

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): October 21, 2009

**Cohu, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction  
of incorporation)

001-04298

(Commission  
File Number)

95-1934119

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

12367 Crosthwaite Circle,  
Poway, California

(Address of principal executive offices)

92064

(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))

## **Item 2.02 Results of Operations and Financial Condition.**

On October 21, 2009, Cohu, Inc. (the "Company") issued a press release regarding its financial results for the third fiscal quarter ended September 26, 2009. The Company's press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

The information in this Item 2.02 of this Current Report on Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

In addition to financial results determined in accordance with generally accepted accounting principles ("GAAP"), the earnings press release also contains financial information determined by methods other than in accordance with GAAP. The Company's management uses these non-GAAP measures in their analysis of the Company's performance. These non-GAAP financial measures adjust the Company's actual results prepared under GAAP to exclude charges and the related income tax effect for share-based compensation, the amortization of acquired intangible assets and the deferred tax asset valuation allowance. These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company's management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. Management believes these non-GAAP measures allow investors to evaluate the Company's financial performance using some of the same measures as management. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

## **Item 9.01 Financial Statements and Exhibits.**

The exhibit listed below is being furnished with this Current Report on Form 8-K.

Exhibit No. — 99.1

Description — Third Quarter 2009 Earnings Release, dated October 21, 2009, of Cohu, Inc.

## **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.

October 22, 2009

By: Jeffrey D. Jones

Name: Jeffrey D. Jones

Title: VP Finance and Chief Financial Officer

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Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99.1               | Third Quarter 2009 Earnings Release, dated October 21, 2009, of Cohu, Inc. |



### **Cohu Reports Third Quarter 2009 Operating Results**

POWAY, Calif., October 21, 2009 — Cohu, Inc. (NASDAQ:COHU) today announced that net sales were \$44.1 million for the third quarter ended September 26, 2009 compared to \$48.0 million for the third quarter ended September 27, 2008 and \$38.4 million for the second quarter ended June 27, 2009. The net loss for the third quarter of 2009 was \$(71,000) or \$(0.00) per share compared to net income of \$37,000, or \$0.00 per share for the third quarter of 2008 and a net loss of \$(22.6) million or \$(0.97) per share for the second quarter of 2009. As previously announced, the net loss for the second quarter ended June 27, 2009 includes a non-cash charge of \$19.6 million, or \$0.84 per share, for an increase in the valuation allowance against our deferred tax assets.

Net sales for the first nine months of 2009 were \$119.1 million with a net loss of \$(28.9) million or \$(1.24) per share compared to net sales of \$158.3 million with net income of \$2.2 million or \$0.09 per share for the first nine months of 2008.

On a non-GAAP basis, net income for the third quarter of 2009 was \$1.7 million or \$0.07 per share compared to net income of \$1.2 million or \$0.05 per share for the third quarter of 2008 and a net loss of \$(1.4) million or \$(0.06) per share for the second quarter of 2009. For the first nine months of 2009, net loss on a non-GAAP basis was \$(4.4) million or \$(0.19) per share compared to net income of \$5.7 million or \$0.24 per share in the previous year. These non-GAAP financial measures exclude charges and the related income tax effect for share-based compensation, the amortization of acquired intangible assets and the deferred tax asset valuation allowance.

Sales of semiconductor equipment accounted for 72% of third quarter 2009 sales. Microwave communications equipment and television cameras and related equipment contributed 20% and 8%, respectively, for the same period.

Orders were \$55.0 million for the third quarter of 2009 and \$45.6 million for the second quarter of 2009. Orders for semiconductor equipment were \$46.9 million in the third quarter of 2009 compared to \$33.3 million in the second quarter of 2009. Total consolidated backlog was \$62.5 million at September 26, 2009 compared to \$51.6 million at June 27, 2009. Cohu expects fourth quarter 2009 sales to be between \$48 million and \$53 million.

