
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):

December 23, 2008

Cohu, Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-04298

95-1934119

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

12367 Crosthwaite Circle, Poway, California

92064

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

858-848-8100

Not Applicable

Former name or former address, if changed since last report

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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On December 23, 2008, the Compensation Committee of our Board of Directors took action with respect to the following compensatory arrangements or plans.

A. DEFERRED COMPENSATION PLANS. The Compensation Committee approved amendments to the following nonqualified deferred compensation plans in order to have the plans comply with Section 409A of the Internal Revenue Code of 1986 ("Section 409A"):

- Cohu, Inc. Deferred Compensation Plan
- Cohu, Inc. Retiree Health Benefits Agreement

Section 409A generally provides that vested amounts deferred under a nonqualified deferred compensation arrangement are currently includible in taxable income, unless the arrangement meets specified documentation and operational requirements. The above listed amended and restated plans approved by the Committee are intended to comply with Section 409A documentation requirements. Although Section 409A's provisions have been in effect for several years, final regulations were not issued until 2007. These regulations provide that companies must amend affected deferred compensation plans by December 31, 2008 to ensure compliance with Section 409A.

No new or additional benefits were provided under the above plans as a result of these amendments. The foregoing is qualified in its entirety by the full terms and conditions of the Plan and Agreement, forms of which are filed as Exhibit 10.1 and 10.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

B. CHANGE IN CONTROL AGREEMENT. The Committee also approved Change in Control Agreements ("CIC Agreements") for certain officers. The CIC Agreement supersedes and replaces the current Termination Agreement with Mr. James A. Donahue and Mr. John H. Allen, which agreements were approved by the Compensation Committee in July, 1997 and November, 1996, respectively. The new CIC Agreement was necessary to comply with Section 409A documentation requirements and to update the prior Termination Agreements to more current terms and conditions. Consistent with the Termination Agreements, the CIC Agreements are effective upon a change in control as defined in the CIC Agreement. The Committee also approved a CIC Agreement for Mr. Jeffrey D. Jones, who was appointed Vice President Finance and Chief Financial Officer, in November, 2007.

Under the terms of the CIC Agreements, messrs. Donahue, Jones and Allen would be entitled to receive, upon a qualified separation of service related to a change in control, as defined, severance benefits payable in cash in an amount equal to the sum of the following less applicable withholding taxes:

- (1) Two times annual base salary and target annual incentive bonus;
- (2) The current year's target annual incentive bonus, pro-rated to the date of termination;
- (3) Reimbursement of health coverage and benefits for 24 months following termination.

In addition, all outstanding and unvested awards relating to Cohu common stock as of the Executive's date of termination of employment ("Equity Awards") will vest and be exercisable and remain subject to the terms and conditions of the applicable Equity Award and the post-termination exercise period for any outstanding stock options shall be extended so as to terminate on the first to occur of twelve (12) months or the stock options original term expiration.

The receipt of any severance or other benefits under the CIC is subject to the Executive signing a release of claims agreement in a form acceptable to Cohu, including, among other things, non-solicitation and non-disparagement in favor of Cohu.

The foregoing description of the CIC Agreements is qualified in its entirety by the full terms and conditions of the CIC Agreement, a form of which is filed as Exhibit 10.3 to the Current Report on Form 8-K and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

- 10.1 Cohu, Inc. Deferred Compensation Plan (as amended and restated)
 - 10.2 Form of Cohu, Inc. Retiree Health Benefits Agreement (as amended)
 - 10.3 Form of Change in Control Agreement
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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 hereunto duly authorized.

Cohu, Inc.

December 24, 2008

By: *Jeffrey D. Jones*

*Name: Jeffrey D. Jones
Title: VP Finance & CFO*

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Cohu, Inc. Deferred Compensation Plan (as amended and restated)
10.2	Form of Cohu Retiree Health Benefits Agreement (as amended)
10.3	Form of Change in Control Agreement

COHU, INC. DEFERRED COMPENSATION PLAN

Article I Establishment of Plan

1.1 Purpose. The Cohu, Inc. Deferred Compensation Plan, hereinafter referred to as the “Plan,” is to provide deferred compensation benefits to selected executives of Cohu, Inc. The benefits provided under the Plan are intended to be in addition to other employee benefits programs offered by the Corporation, including but not limited to tax-qualified employee benefit plans.

1.2 Effective Date and Term. Cohu, Inc. originally established the Plan on February 23, 1994, amended and restated the Plan on August 1, 2001, and hereby amends and restates the Plan effective as of December 23, 2008, in order to comply with Section 409A of the Code.

1.3 Applicability of ERISA and the Code. This Plan is intended to be a “top-hat” plan. This Plan is an unfunded plan maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees within the meaning of ERISA. This Plan is intended to comply with Section 409A of the Code.

Article II Definitions

As used within this document, the following words and phrases have the meanings described in this Article II unless a different meaning is required by the context. Some of the words and phrases used in the Plan are not defined in this Article II, but for convenience, are defined as they are introduced into the text. Words in the masculine gender shall be deemed to include the feminine gender. Any headings used are included for ease of reference only and are not to be construed so as to alter any of the terms of the Plan.

2.1 Annual Deferral. The amount of Base Salary and/or Bonuses which the Participant elects to defer in each Deferral Period pursuant to Article 4.1 of the Plan Document.

2.2 Base Salary. A Participant’s basic annual salary for the applicable Plan Year.

2.3 Beneficiary. An individual or entity designated by a Participant in accordance with Section 12.6.

2.4 Board or Board of Directors. The Board of Directors of the Corporation.

2.5 Bonus. Compensation paid, in the discretion of the Corporation, to a Participant as a bonus.

2.6 Code. The Internal Revenue Code of 1986, as amended.

2.7 Committee. A Committee of one or more individuals appointed by the Board of Directors to administer the Plan.

2.8 Corporation. Cohu, Inc., a Delaware Corporation.

2.9 Deferral Account. The account established for a Participant pursuant to Section 5.1 of the Plan Document.

2.10 Deferral Election. The election made by the Participant pursuant to Section 4.1 of the Plan Document.

2.11 Deferral Period. The Plan Year, or in the case of a newly hired or promoted employee who becomes an Eligible Employee during a Plan Year, the remaining portion of the Plan Year.

2.12 Disability. “Disability” shall mean a condition of the Participant whereby he or she either: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan, if any, covering employees of the Participant’s employer.

2.13 Effective Date. The Plan was originally effective as of February 23, 1994, and is hereby amended and restated effective as of December 23, 2008.

2.14 Eligible Employee. An employee of the Corporation who is designated by the Committee.

2.15 ERISA. The Employee Retirement Income Security Act of 1974, as amended.

2.16 IRS. The Internal Revenue Service.

2.17 Normal Retirement Age. The earlier of age sixty-five (65) years or the date upon which the Participant ceases full time employment with the Corporation after he has attained age sixty-five (65) years.

2.18 Normal Retirement Date. The first day of the first month coincident with or next following the date on which a Participant reaches age sixty-five (65), or if a participant continues to be employed by the Corporation after attaining age sixty-five (65), the first day of the first month coincident with or next following the date on which a Participant ceases full time employment with the Corporation.

