Cohu's Delta Design Unit to Consolidate Locations to Reduce Costs

January 7, 2003

POWAY, Calif., January 7, 2003 -- Cohu, Inc. (NASDAQ:COHU) today announced that its wholly owned subsidiary, Delta Design, is relocating its Columbus, Ohio operation to its headquarters facility in Poway, California. The Company expects the consolidation to be completed in the second quarter of 2003.
Delta Design has approximately 600 employees, 40 of which are based in Columbus. Approximately 25% of the employees in Columbus will be offered relocation to California.

The Company expects to record a one-time charge of approximately $1 million in the first quarter of 2003 for severance and other related costs. Beginning in the third fiscal quarter, which starts on July 1, 2003, the Company expects to save approximately $3 million annually as a result of the facilities consolidation and employment reductions.

James A. Donahue, President and Chief Executive Officer of Cohu stated, "We regret having to reduce our headcount in response to the unprecedented slowdown in the semiconductor equipment industry. During these uncertain times we will continue to review our headcount and spending levels while we invest in critical new product development initiatives and meet our customers' requirements. While it is difficult to predict when industry conditions will improve, we are confident that when they do, we will be ready to respond."

Certain matters discussed in this release, including statements concerning industry conditions and cost reductions, 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 cyclical and unpredictable nature of capital expenditures by semiconductor manufacturers; the concentration of revenues in a limited number of customers; our ability to develop commercially viable products that meet customer acceptance requirements and convert new products under development into production on a timely basis; the effect of competitive products and 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, through its Delta Design subsidiary, is a leading supplier of test handling solutions used by the global semiconductor industry, as well as a supplier of closed circuit television, metal detection and microwave communications equipment.

For press releases and other information of interest to investors, please visit Cohu's website at www.cohu.com. Contact: John Allen - Investor Relations (858) 848-8106.