James A. Donahue, President and Chief Executive Officer, stated, "Cohu's financial results exceeded our expectations in the third quarter. Each of our three operating segments was profitable on a non-GAAP basis. Gross margin improved 440 basis points on a non-GAAP basis compared to the second quarter, as a result of higher sales, product mix and the results of cost reduction actions."

Donahue continued, "Net cash burn was \$1.8 million, lower than our estimate of \$5.5 million, due to improved collections and strong cash management."

Donahue concluded, "Third quarter orders for semiconductor equipment increased 41% compared to the second quarter. Amid growing indications that business conditions in the semiconductor industry are improving, customer forecasts strengthened as the quarter progressed and this trend has continued."

Cohu's Board of Directors approved a quarterly cash dividend of \$0.06 per share payable on January 4, 2010 to shareholders of record on November 27, 2009. Cohu has paid consecutive quarterly cash dividends since 1977.

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**Use of Non-GAAP Financial Information:**

Included within this press release are non-GAAP financial measures that supplement the Company's Condensed Consolidated Statements of Operations prepared under generally accepted accounting principles (GAAP). These non-GAAP financial measures adjust the Company's actual results prepared under GAAP to exclude charges and the related income tax effect for share-based compensation, the amortization of acquired intangible assets and the deferred tax asset valuation allowance. Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this release and should be considered together with the Condensed Consolidated Statements of Operations.

These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company's management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. Management believes these non-GAAP measures allow investors to evaluate Cohu's financial performance using some of the same measures as management. However, the non-GAAP financial measures should not be regarded as a replacement for (or superior to) corresponding, similarly captioned, GAAP measures.

**Forward Looking Statements:**

Certain matters discussed in this release, including statements concerning Cohu's new products and expectations of business conditions, orders, sales, revenues and operating performance 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, inventory, goodwill and other intangible asset write-downs; our ability to convert new products under development into production on a timely basis, support product development and meet customer delivery and acceptance requirements for next generation equipment; failure to obtain customer acceptance resulting in the inability to recognize revenue and accounts receivable collection problems; reduced demand for our products as a result of the global economic crisis; customer orders may be canceled or delayed; the concentration of our revenues from a limited number of customers; intense competition in the semiconductor test handler industry; our reliance on patents and intellectual property; compliance with U.S. export regulations; and the cyclical and unpredictable nature of capital expenditures by semiconductor manufacturers. These and other risks and uncertainties are discussed more fully 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.

**About Cohu:**

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

Cohu will be conducting their conference call on Wednesday, October 21, 2009 at 1:30 p.m. Pacific Time/4:30 p.m. Eastern Time. The call will be webcast at [www.cohu.com](http://www.cohu.com). Replays of the call can be accessed at [www.cohu.com](http://www.cohu.com).

For press releases and other information of interest to investors, please visit Cohu's website at [www.cohu.com](http://www.cohu.com). Contact: Jeffrey D. Jones — Investor Relations (858) 848-8106

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**COHU, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
*(in thousands, except per share amounts)*