2.19 Participant. Any individual who becomes eligible to participate in the Plan pursuant to Article III of the Plan Document.

2.20 Participant Agreement and Election Form. The written agreement to defer Salary and/or Bonuses made by the Participant. Such written agreement shall be in a format designated by the Corporation.

2.21 Plan. This Cohu, Inc. Deferred Compensation Plan, as may be amended from time to time.

2.22 Plan Administrator. The Corporation unless the Corporation designates another individual or entity to hold the position of the Plan Administrator.

2.23 Plan Year. The "Plan Year" means the twelve (12) month period beginning each January 1 and ending on each December 31st.

2.24 Rabbi Trust. The Rabbi Trust, which the Corporation may, in its discretion, establish for the Cohu, Inc. Deferred Compensation Plan, as amended from time to time.

2.25 Rollover Contributions. Amounts credited to Participant's accounts as starting balances under the provisions of the Cohu, Inc. Key Executive Long Term Incentive Plan (the predecessor plan to this Plan) as determined in the sole discretion of the Committee.

2.26 Separation from Service. A "Separation from Service" is a termination of a Participant's employment with the Company that meets the requirements of Treasury Regulation Section 1.409A-1(h).

2.27 Valuation Date. Each business day of the Plan Year.

2.28 Years of Service. Each consecutive twelve (12) month period during which a Participant is continuously employed by the Corporation.

Article III Eligibility and Participation

3.1 Participation – Eligibility and Initial Period. Participation in the Plan is open only to Eligible Employees of the Corporation. Any employee becoming an Eligible Employee after the Effective Date, e.g., new hires or promoted employees, may become a Participant for the Deferral Period commencing on or after he becomes an Eligible Employee if he submits a properly completed Participant Agreement and Deferral Election within thirty days after becoming eligible for participation.

3.2 Participation – Subsequent Entry into Plan. An Eligible Employee who does not elect to participate at the time of initial eligibility as set forth in Section 3.1 shall remain eligible to become a Participant in subsequent Plan Years as long as he continues his status as an Eligible Employee. In such event, the Eligible Employee may become a Participant by submitting a properly executed Participant Agreement and Deferral Election Form prior to December 31 of the Plan Year prior to the Plan Year for which such election shall be effective.

Article IV Contributions

4.1 Deferral Election. Before the first day of each Plan Year, a Participant may file with the Committee, a Deferral Election Form indicating the amount of Salary and/or Bonus Deferrals for that Plan Year. A Participant shall not be obligated to make a Deferral Election in each Plan Year. After a Plan Year commences, such Deferral Election shall continue for the entire Plan Year and subsequent Plan Years except that it shall terminate upon the execution and submission of a newly completed Deferral Election Form or termination of employment.

4.2 Maximum Deferral Election. A Participant may elect to defer up to twenty-five percent (25 %) of Base Salary and/or up to one hundred percent (100%) of Bonuses earned. A Deferral Election may be automatically reduced if the Committee determines that such action is necessary to meet Federal, FICA or State tax withholding obligations.

4.3 Annual Employer Contributions. The Corporation shall make a contribution equal to an amount that is four percent (4%) of the Participant's annual Base Salary that exceeds the limit, as indexed, provided under Section 401(a)(17) of the Internal Revenue Code.

4.4 Discretionary Employer Contributions. The Corporation, in its sole discretion, may from time to time, make additional contributions to the Plan on behalf of any Eligible Employee.

4.5 Rollover Contributions. Are equal to those amounts which have been determined for each Participant pursuant to the Cohu, Inc. Key Executive Long Term Incentive Plan (the predecessor plan to this Plan). For all purposes of this Plan, such rollover contributions shall be deemed an Employee Deferral.

Article V Accounts

5.1 Deferral Accounts. Solely for recordkeeping purposes, the Plan Administrator shall establish a Deferral Account for each Participant. A Participant's Deferral Account shall be credited with the contributions made by him or on his behalf by the Corporation under Section 4 and shall be credited (or charged, as the case may be) with the hypothetical or deemed investment earnings and losses determined pursuant to Section 5.3, and charged with distributions made to or with respect to the Participant.

5.2 Crediting of Deferral Accounts. Base Salary contributions under Section 4.1 shall be credited to a Participant's Deferral Account as of the date on which such contributions were withheld from Base Salary. Bonus contributions under Section 4.1 shall be credited to a Participant's Deferral Account as of the date on which the Bonus would have otherwise been paid in cash. Contributions under Section 4.3, 4.4, and 4.5, if any, shall be credited to the Participant's Deferral Account on the date declared by the Corporation. Any distribution with respect to a Deferral Account shall be charged as of the date such payment is made by the Corporation or the trustee of the Rabbi Trust which is established for the Plan.

5.3 Earning Credits or Losses. Amounts credited to a Deferral Account shall be credited with deemed net income, gain and loss, including the deemed net unrealized gain and loss based on hypothetical investment directions made by the Participant with respect to his Deferral Account on a form designated by the Corporation, in accordance with investment options and procedures adopted by the Corporation in its sole discretion, from time to time.

5.4 Hypothetical Nature of Accounts. The Plan constitutes a mere promise by the Corporation to make the benefit payments in the future. Any Deferral Account established for a Participant under this Article V shall be hypothetical in nature and shall be maintained for the Corporation's recordkeeping purposes only, so that any contributions can be credited and so that deemed investment earnings and losses on such amounts can be credited (or charged, as the case may be). Neither the Plan nor any of the Accounts (or subaccounts) shall hold any actual funds or assets. The right of the Participant, a Beneficiary, or any other individual or entity to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Corporation. Any liability of the Corporation to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by the Plan. The Corporation, the Board of Directors, the Committee and any individual or entity shall not be deemed to be a trustee of any amounts to be paid under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Corporation and a Participant, former Participant, Beneficiary, or any other individual or entity. The Corporation may, in its sole discretion, use a Rabbi Trust as a vehicle in which to place funds with respect to this Plan. The Corporation does not in any way guarantee any Participant's Deferral Account against loss or depreciation, whether caused by poor investment performance, insolvency of a deemed investment or by any other event or occurrence. In no event shall any employee, officer, director, or stockholder of the Corporation be liable to any individual or entity on account of any claim arising by reason of the Plan provisions or any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary or other individual or entity to be entitled to any particular tax consequences with respect to the Plan or any credit or payment thereunder.

5.5 Statement of Deferral Accounts. The Plan Administrator will make available to each Participant a recordkeeping of the activity in the Deferral Account maintained for such Participant.

Article VI Vesting

6.1 Vesting. The Corporation's contributions credited to a Participant's Deferral Account under Plan Section 4.3 and 4.4 and any deemed investment earnings attributable to these contributions shall be one hundred percent (100%) vested or nonforfeitable when the Participant has two Years of Service with the Corporation. Prior to the time a Participant has two Years of Service with the Corporation, the Corporation's contributions to his account shall be zero percent (0%) vested. However, all amounts credited to a Participant's Deferral Account pursuant to Plan Sections 4.2 and 4.5, and any deemed investment earnings attributable to these contributions, shall always be one hundred percent (100%) vested. In addition, a Participant shall be one hundred percent (100%) vested in the Corporation's contributions, including any deemed investment earnings attributable to these contributions, upon his death or Disability while he is actively employed by the Corporation.

