Cohu Acquires Assets of Schlumberger's Automated Systems Business

July 16, 2001

POWAY, Calif., July 16, 2001 -- Cohu, Inc. (NASDAQ:COHU) today announced that its Delta Design subsidiary has purchased the assets of the Automated Systems (AS) business, a unit of Schlumberger Semiconductor Solutions, for $14.2 million in cash. AS, located near Columbus, Ohio, designs, manufactures and sells semiconductor equipment, including IC thermal conditioning systems, pick and place test handlers and burn-in board loaders and unloaders. The acquisition will be accounted for as a purchase. The Company expects a material portion of the purchase price to be allocated to in-process technology, resulting in a charge to operations in the third quarter of 2001.

"AS has significant technology and intellectual property associated with precise temperature control and heat dissipation of high-speed, high-power ICs, such as microprocessors, during test" said James A. Donahue, President and CEO of Cohu. "Our Summit Test Handler is the industry leader in production testing of such devices. Technology advances are creating demand for enhanced temperature control on a broader range of semiconductor devices. With the AS technology, we are in a position to greatly extend the capabilities of our products, and strengthen our leadership position in this market."

Donahue continued, "As ICs operate at higher speeds and performance levels, heat dissipation requirements are rising dramatically. Die self-heating causes inaccurate characterization, test results and yield losses. The Semiconductor Industry Association (SIA) projects that IC power density and total power generation will nearly double by 2005. As the SIA projection indicates, the requirement for thermal control and heat dissipation during IC test is increasing. The AS temperature control technology, combined with Delta's production test handling systems, provides IC manufacturers with an essential solution to the heat problem."

AS will operate as a unit of Delta Design, under the name Delta Design Columbus. Mark Malinoski, formerly General Manager of AS, has been named Vice President and General Manager, Delta Design Columbus, reporting to President and CEO James A. Donahue.

Certain matters discussed in this release including extending product capabilities, strengthening market position, increasing requirements for temperature control and heat dissipation and projections for power density and total power generation 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, risks associated with acquisitions, the cyclical and unpredictable nature of capital expenditures by semiconductor manufacturers; inventory write-offs; the Company's 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; the effect of competitive products; the concentration of revenues in a limited number of customers; and other risks addressed in the Company's filings with the Securities and Exchange Commission including the most recently filed Form 10-K and Form 10-Q. The Company assumes no obligation to update the information in this report.

Cohu 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 radio equipment.

Delta Design is a leading supplier of test-handling solutions used by semiconductor manufacturers in final test operations.

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.