|  | Three Months Ended (1) |                       | Nine Months Ended (1) |                       |
|--|------------------------|-----------------------|-----------------------|-----------------------|
|  | September 26,<br>2009  | September 27,<br>2008 | September 26,<br>2009 | September 27,<br>2008 |
| Net sales  | \$ 44,062              | \$ 48,016             | \$ 119,068            | \$ 158,258            |
| Cost and expenses:   |                        |                       |                       |                       |
| Cost of sales  | 27,845                 | 30,458                | 83,128                | 101,453               |
| Research and development   | 8,284                  | 9,140                 | 24,022                | 29,582                |
| Selling, general and administrative                                    | 8,731                  | 9,693                 | 26,431                | 27,652                |
|  | <u>44,860</u>          | <u>49,291</u>         | <u>133,581</u>        | <u>158,687</u>        |
| Loss from operations   | (798)                  | (1,275)               | (14,513)              | (429)                 |
| Interest and other, net (2)  | 302                    | 1,391                 | 1,128                 | 4,282                 |
| Income (loss) before income taxes                                      | (496)                  | 116                   | (13,385)              | 3,853                 |
| Income tax provision (benefit) (3)                                     | (425)                  | 79                    | 15,553                | 1,690                 |
| Net income (loss)  | <u>\$ (71)</u>         | <u>\$ 37</u>          | <u>\$ (28,938)</u>    | <u>\$ 2,163</u>       |
| Income (loss) per share:   |                        |                       |                       |                       |
| Basic  | <u>\$ (0.00)</u>       | <u>\$ 0.00</u>        | <u>\$ (1.24)</u>      | <u>\$ 0.09</u>        |
| Diluted  | <u>\$ (0.00)</u>       | <u>\$ 0.00</u>        | <u>\$ (1.24)</u>      | <u>\$ 0.09</u>        |
| Weighted average shares used in computing income (loss) per share (4): |                        |                       |                       |                       |
| Basic  | <u>23,429</u>          | <u>23,233</u>         | <u>23,384</u>         | <u>23,142</u>         |
| Diluted  | <u>23,429</u>          | <u>23,477</u>         | <u>23,384</u>         | <u>23,380</u>         |

- (1) The three- and nine-month periods ended September 26, 2009 and September 27, 2008 each contain 13 weeks and 39 weeks, respectively. Total share-based compensation recorded in the three-month period ended September 26, 2009 was approximately \$924,000 and is included in cost of sales (\$94,000); research and development (\$351,000); and selling, general and administrative expense (\$479,000). Total share-based compensation recorded in the nine-month period ended September 27, 2009 was approximately \$2,474,000 and is included in cost of sales (\$241,000); research and development (\$825,000); and selling, general and administrative expense (\$1,408,000). Total share-based compensation recorded in the three-month period ended September 26, 2008 was approximately \$1,094,000 and is included in cost of sales (\$88,000); research and development (\$331,000); and selling, general and administrative expense (\$675,000). Total share-based compensation recorded in the nine-month period ended September 27, 2008 was approximately \$3,188,000 and is included in cost of sales (\$266,000); research and development (\$951,000); and selling, general and administrative expense (\$1,971,000).
- (2) The nine-month period ended September 27, 2008 includes a short-term investment loss of \$350,000 recorded in the first fiscal quarter.
- (3) During the second quarter of 2009, the Company recorded a charge of \$19.6 million for an increase in the valuation allowance against deferred tax assets.
- (4) For the three- and nine-month periods ended September 26, 2009, potentially dilutive securities were excluded from the per share computations due to their antidilutive effect.

**COHU, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(in thousands) (Unaudited)*

|   | September 26,<br>2009 | December 27,<br>2008 |
|---|-----------------------|----------------------|
| <b>Assets:</b>                                  |                       |                      |
| Current assets:                                 |                       |                      |
| Cash and investments                            | \$ 87,273             | \$ 88,385            |
| Accounts receivable                             | 34,898                | 31,945               |
| Inventories                                     | 51,202                | 53,314               |
| Deferred taxes and other                        | 10,049                | 25,620               |
| Total current assets                            | <u>183,422</u>        | <u>199,264</u>       |
| Property, plant & equipment, net                | 38,541                | 39,429               |
| Goodwill  | 62,492                | 60,820               |
| Intangible assets, net                          | 37,776                | 40,993               |
| Other assets                                    | 1,407                 | 3,663                |
| Total assets                                    | <u>\$ 323,638</u>     | <u>\$ 344,169</u>    |
| <b>Liabilities &amp; Stockholders' Equity:</b>  |                       |                      |
| Current liabilities:                            |                       |                      |
| Deferred profit                                 | \$ 5,134              | \$ 4,434             |
| Other current liabilities                       | 42,124                | 39,241               |
| Total current liabilities                       | <u>47,258</u>         | <u>43,675</u>        |
| Deferred taxes and other noncurrent liabilities | 17,895                | 14,955               |
| Stockholders' equity                            | 258,485               | 285,539              |
| Total liabilities & stockholders' equity        | <u>\$ 323,638</u>     | <u>\$ 344,169</u>    |