Article VII Benefits

7.1 Retirement. Unless benefits have already commenced pursuant to another section in this Article VII, a Participant shall be entitled to begin receipt of the vested amount credited to his Deferral Account as of the Valuation Date coinciding with his Normal Retirement Date. Payment of any amount under this Section shall commence within thirty (30) days of the Participant's Retirement and be in accordance with the payment method elected by the Participant on his Participant Agreement and Deferral Election Form.

7.2 Disability. If a Participant suffers a Disability while employed with the Corporation and before he is entitled to benefits under this Article, he shall receive the amount credited to his Deferral Account as of the Valuation Date coinciding with the date on which the Participant is determined to have suffered a Disability. Payment of any amount under this Section shall commence within thirty (30) days of when the Committee determines the existence of the Participant's disability and be in accordance with the payment method elected by the Participant on his Participant Agreement and Deferral Election Form.

7.3 Pre-Retirement Survivor Distribution. If a Participant dies before becoming entitled to benefits under this Article, the Beneficiary or Beneficiaries designated under Section 12.6, shall receive the vested amount credited to the Participant's Deferral

Account as of the Valuation Date coinciding with the date of the Participant's death. Payment of any amount under this Section shall be made within thirty (30) days of the Participant's death, or if later, within 30 days of when the Committee receives notification of or otherwise confirms the Participant's death, and be in accordance with the payment method elected by the Participant on his Participant Agreement and Deferral Election Form.

7.4 Post-Retirement Survivor Benefit. If a Participant dies after benefits have commenced, but prior to receiving complete payment of benefits under this Article, the Beneficiary or Beneficiaries designated under Section 12.6, shall continue to receive the vested amount credited to the Participant's Deferral Account as of the Valuation Date coinciding with the date of the Participant's death and be in accordance with the current payment method for Retirement Distribution as elected by the Participant on his Participant Agreement and Deferral Election Form. Payment of any amount under this Section shall be made within thirty (30) days of the Participant's death, or if later, within 30 days of when the Committee receives notification of or otherwise confirms the Participant's death.

7.5 Termination. If a Participant's employment terminates with the Corporation, and such termination is a Separation from Service, before he becomes entitled to receive benefits by reason of any of the above Sections, he shall receive the vested amount credited to his Deferral Account as of the Valuation Date coinciding with the date on which the Participant's employment terminates. Payment of any amount under this Section shall be made within thirty (30) days of when the Participant has incurred a Separation from Service with the Corporation and be in accordance with the payment method elected by the Participant on his Participant Agreement and Deferral Election Form.

7.6 Change in Control. If a Change in Control occurs before a Participant becomes entitled to receive benefits by reason of any of the above Sections or before the Participant has received complete payment of his benefits under this Article, he shall receive payment of the amount credited to his Deferral Account as of the Valuation Date immediately preceding the date on which the Change in Control occurs. Payment of any amount under this Section shall commence within thirty (30) days of when the Change in Control occurs and be in accordance with the payment method elected by the Participant on his Participant Agreement and Deferral Election Form. For the purposes of the Plan, "Change in Control" shall mean the occurrence of any of the following events:

(a) Change of Ownership of the Corporation. A change of ownership of the Corporation occurs on the date that any one person or persons acting as a Group (as that term is defined in Subparagraph (ii)) acquires ownership of the stock of the Corporation, that, together with stock held by such person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Corporation or of any corporation that owns at least fifty percent (50%) of the total fair market value and total voting power of the Corporation.

(i) However, if any person or Group is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Corporation, the acquisition of additional stock by the same person or Group of persons is not considered to cause a Change in Control. In addition, the term Change in Control shall apply if there is an increase in the percentage of stock owned by any one person or persons, acting as a Group, as a result of a transaction in which the Corporation acquires its stock in exchange for property. The rule set forth in the immediately preceding sentence applies only when there is a transfer of stock of the Corporation (or issuance of stock of the Corporation) and the stock of Corporation remains outstanding after the transaction.

(ii) Persons will not be considered to be acting as a Group solely because they purchase or own stock of the Corporation at the same time, or as a result of the same public offering. However, persons will be considered to be acting as a Group if they are shareholders of the Corporation and it, or its parent, enters into a merger, consolidation, purchase or acquisition of stock or similar business transaction with another corporation. If a person owns stock in the Corporation and another corporation is involved in a business transaction, then the shareholder of the Corporation is deemed to be acting as a Group with other shareholders in the Corporation prior to the transaction.

(b) Effective Change in Control. If the Corporation does not qualify under Subparagraph (a), above, then it may still meet the definition of Change in Control, on the date that either:

(i) Any one person, or more than one person, acting as a Group acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Corporation possessing fifty percent (50%) or more of the total voting power of the stock of the Corporation; or

(ii) A majority of the numbers of the Corporation's Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Corporation's Board prior to the date of the appointment or election.

(c) Change in Ownership of Corporation's Assets. A change in the ownership of a substantial portion of the Corporation's assets occurs on the date that any person, or more than one person acting as a Group, acquires or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Corporation that have a total gross fair market value equal to more than fifty percent (50%) of the total gross fair market value of all of the assets of the Corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

(ii) There will be no Change in Control under this Subparagraph (c) when there is a transfer to an entity that is controlled by the shareholders of the Corporation immediately after the transfer. A transfer of assets by the Corporation is not treated as a change in ownership of such assets if the assets are transferred to:

- (1) A shareholder of the Corporation (immediately before the asset transfer) in exchange for or with respect to its stock;
- (2) An entity, fifty percent (50%) or more of the total value or voting power of which is owned directly or indirectly, by the Corporation;
- (3) A person, or more than one person, acting as a Group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Corporation; or
- (4) An entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a person described in the immediately preceding Subparagraph (c)(i)(3).

Notwithstanding the above, the definition of Change in Control shall comply with the definition provided by the Internal Revenue Service in its regulations, as amended from time to time with regard to Section 409A.

7.7 Specified Employee. "Specified Employee" shall mean a key employee (as defined by Internal Revenue Code Section 416(i) without regard to paragraph (5) thereof), and as further defined in Treasury Regulation 1.409A-(1)(i),) of a Corporation the stock of which is publicly traded on an established securities market or otherwise within the meaning of Section 409A(2)(B)(i). Notwithstanding other provisions of this Plan to the contrary, distributions pursuant to Article VII by the Corporation to Specified Employees (if any) may not be made before the date which is six (6) months after the date of Separation from Service (or, if earlier, the date of death of the Specified Employee). If payments to a Specified Employee are to be made in installments no installment payment to which a Specified Employee is entitled upon a Separation from Service may be paid until the passage of six (6) months from the date of such Separation from Service. A Participant meeting the definition of Specified Employee on December 31 or during a 12 month period ending December 31 will be treated as a Specified Employee for the 12 month period commencing the following April 1.

