets
(in thousands)

	<u>(unaudited)</u> April 2, 2016	<u>(audited)</u> January 2, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,890	\$ 19,684
Restricted cash	400	400
Accounts receivable, net	475	716
Inventories	1,603	1,658
Prepaid expenses and other current assets	1,968	1,739
Total current assets	<u>19,336</u>	<u>24,197</u>
Property and equipment, net	493	408
Other assets	78	61
Total assets	<u>\$ 19,907</u>	<u>\$ 24,666</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 3,246	\$ 3,299
Accrued payroll and related liabilities	689	1,243
Accrued expenses and other current liabilities	336	340
Deferred revenue	3,429	6,857
Accrued engineering charges	500	500
Notes payable	181	13
Total current liabilities	<u>8,381</u>	<u>12,252</u>
Convertible promissory note, net of debt discount	13,753	13,699
Long-term warranty liability	22	49
Total liabilities	<u>22,156</u>	<u>26,000</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock	—	—
Common stock	50	50
Additional paid-in capital	132,509	132,011
Accumulated deficit	(134,808)	(133,395)
Total stockholders' deficit	<u>(2,249)</u>	<u>(1,334)</u>
Total liabilities and stockholders' deficit	<u>\$ 19,907</u>	<u>\$ 24,666</u>

Netlist, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three Months Ended	
	April 2, 2016	March 28, 2015
Net product sales	\$ 1,171	\$ 2,114
Non-recurring engineering revenues	3,429	—
Total net revenues	4,600	2,114
Cost of sales(1)	1,149	1,415
Gross profit	3,451	699
Operating expenses:		
Research and development(1)	1,646	1,384
Intellectual property legal fees	823	3,542
Selling, general and administrative(1)	2,265	1,759
Total operating expenses	4,734	6,685
Operating loss	(1,283)	(5,986)
Other expense, net:		
Interest expense, net	(137)	(480)
Other income, net	8	9
Total other expense, net	(129)	(471)
Loss before provision for income tax	(1,412)	(6,457)
Provision for income taxes	1	1
Net loss	\$ (1,413)	\$ (6,458)
Net loss per common share:		
Basic and diluted	\$ (0.03)	\$ (0.14)
Weighted-average common shares outstanding:		
Basic and diluted	50,365	44,708

(1) Amounts include stock-based compensation expense as follows:

Cost of sales	\$ 15	\$ 14
Research and development	135	190
Selling, general and administrative	308	307

Netlist, Inc.
Unaudited Schedule Reconciling GAAP Net Loss to Non-GAAP EBITDA and Adjusted EBITDA
(in thousands)

	<u>Three Months Ended</u>	
	<u>April 2,</u> <u>2016</u>	<u>March 28,</u> <u>2015</u>
GAAP net loss	\$ (1,413)	\$ (6,458)
Interest expense, net	137	480
Provision for income taxes	1	1
Depreciation and amortization	<u>54</u>	<u>148</u>
EBITDA (loss)	(1,221)	(5,829)
Stock-based compensation	458	511
Other income, net	<u>(8)</u>	<u>(9)</u>
Adjusted EBITDA (loss)	<u>\$ (771)</u>	<u>\$ (5,327)</u>
