Cohu Reports Third Quarter 2007 Operating Results

October 25, 2007

POWAY, Calif., October 25, 2007 -- Cohu, Inc. (NASDAQ:COHU) today announced that net sales were $64.5 million for the third quarter ended September 29, 2007 compared to $74.8 million for the third quarter ended September 30, 2006 and $66.4 million for the second quarter ended June 30, 2007. Net income for the third quarter of 2007 was $2.2 million, or $0.10 per share compared to $4.2 million or $0.18 per share for the third quarter of 2006 and $2.0 million or $0.09 per share in the second quarter of 2007. Income from continuing operations for the third quarter of 2007 was $2.2 million or $0.10 per share compared to $4.5 million or $0.19 per share for the third quarter of 2006 and $2.0 million or $0.09 per share for the second quarter of 2007.

Net sales for the first nine months of 2007 were $184.3 million with income from continuing operations of $6.0 million or $0.26 per share compared to net sales of $193.5 million with income from continuing operations of $13.3 million or $0.58 per share for the first nine months of 2006. Net income for the first nine months of 2007 was $5.9 million or $0.26 per share compared to $12.3 million or $0.54 per share for 2006. Net income for the first nine months of 2006 benefited from a gain on the sale of our Littleton facility of approximately $3.0 million.

Sales of semiconductor equipment accounted for 87.3% of total third quarter 2007 sales. Microwave communications equipment contributed 6.6% of sales and closed circuit television cameras and related equipment were 6.1% of sales for the same period.

Cohu consolidated orders for the third quarter of 2007 were $54.9 million compared to $62.6 million for the second quarter of 2007. Third quarter 2007 orders for semiconductor equipment decreased to $41.7 million from $52.6 million in the second quarter of 2007. Backlog was $66.0 million at September 29, 2007 compared to $75.6 million at June 30, 2007. Cohu expects fourth quarter 2007 sales to be approximately $57 million to $62 million.

James A. Donahue, President and Chief Executive Officer, stated,"Third quarter sales were at the high end of our guidance due to better than expected sales of semiconductor equipment. Gross margin benefited from improved product mix in our semiconductor equipment business, but net income was negatively impacted by operating losses in our microwave communications and closed circuit television operations."

Donahue concluded,"Based on current customer forecasts and recent comments from other suppliers of back-end semiconductor equipment, we do not expect any significant improvement in near term demand for test handlers. Operating results in our microwave communications and closed circuit television businesses are expected to improve in the fourth quarter. Looking ahead, we have important development programs underway in both our high speed and high performance thermal handler segments that we believe position us for market share gains when business conditions improve."

Cohu's Board of Directors approved a quarterly cash dividend of $0.06 per share payable on January 4, 2008 to shareholders of record on November 30, 2007. Cohu has paid consecutive quarterly cash dividends since 1977.

Certain matters discussed in this release, including statements concerning Cohu's expectations of market share gains, orders and revenues are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected or forecasted. Such risks and uncertainties include, but are not limited to, the concentration of our revenues from a limited number of customers; our ability to convert new products under development into production on a timely basis, support product development and meet customer delivery and acceptance requirements for next generation equipment; failure to obtain customer acceptance resulting in the inability to recognize revenue and accounts receivable collection problems; inventory write-offs; intense competition in the semiconductor test handler industry; our reliance on patents and intellectual property; compliance with U.S. export regulations; the cyclical and unpredictable nature of capital expenditures by semiconductor manufacturers; difficulties in integrating acquisitions and new technologies and other risks addressed in Cohu's filings with the Securities and Exchange Commission, including the most recently filed Form 10-K and Form 10-Q. Cohu assumes no obligation to update the information in this release.

Cohu is a supplier of test handling, burn-in and thermal solutions used by the global semiconductor industry, microwave communications and closed circuit television equipment.

Cohu will be conducting their conference call on Thursday, October 25, 2007 at 2:00 p.m. Pacific Time. The call will be webcast at www.cohu.com. Replays of the call can be accessed at www.cohu.com.

Full Press Release including Consolidated Statements of Operations and Consolidated Balance Sheets

You will need Adobe Acrobat Reader to view the above PDF documents. You may download Adobe Acrobat Reader here.