7.8 Payment Methods. Unless otherwise provided in this Article VII, a Participant may elect to receive payment of the amount credited to his Deferral Account in ten (10) or fifteen (15) annual installments for Retirement and in a lump sum, five (5) year, ten (10) year or fifteen (15) year annual installments upon Disability, Pre-Retirement Death, Separation from Service or Change in Control. This election must be made on the initial Participant Agreement and Election Form. Any installment payments shall be paid annually on the first practicable day after the distributions are scheduled to commence. Each installment payment shall be determined by multiplying the Deferral Account Balance by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments.

7.9 No Accelerations. Notwithstanding anything in this Plan to the contrary, no change submitted on a Participant Election Form shall be accepted by the Corporation if the change accelerates the time over which distributions shall be made to the Participant (except as otherwise permitted by Section 409A), and the Corporation shall deny any change made to an election if the Corporation determines that the change violates the requirement under Section 409A. The Corporation may, however, accelerate certain distributions under the Plan to the extent permitted under Treasury Regulation Section 1.409A-3(j)(4).

Article VIII Establishment of Trust

8.1 Establishment of Trust. The Corporation established a Rabbi Trust for the Plan. If the Corporation so desires, all benefits payable under this Plan to a Participant shall be paid directly by the Corporation from the Rabbi Trust. To the extent that such benefits are not paid from the Rabbi Trust, the benefits shall be paid from the general assets of the Corporation. The Rabbi Trust, if any, shall be an irrevocable grantor trust which conforms to the terms of the model trust as described in IRS Revenue Procedure 92-64, I.R.B. 1992-33. The assets of the Rabbi Trust are subject to the claims of the Corporation's creditors in the event of its insolvency. Except as provided under a Rabbi Trust, the Corporation shall not be obligated to set aside, earmark or escrow any funds or other assets to satisfy its obligations under this Plan, and the Participant and/or his designated Beneficiaries shall not have any property interest in any specific assets of the Corporation other than the unsecured right to receive payments from the Corporation, as provided in this Plan.

Article IX Plan Administration

9.1 Plan Administration. The Plan shall be administered by the Committee, and such Committee may designate an agent to perform the recordkeeping duties. The Committee shall construe and interpret the Plan, including disputed and doubtful terms and provisions and, in its sole discretion, decide all questions of eligibility and determine the amount, manner and time of payment of benefits under the Plan. The determinations and interpretations of the Committee shall be consistently and uniformly applied to all Participants and Beneficiaries, including but not limited to interpretations and determinations of amounts due under this Plan, and shall be final and binding on all parties. The Plan at all times shall be interpreted and administered as an unfunded deferred compensation plan, and no provision of the Plan shall be interpreted so as to give any Participant or Beneficiary any right in any asset of the Corporation which is a right greater than the right of a general unsecured creditor of the Corporation.

Article X
Nonalienation of Benefits

10.1 Nonalienation of Benefits. The interests of Participants and their Beneficiaries under this Plan are not subject to the claims of their creditors and may not be voluntarily or involuntarily sold, transferred, alienated, assigned, pledged, anticipated, or encumbered, attached or garnished. Any attempt by a Participant, his Beneficiary, or any other individual or entity to sell, transfer, alienate, assign, pledge, anticipate, encumber, attach, garnish, charge or otherwise dispose of any right to benefits payable shall be void. The Corporation may cancel and refuse to pay any portion of a benefit which is sold, transferred, alienated, assigned, pledged, anticipated, encumbered, attached or garnished. The benefits which a Participant may accrue under this Plan are not subject to the terms of any Qualified Domestic Relations Order (as that term is defined in Section 414(p) of the Code) with respect to any Participant, and the Plan Administrator, Board of Directors, Committee and Corporation shall not be required to comply with the terms of such order in connection with this Plan. The withholding of taxes from Plan payments, the recovery of Plan overpayments of benefits made to a Participant or Beneficiary, the transfer of Plan benefit rights from the Plan to another plan, or the direct deposit of Plan payments to an account in a financial institution (if not actually a part of an arrangement constituting an assignment or alienation) shall not be construed as assignment or alienation under this Article.

Article XI
Amendment and Termination

11.1 Plan Termination. The Corporation reserves the right to terminate the Plan in accordance with one of the following; subject to the restrictions imposed by Section 409A of the Code and associated Treasury Regulations:

(a) Corporation Dissolution or Bankruptcy. Distributions will be made if the Plan is terminated within twelve (12) months of a Corporation dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A), provided that the amounts deferred under the Plan are included in the Participant's gross income in the latest of:

- (i) The calendar year in which the Plan termination occurs;
- (ii) The calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or
- (iii) The first calendar year in which the payment is administratively practicable.

(b) Change in Control. Distributions will be made if the Corporation terminates the Plan within the thirty (30) days preceding or the twelve (12) months following a Change in Control (as defined above). The Plan will then be treated as terminated only if all substantially similar arrangements sponsored by the Corporation are terminated so that all Participants in all similar arrangements are required to receive all amounts of Compensation deferred under the terminated arrangements within twelve (12) months of the date of termination of the arrangements.

(c) Discretionary Termination The Corporation may also terminate the Plan and make distributions provided that:

- (i) All plans sponsored by the Corporation that would be aggregated with any terminated arrangements under Section 409A of the Code that are terminated;
- (ii) No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within twelve (12) months of the Plan termination;
- (iii) All payments are made within twenty-four (24) months of the Plan termination; and
- (iv) The Corporation does not adopt a new plan that would be aggregated with any terminated plan if the same Participant participated in both arrangements, at any time within five (5) years following the date of termination of the Plan.

The Corporation reserves the right to terminate its obligations to make future Annual Employer Contributions (pursuant to Section 4.3 of the Plan) and/or future Discretionary Employer Contributions (pursuant to Section 4.4 of the Plan). The Corporation also reserves the right to suspend the operation of the Plan, in compliance with Section 409A of the Code, for a fixed or indeterminate period of time.

11.2 Amendment. The Corporation may, at any time, amend or modify this Plan in whole or in part; provided, however, that, except to the extent necessary to bring the Plan into compliance with Section 409A(a)(2),(3), or (4) of the Code: (i) no amendment or modification shall be effective to decrease the value or vested percentage of a Participant's Deferral Account balance, in existence at the time an amendment or modification is made, and (ii) no amendment or modification shall materially and adversely affect the Participant's rights to be credited with additional amounts on such Deferral Account balance, or otherwise materially and adversely affect the Participant's rights with respect to such Deferral Account balance. The amendment or modification of this Plan shall have no effect on any Participant or Beneficiary who has become entitled to the payment of benefits under this Plan as of the date of the amendment or modification. A change in the deemed investment funds offered under this Plan shall not constitute an amendment or modification that is materially adverse to the Participant's rights with respect to the Participant's Deferral Account balance for purposes of the first sentence of this Section.

Article XII
General Provisions

12.1 Good Faith Payment. Any payment made in good faith in accordance with provisions of the Plan shall be a complete discharge of any liability for the making of such payment under the provisions of this Plan.

12.2 No Right to Employment. This Plan does not constitute a contract of employment, and participation in the Plan shall not give any Participant the right to be retained in the employment of the Corporation.

12.3 Binding Effect. The provisions of this Plan shall be binding upon the Corporation and its successors and assigns and upon every Participant and his heirs, Beneficiaries, estates and legal representatives.