**COHU, INC.****Supplemental Reconciliation of GAAP Results to Non-GAAP Financial Measures (Unaudited)***(in thousands, except per share amounts)*

|  | September 26,<br>2009 | Three Months Ended<br>September 27,<br>2008 | June 27,<br>2009  |
|--|-----------------------|---|-------------------|
| Loss from operations — GAAP basis (a)              | \$ (798)              | \$ (1,275)                                  | \$ (4,100)        |
| Non-GAAP adjustments:                              |                       |   |                   |
| Share-based compensation included in (b):          |                       |   |                   |
| Costs of goods sold                                | 94                    | 88  | 89                |
| Research and development                           | 351                   | 331   | 270               |
| Selling, general and administrative                | 479                   | 675   | 483               |
|  | <u>924</u>            | <u>1,094</u>                                | <u>842</u>        |
| Amortization of intangible assets included in (c): |                       |   |                   |
| Costs of goods sold                                | 1,364                 | 463   | 1,311             |
| Research and development                           | —                     | —   | —                 |
| Selling, general and administrative                | 216                   | 48  | 208               |
|  | <u>1,580</u>          | <u>511</u>                                  | <u>1,519</u>      |
| Income (loss) from operations — non-GAAP basis (d) | <u>\$ 1,706</u>       | <u>\$ 330</u>                               | <u>\$ (1,739)</u> |
| Net income (loss) — GAAP basis                     | \$ (71)               | \$ 37                                       | \$ (22,605)       |
| Non-GAAP adjustments (as scheduled above)          | 2,504                 | 1,605                                       | 2,361             |
| Tax effect of non-GAAP adjustments (e)             | (756)                 | (457)                                       | (682)             |
| Non-cash increase of valuation allowance (f)       | —                     | —   | 19,551            |
| Net income (loss) — non-GAAP basis                 | <u>\$ 1,677</u>       | <u>\$ 1,185</u>                             | <u>\$ (1,375)</u> |
| GAAP net loss per share — diluted                  | \$ (0.00)             | \$ 0.00                                     | \$ (0.97)         |
| Non-GAAP net income (loss) per share — diluted (g) | \$ 0.07               | \$ 0.05                                     | \$ (0.06)         |

Management believes the presentation of these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding the Company's operating performance. Our management uses these non-GAAP financial measures in assessing the Company's operating results, as well as when planning, forecasting and analyzing future periods and these non-GAAP measures allow investors to evaluate the Company's financial performance using some of the same measures as management. Management views share-based compensation as an expense that is unrelated to the Company's operational performance as it does not require cash payments and can vary in amount from period to period and the elimination of amortization charges provides better comparability of pre and post-acquisition operating results and to results of businesses utilizing internally developed intangible assets. Additionally, management does not consider charges to the deferred tax valuation allowance as related to the Company's operational performance and, as such, has excluded them to provide a better understanding of the company's underlying operational results and a more meaningful basis for comparison with our historical and future results. However, the non-GAAP financial measures should not be regarded as a replacement for corresponding, similarly captioned, GAAP measures. The presentation of non-GAAP financial measures above may not be comparable to similarly titled measures reported by other companies and investors should be careful when comparing our non-GAAP financial measures to those of other companies.