12.4 Participant Change of Address. Each Participant entitled to benefits shall file with the Plan Administrator, in writing, any change of post office address. Any check representing payment and any communication addressed to a Participant or a former Participant at this last address filed with the Plan Administrator, or if no such address has been filed, then at his last address as indicated on the Corporation's records, shall be binding on such Participant for all purposes of the Plan, and neither the Plan Administrator nor the Corporation or other payer shall not be obliged to search for or ascertain the location of any such Participant. If the Plan Administrator is in doubt as to the address of any Participant entitled to benefits or as to whether benefit payments are being received by a Participant, it shall, by registered mail addressed to such Participant at his last known address, notify such Participant that:

(i) All unmailed and future Plan payments shall be withheld until Participant provides the Plan Administrator with evidence of such Participant's continued life and proper mailing address; and

(ii) Participant's right to any Plan payment shall, at the option of the Committee, be canceled forever, if, at the expiration of five (5) years from the date of such mailing, such Participant shall not have provided the Committee with evidence of his continued life and proper mailing address.

12.5 Notices. Each Participant shall furnish to the Plan Administrator any information the Plan Administrator deems necessary for purposes of administering the Plan, and the payment provisions of the Plan are conditional upon the Participant furnishing promptly such true and complete information as the Plan Administrator may request. Each Participant shall submit proof of his age when required by the Plan Administrator. The Plan Administrator shall, if such proof of age is not submitted as required, use such information as is deemed by it to be reliable, regardless of the lack of proof, or the misstatement of the age of individuals entitled to benefits. Any notice or information which, according to the terms of the Plan or requirements of the Plan Administrator, must be filed with the Plan Administrator, shall be deemed so filed if addressed and either delivered in person or mailed to and received by the Plan Administrator, in care of the Corporation at:

Cohu, Inc.

12367 Crosthwaite Circle

Poway, CA 92064-6817

12.6 Designation of Beneficiary. Each Participant shall designate, by name, on Beneficiary designation forms provided by the Plan Administrator, the Beneficiary(ies) who shall receive any benefits which might be payable after such Participant's death. A Beneficiary designation may be changed or revoked without such Beneficiary's consent at any time or from time to time in the manner as provided by the Plan Administrator, and the Plan Administrator shall have no duty to notify any individual or entity designated as a Beneficiary of any change in such designation which might affect such individual or entity's present or future rights. If the designated Beneficiary does not survive the Participant, all amounts which would have been paid to such deceased Beneficiary shall be paid to any remaining Beneficiary in that class of beneficiaries, unless the Participant has designated that such amounts go to the lineal descendants of the deceased Beneficiary. If none of the designated primary Beneficiaries survive the Participant, and the Participant did not designate that payments would be payable to such Beneficiary's lineal descendants, amounts otherwise payable to such Beneficiaries shall be paid to any successor Beneficiaries designated by the Participant, or if none, to the Participant's spouse, or, if the Participant was not married at the time of death, the Participant's estate. No Participant shall designate more than five (5) simultaneous beneficiaries, and if more than one (1) beneficiary is named, Participant shall designate the share to be received by each Beneficiary. Despite the limitation on five (5) Beneficiaries, a Participant may designate more than five (5) beneficiaries provided such beneficiaries are the surviving spouse and children of the Participant. If a Participant designates alternative, successor, or contingent beneficiaries, such Participant shall specify the shares, terms and conditions upon which amounts shall be paid to such multiple, alternative, successor or contingent beneficiaries. Except as provided otherwise in this Section, any payment made under this Plan after the death of a Participant shall be made only to the Beneficiary or Beneficiaries designated pursuant to this Section.

12.7 Claims. Any claim for benefits must initially be submitted in writing to the Plan Administrator. If such claim is denied (in whole or in part), the claimant shall receive notice from the Plan Administrator, in writing, setting forth the specific reasons for denial, with specific reference to applicable provisions of this Plan. Such notice shall be provided within ninety (90) days of the date the claim for benefits is received by the Plan Administrator, unless special circumstances require an extension of time for processing the claim, in which event notification of the extension shall be provided to the claimant prior to the expiration of the initial ninety (90) day period. The extension notification shall indicate the special circumstances requiring the extension of time and the date by which the Plan Administrator expects to render its decision. Any such extension shall not exceed ninety (90) days. Any

disagreements about such interpretations and construction may be appealed in writing by the claimant to the Plan Administrator within sixty (60) days. After receipt of such appeal, the Plan Administrator shall respond to such appeal within sixty (60) days, with a notice in writing fully disclosing its decision and its reasons. If special circumstances require an extension of time to process the appealed claim, notification of the extension shall be provided to the claimant prior to the commencement of the extension. Any such extension shall not exceed sixty (60) days. No member of the Board of Directors, or any committee thereof, or any employee or officer of the Corporation, shall be liable to any individual or entity for any action taken hereunder, except those actions undertaken with lack of good faith.

12.8 Action by Board of Directors. Any action required to be taken by the Board of Directors of the Corporation pursuant to the Plan provisions may be performed by a committee of the Board, to which the Board of Directors of the Corporation delegates the authority to take actions of that kind.

12.9 Governing Law. To the extent not superseded by the laws of the United States, the laws of the State of California shall be controlling in all matters relating to this Plan.

12.10 Severability. In the event any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be interpreted and enforced as if such illegal and invalid provisions had never been set forth.

12.11 Code Section 409A. The Plan is intended to comply with Section 409A of the Code and all applicable Treasury Regulations and IRS guidance issues with respect to Section 409A of the Code and shall be administered and interpreted in all respects as to ensure compliance with Section 409A of the Code. This Plan will be deemed amended to the extent necessary to avoid imposition of any additional tax or income recognition under Section 409A of the Code and any temporary or final Treasury Regulations and guidance promulgated thereunder prior to any payment of benefits under the Plan to any Participant.

IT WITNESS WHEREOF, Cohu, Inc. has adopted the foregoing instrument effective as of December 23, 2008.

Cohu, Inc.

By: /s/ Jeffrey D. Jones

Title: Vice President Finance & CFO

COHU, INC RETIREE HEALTH BENEFITS AGREEMENT

This Agreement originally made and entered into as of ___, between COHU, INC., a Delaware corporation (the "Company") and ___ (the "Officer"), is hereby amended as of December 23, 2008, in order to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

RECITALS

- A. Officer [is/was] employed as the ___.
- B. By execution of this Agreement, Officer and Company desire to clarify the nature and extent of health care insurance Officer is to be provided by the Company.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt of which is hereby acknowledged, the parties hereto to agree as follows:

1. **Health Care Insurance.** Company shall provide Officer health care insurance subject to the terms and provisions contained herein.

1.1 **Employment with Company.** As long as Officer is employed by the Company in a position of similar or higher responsibility, the Company shall provide Officer and his dependents, who reside in San Diego County, with health care insurance pursuant to the Group Health Maintenance Organization Plan ("HMO Plan"), Hospitalization Care Program ("Hospitalization Program"), Group Dental Plan ("Group Dental Plan") or such other medical and/or dental insurance alternatives which are offered to all employees of the Electronics Division of the Company and Delta Design, Inc. (The HMO Plan, Hospitalization Program, the Group Dental Plan and such other alternatives shall hereinafter be collectively referred to as the "Plans"). The terms of the Plans are incorporated herein by this reference. Copies of summary plan descriptions of the Plans in effect on the date of this Agreement are attached hereto as Exhibits. Officer acknowledges that he has received copies of summary plan descriptions and the Plans and is familiar with their contents. In addition to the benefits provided by the Plans, Officer shall be entitled to reimbursement for all health care expenses not covered by the Plans, including but not limited to reimbursement of deductibles applicable to the Plans.

1.2 **Retirement.** Officer, and his dependents, shall be entitled to receive the health care insurance specified in Section 1.1 above for life if he meets any one of the following criteria:

- 1.2.1 Officer retires at the age of 55 or older and has been employed by the Company for a period of at least 20 years;
- 1.2.2 Officer retires at the age of 60 or older and has been employed by the Company for a period of at least 15 years; or
- 1.2.3 Officer retires at the age of 65 or older.

1.3 **MediCare Offset.** At such time as the Officer shall be eligible to receive benefits from MediCare or any similar federal or state health insurance program (collectively the "MediCare Benefits") such MediCare Benefits shall represent the primary source of coverage and the Company's obligation shall only be to reimburse the difference between the amount of the MediCare Benefits and the coverage provided under Section 1.1, if any.

2. **Enforceability.** The Company intends that (i) the terms of this Agreement and the Plans attached hereto as Exhibits are legally enforceable, and (ii) the Agreement and the Plans are maintained for the exclusive benefit of employees of the Company.
3. **Modification of Health Care Insurance.** THE COMPANY EXPRESSLY RESERVES THE RIGHT TO MODIFY THE BENEFITS PROVIDED TO OFFICER, OR HIS DEPENDENTS UNDER THIS AGREEMENT OR THE PLANS: PROVIDED, HOWEVER, THAT SUCH MODIFICATIONS SHALL AT ALL TIMES RESULT IN THE OFFICER AND HIS DEPENDENTS RECEIVING BENEFITS SUBSTANTIALLY SIMILAR TO THOSE IN EFFECT ON THE DATE OF THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING:

3.1 **Residence Outside San Diego County.** If Officer or his dependents, in the case of health care insurance provided under Section 1.2, should change their principal place of residence to a location outside the County of San Diego, the Company shall not be required to provide Officer and/or his spouse health insurance pursuant to Section 1.1 above, and shall only be required to reimburse Officer and his spouse for costs of medical care or health care insurance up to an amount equal to the amount the Company would be required to pay to enroll Officer and/or his spouse under the Plans or any other reimbursement provided for under this Agreement.

3.2 **Insurance Company Refusal to Include Officer.** If an insurance company refuses to include Officer in any of the Plans at any time, the Company shall not be obligated to provide the health care insurance pursuant to Section 1.1 of this Agreement and shall only be obligated to reimburse Officer and/or his spouse for the costs of medical care or health insurance up to an amount equal to the amount the Company would be required to pay to enroll Officer and/or his spouse

under the Plans if Officer qualified for normal enrollment under the Plans or any other reimbursement provided for under this Agreement.

4. Amendment. This Agreement may not be amended without the express written consent of the parties hereto. Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, the Company shall be under no obligation to maintain the Plans in effect on the date of this Agreement but shall only be required to provide or reimburse the cost of health care benefits of substantially similar quality and coverage as those provided by the Plans and this Agreement.

5.

Section 409A of the Code.

5.1 The amount of any health care insurance benefits or reimbursements provided by this Agreement during any taxable year shall not affect any expenses eligible for reimbursement in any other taxable year.

5.2 The reimbursements required by this Agreement (in Sections 1.1, 1.3, 3.1, 3.2 and 4) shall be made by the Company no later than the last day of your taxable year that immediately follows the taxable year in which the expense was incurred.

5.3 The right to any reimbursement provided by this Agreement shall not be subject to liquidation or exchange for another benefit or payment.

5.4 This Agreement is intended to comply with the requirements of Section 409A of the Code so that none of the health care insurance benefits or reimbursements provided by this Agreement shall be subject to the additional tax imposed under Section 409A of the Code, and any ambiguities herein shall be interpreted to so comply. This Agreement is intended to rely on regulation Section 1.409A-3(i)(1)(iv) which provides that reimbursements or in-kind benefit plans meet the requirements of Section 409A of the Code to provide a specified date or fixed schedule of payments if the health care insurance benefits or reimbursements are provided for the lifetime of the Officer and meet the requirements provided by this Section 5.

6. Miscellaneous.

6.1 Nonassignability. Neither this Agreement, nor any rights, duties or interest herein, shall be assigned, transferred, pledged or otherwise conveyed by Officer.

6.2 Exhibits. All exhibits to which reference is made in this Agreement are deemed to be incorporated herein by each reference as if duly set forth.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY:

COHU, INC.

By:

Its:

OFFICER:

COHU, INC.

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (the "Agreement") is made and entered into by and between ___ ("Executive") and Cohu, Inc. (the "Company"), effective as of ___, 2008 (the "Effective Date").

RECITALS

1. It is expected that the Company from time to time will consider the possibility of an acquisition by another company or other change in control. The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined herein) of the Company.

2. The Board believes that it is in the best interests of the Company and its stockholders to provide Executive with an incentive to continue his or her employment and to motivate Executive to maximize the value of the Company upon a Change in Control for the benefit of its stockholders.

3. The Board believes that it is imperative to provide Executive with certain severance benefits upon Executive's termination of employment following a Change in Control. These benefits will provide Executive with enhanced financial security and incentive and encouragement to remain with the Company notwithstanding the possibility of a Change in Control.

4. Certain capitalized terms used in the Agreement are defined in Section 6 below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will terminate upon the date that all of the obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and will continue to be at-will, as defined under applicable law. If Executive's employment terminates for any reason, including (without limitation) any termination prior to a Change in Control, Executive will not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement.

3.

Severance Benefits.

(a) Involuntary Termination Following a Change in Control. If within twenty-four (24) months following a Change in Control (i) Executive terminates his or her employment with the Company (or any parent, subsidiary or successor of the Company) for Good Reason (as defined herein) or (ii) the Company (or any parent, subsidiary or successor of the Company) terminates Executive's employment without Cause (as defined herein), and Executive signs and does not revoke the release of claims required by Section 4, Executive will receive the following severance benefits from the Company:

(i) Severance Payment. Executive will receive a lump sum cash payment (less applicable withholding taxes) in an amount equal to the sum of (A) an amount equal to twenty-four (24) months (the "Severance Period") of the Executive's base salary rate (as in effect immediately prior to (1) the Change in Control, or (2) Executive's termination, whichever is greater) and (B) an amount equal to two times the Executive's target annual incentive established for the year prior to the year of Executive's termination of employment.

(ii) Bonus Payment. Executive will also receive a lump sum cash severance payment (less applicable withholding taxes) in an amount equal to the current year's target annual incentive pro-rated to the date of termination, with such pro-rated amount to be calculated by multiplying the current year's target incentive level by a fraction with a numerator equal to the number of days between the start of the current fiscal year and the date of termination and a denominator equal to 365. The actual annual incentive for the year of termination shall be forfeited and Executive shall not be entitled to any payment thereof, other than the severance payment described in this Section 3(a)(ii).

(iii) Equity Awards. One hundred percent (100%) of Executive's then outstanding and unvested awards relating to the Company's common stock (whether stock options, stock appreciation rights, shares of restricted stock, restricted stock units, or otherwise (collectively, the "Equity Awards")) as of the date of Executive's termination of employment will become vested and will otherwise remain subject to the terms and conditions of the applicable Equity Award agreement. In addition, the post-termination exercise period for any outstanding stock option and/or stock appreciation right shall be extended so as to terminate on the first to occur of (1) twelve (12) months from the date of Executive's termination, or (2) the stock option and/or stock appreciation rights original term expiration (e.g., the awards original ten (10) year expiration date). Notwithstanding the foregoing, if (A) in a Change

of Control the acquirer refuses to assume Executive's Equity Awards and/or refuses to substitute such Equity Awards with equivalent awards reflecting acquirer's stock, or (B) in a Change of Control where the acquirer is not a publicly traded corporation as defined in Section 162(m)(2) of the Code (regardless of whether or not such acquirer is willing to assume the Equity Awards), then one hundred percent (100%) of Executive's Equity Awards outstanding as of the Change of Control will become vested immediately prior to the effective date of the Change of Control.

(iv) Benefits. The Company agrees to reimburse Executive for the same level of health coverage and benefits as in effect for Executive on the day immediately preceding the date of termination; provided, however, that (1) Executive constitutes a qualified beneficiary, as defined in Section 4980(B)(g)(1) of the Internal Revenue Code of 1986, as amended (the "Code"); and (2) Executive elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), within the time period prescribed pursuant to COBRA. The Company will continue to reimburse Executive for continuation coverage through the Severance Period. Executive will thereafter be responsible for the payment of COBRA premiums (including, without limitation, all administrative expenses) for the remaining COBRA period. Such reimbursements shall be made within thirty (30) days of the premium payment.

(b) Timing of Severance Payments. Unless otherwise required pursuant to Section 10 of this Agreement, the Company will pay the severance payments to which Executive is entitled pursuant to Section 3(a) in a lump sum as soon as practicable following the date of termination.

(c) Voluntary Resignation; Termination For Cause. If Executive's employment with the Company terminates (i) voluntarily by Executive (other than for Good Reason) or (ii) for Cause by the Company, then Executive will not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices or pursuant to other written agreements with the Company, including, without limitation, any Equity Award agreement.

(d) Disability; Death. If the Company terminates Executive's employment as a result of Executive's Disability, or Executive's employment terminates due to his or her death, then Executive will not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing written severance and benefits plans and practices or pursuant to other written agreements with the Company, including, without limitation, any Equity Award agreement.

(e) Termination Apart from Change in Control. In the event Executive's employment is terminated for any reason, either prior to the occurrence of a Change in Control or after the twenty-four (24) month period following a Change in Control, then Executive will be entitled to receive severance and any other benefits only as may then be established under the Company's existing written severance and benefits plans and practices or pursuant to other written agreements with the Company, including, without limitation, any Equity Award agreement.

(f) Exclusive Remedy. In the event of a termination of Executive's employment within twenty-four (24) months following a Change in Control, the provisions of this Section 3 are intended to be and are exclusive and in lieu of any other rights or remedies to which Executive or the Company may otherwise be entitled, whether at law, tort or contract, in equity, or under this Agreement. Executive will be entitled to no benefits, compensation or other payments or rights upon termination of employment following a Change in Control other than those benefits expressly set forth in this Section 3, except as may be provided in any Equity Award agreement.

4.

Conditions to Receipt of Severance.

(a) Release of Claims Agreement. The receipt of any severance or other benefits pursuant to Section 3 will be subject to Executive signing and not revoking a release of claims agreement in a form reasonably acceptable to the Company, and such release becoming effective within forty-five (45) days of Executive's termination. No severance or other benefits will be paid or provided until the release of claims agreement becomes effective, and any severance amounts or benefits otherwise payable between the date of Executive's termination and the date such release becomes effective shall be paid on the effective date of such release.

(b) Non-solicitation. The receipt of any severance or other benefits pursuant to Section 3 will be subject to Executive agreeing that during the Severance Period, Executive will not solicit any employee of the Company for employment other than at the Company.

(c) Non-disparagement. The receipt of any severance or other benefits pursuant to Section 3 will be subject to Executive agreeing that during the Severance Period, Executive will not knowingly and materially disparage, criticize, or otherwise make any derogatory statements regarding the Company. During the Severance Period, the Company will not knowingly and materially disparage, criticize, or otherwise make any derogatory statements regarding Executive. Notwithstanding the foregoing, nothing contained in this Agreement will be deemed to restrict Executive, the Company or any of the Company's current or former officers and/or directors from (1) providing information to any governmental or regulatory agency (or in any way limit the content of any such information) to the extent they are requested or required to provide such information pursuant to applicable law or regulation or (2) enforcing his or its rights pursuant to this Agreement.

(d) Other Requirements. Executive's receipt of any payments or benefits under Section 3 will be subject to Executive continuing to comply with the terms of any form of confidential information agreement and the provisions of this Section 4.

(e) No Duty to Mitigate. Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that Executive may receive from any other source reduce any such payment.

5. Limitation on Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 5, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under Section 4 will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 5 will be made in writing by the Company's independent public accountants immediately prior to a Change in Control (the "Accountants"), whose determination will be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 5, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 5. Any reduction in payments and/or benefits required by this Section 5 shall occur in the following order: (1) reduction of cash payments; and (2) reduction of other benefits paid to Executive. In the event that acceleration of vesting of Equity Awards is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant for Executive's Equity Awards.

6. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) Cause. For purposes of this Agreement, "Cause" will mean:

(i) Executive's willful and continued failure to perform the duties and responsibilities of his position (other than as a result of Executive's illness or injury) after there has been delivered to Executive a written demand for performance from the Board which describes the basis for the Board's belief that Executive has not substantially performed his duties and provides Executive with thirty (30) days to take corrective action;

(ii) Any material act of personal dishonesty taken by Executive in connection with his responsibilities as an employee of the Company with the intention that such action may result in the substantial personal enrichment of Executive;

(iii) Executive's conviction of, or plea of nolo contendere to, a felony that the Board reasonably believes has had or will have a material detrimental effect on the Company's reputation or business;

(iv) A willful breach of any fiduciary duty owed to the Company by Executive that has a material detrimental effect on the Company's reputation or business;

(v) Executive being found liable in any Securities and Exchange Commission or other civil or criminal securities law action (regardless of whether or not Executive admits or denies liability), which the Board determines, in its reasonable discretion, will have a material detrimental effect on the Company's reputation or business;

(vi) Executive entering any cease and desist order with respect to any action which would bar Executive from service as an executive officer or member of a board of directors of any publicly-traded company (regardless of whether or not Executive admits or denies liability);

(vii) Executive (A) obstructing or impeding; (B) endeavoring to obstruct or impede, or (C) failing to materially cooperate with, any investigation authorized by the Board or any governmental or self-regulatory entity (an "Investigation"). However, Executive's failure to waive attorney-client privilege relating to communications with Executive's own attorney in connection with an Investigation will not constitute "Cause"; or

(viii) Executive's disqualification or bar by any governmental or self-regulatory authority from serving in the capacity contemplated by this Agreement, if (A) the disqualification or bar continues for more than thirty (30) days, and (B) during that period the Company uses its commercially reasonable efforts to cause the disqualification or bar to be lifted. While any disqualification or bar continues during Executive's employment, Executive will serve in the capacity contemplated by this Agreement to whatever extent legally permissible and, if Executive's employment is not permissible, Executive will be placed on administrative leave (which will be paid to the extent legally permissible).

Other than for a termination pursuant to Section 6(a)(iii), Executive shall receive notice and an opportunity to be heard before the Board with Executive's own attorney before any termination for Cause is deemed effective. Notwithstanding anything to the contrary, the Board may immediately place Executive on administrative leave (with full pay and benefits to the extent legally permissible) and suspend all access to Company information, employees and business should Executive wish to avail himself of his opportunity to be heard before the Board prior to the Board's termination for Cause. If Executive avails himself of his opportunity to be heard before the Board, and then fails to make himself available to the Board within five (5) business days of such request to be heard, the Board may thereafter cancel the administrative leave and terminate Executive for Cause.

(b) **Change in Control.** For purposes of this Agreement, "Change in Control" means the occurrence of any of the following, in one or a series of related transactions:

(i) Any one person, or more than one person acting as a group ("Person") acquires ownership of the Company's securities that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the Company's then outstanding stock. The term "Person" shall include any natural person, corporation, partnership, trust, or association, or any group or combination thereof, whose ownership of the Company's securities would be required to be reported under Regulation 13(D) under the Securities Exchange Act of 1934, as amended, or any similar successor regulation or rule. For purposes of this clause (i), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control;

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by members of the Board whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(iii) The closing of any transaction involving a change in ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during any twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, the term "Change in Control" shall not include a consolidation, merger, or other reorganization if upon consummation of such transaction all of the outstanding voting stock of the Company is owned, directly or indirectly, by a holding company, and the holders of the Company's common stock immediately prior to the transaction have substantially the same proportionate ownership and voting control of such holding company after such transaction.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A of the Code, and the final regulations and any guidance promulgated thereunder ("Section 409A").

For purposes of this Section 6(b), Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

(c) **Disability.** For purposes of this Agreement, "Disability" shall have the same meaning as that term is defined in the Company's 2005 Equity Incentive Plan. Notwithstanding the foregoing however, should the Company maintain a long-term disability plan at any time Executive's employment with the Company, a determination of disability under such plan shall also be considered a "Disability" for purposes of this Agreement.

(d) **Good Reason.** For purposes of this Agreement, "Good Reason" means the occurrence of any of the following, without Executive's express written consent:

(i) A material reduction in Executive's base salary, except where there is a general reduction applicable to the management team generally;

(ii) A material reduction in Executive's overall responsibilities or authority, or scope of duties; or

(iii) A material change in the geographic location at which Executive must perform his services; provided that in no instance will the relocation of Executive to a facility or a location of fifty (50) miles or less from Executive's then current office location be deemed material for purposes of this Agreement;

provided, however, that before Executive may resign for Good Reason, (A) Executive must provide the Company with written notice within ninety (90) days of the initial event that Executive believes constitutes "Good Reason" specifically identifying the facts and circumstances claimed to constitute the grounds for Executive's resignation for Good Reason and the proposed termination date (which will not be more than thirty (30) days after the giving of written notice hereunder by Executive to the Company), and (B) the Company must have an opportunity within thirty (30) days following delivery of such notice to cure the Good Reason condition.

7. Successors.

(a) The Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets will assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" will include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 7(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder will inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Notice.

(a) General. Notices and all other communications contemplated by this Agreement will be in writing and will be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices will be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices will be addressed to its corporate headquarters, and all notices will be directed to the attention of its President.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive for Good Reason or as a result of a voluntary resignation will be communicated by a notice of termination to the other party hereto given in accordance with Section 8(a) of this Agreement. Such notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date. The failure by Executive to include in the notice any fact or circumstance which contributes to a showing of Good Reason will not waive any right of Executive hereunder or preclude Executive from asserting such fact or circumstance in enforcing his or her rights hereunder.

9. Arbitration. The Company and the Executive each agree that any and all disputes arising out of the terms of this Agreement, Executive's employment by the Company, Executive's service as an officer or director of the Company, or Executive's compensation and benefits, their interpretation and any of the matters herein released, will be subject to binding arbitration. In the event of a dispute, the parties (or their legal representatives) will promptly confer to select a single arbitrator mutually acceptable to both parties. If the parties cannot agree on an arbitrator, then the moving party may file a demand for arbitration with the American Arbitration Association ("AAA") in San Diego County, California, who will be selected and appointed consistent with the AAA-Employment Dispute Resolution Rules, except that such arbitrator must have the qualifications set forth in this paragraph. Any arbitration will be conducted in a manner consistent with AAA National Rules for the Resolution of Employment Disputes, supplemented by the California Rules of Civil Procedure. The parties further agree that the prevailing party in any arbitration will be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury. This paragraph will not prevent either party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the parties and the subject matter of their dispute relating to Executive's obligations under this Agreement and the Company's form of confidential information agreement.

10. Code Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination (other than due to death), then the cash severance benefits payable to Executive under this Agreement, if any, and any other severance payments or separation benefits that may be considered deferred compensation under Section 409A (together, the "Deferred Compensation Separation Benefits") otherwise due to Executive on or within the six (6) month period following Executive's termination shall accrue during such six (6) month period and shall become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's termination of employment. All subsequent payments, if any, shall be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following his termination but prior to the six (6) month anniversary of his date of termination, then any payments delayed in accordance with this Section shall be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits shall be payable in accordance with the payment schedule applicable to each payment or benefit.

(b) It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder shall be subject to the additional tax imposed under Section 409A, and any ambiguities herein shall be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition under Section 409A prior to actual payment to Executive.

11.

Miscellaneous Provisions.

(a) Waiver. No provision of this Agreement will be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No

waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(b) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(c) Choice of Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(d) Integration. This Agreement, together with the form of confidential information agreement, the standard forms of Equity Award agreement that describe Executive's outstanding Equity Awards, and, if applicable, the written agreement between the Company and Executive which provides for retiree medical coverage represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement will be binding unless in a writing and signed by duly authorized representatives of the parties hereto. In entering into this Agreement, no party has relied on or made any representation, warranty, inducement, promise, or understanding that is not in this Agreement. To the extent that any provisions of this Agreement conflict with those of any other agreement between the Executive and the Company, the terms in this Agreement will prevail.

(e) Severability. In the event that any provision or any portion of any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, this Agreement will continue in full force and effect without said provision or portion of provision. The remainder of this Agreement shall be interpreted so as best to effect the intent of the Company and Executive.

(f) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(g) Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

COMPANY

COHU, INC.

By: _____

Title: _____

EXECUTIVE

By: _____

Title: _____