- (a) (1.8)%, (2.7)% and (10.7)% of net sales, respectively.
- (b) To eliminate compensation expense for employee stock options, restricted stock units and our employee stock purchase plan.
- (c) To eliminate the amortization of intangible assets acquired in the fiscal 2008 acquisition of Rasco, the fiscal 2007 acquisition of Tandberg Television AVS GmbH and the fiscal 2006 acquisition of Unigen.
- (d) 3.9%, 0.7% and (4.5)% of net sales, respectively.
- (e) To adjust the provision (benefit) for income taxes related to the adjustments described in notes (b) and (c) above based on applicable tax rates.
- (f) To exclude the non-cash net impact on the tax provision pertaining to the increase of the deferred asset valuation allowance.
- (g) Computed using 23,631, 23,477 and 23,381 diluted shares outstanding for the three-month periods ended September 26, 2009 September 27, 2008 and June 27, 2009, respectively. For the three-month period ended September 26, 2009 the effect of dilutive securities was excluded from GAAP diluted common shares due to the reported net loss under GAAP, but are included for non-GAAP diluted common shares since the Company has non-GAAP net income.



**COHU, INC.****Supplemental Reconciliation of GAAP Results to Non-GAAP Financial Measures (Unaudited)***(in thousands, except per share amounts)*

|  | Nine Months Ended<br>September 26,<br>2009 | September 27,<br>2008 |
|--|--|-----------------------|
| Loss from operations — GAAP basis (a)              | \$ (14,513)                                | \$ (429)              |
| Non-GAAP adjustments:                              |  |                       |
| Share-based compensation included in (b):          |  |                       |
| Costs of goods sold                                | 241  | 266                   |
| Research and development                           | 825  | 951                   |
| Selling, general and administrative                | 1,408                                      | 1,971                 |
|  | <u>2,474</u>                               | <u>3,188</u>          |
| Amortization of intangible assets included in (c): |  |                       |
| Costs of goods sold                                | 3,978                                      | 1,611                 |
| Research and development                           | —  | —                     |
| Selling, general and administrative                | 631  | 145                   |
|  | <u>4,609</u>                               | <u>1,756</u>          |
| Income (loss) from operations — non-GAAP basis (d) | <u>\$ (7,430)</u>                          | <u>\$ 4,515</u>       |
| Net income (loss) — GAAP basis                     | \$ (28,938)                                | \$ 2,163              |
| Non-GAAP adjustments (as scheduled above)          | 7,083                                      | 4,944                 |
| Tax effect of non-GAAP adjustments (e)             | (2,143)                                    | (1,450)               |
| Non-cash increase of valuation allowance (f)       | 19,551                                     | —                     |
| Net income (loss) — non-GAAP basis                 | <u>\$ (4,447)</u>                          | <u>\$ 5,657</u>       |
| GAAP net income (loss) per share — diluted         | \$ (1.24)                                  | \$ 0.09               |
| Non-GAAP net income (loss) per share — diluted (g) | \$ (0.19)                                  | \$ 0.24               |

Management believes the presentation of these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding the Company's operating performance. Our management uses these non-GAAP financial measures in assessing the Company's operating results, as well as when planning, forecasting and analyzing future periods and these non-GAAP measures allow investors to evaluate the Company's financial performance using some of the same measures as management. Management views share-based compensation as an expense that is unrelated to the Company's operational performance as it does not require cash payments and can vary in amount from period to period and the elimination of amortization charges provides better comparability of pre and post-acquisition operating results and to results of businesses utilizing internally developed intangible assets. Additionally, management does not consider charges to the deferred tax valuation allowance as related to the Company's operational performance and, as such, has excluded them to provide a better understanding of the company's underlying operational results and a more meaningful basis for comparison with our historical and future results. However, the non-GAAP financial measures should not be regarded as a replacement for corresponding, similarly captioned, GAAP measures. The presentation of non-GAAP financial measures above may not be comparable to similarly titled measures reported by other companies and investors should be careful when comparing our non-GAAP financial measures to those of other companies.

- (a) (12.2)% and (0.3)% of net sales, respectively.
- (b) To eliminate compensation expense for employee stock options, restricted stock units and our employee stock purchase plan.
- (c) To eliminate the amortization of intangible assets acquired in the fiscal 2008 acquisition of Rasco, the fiscal 2007 acquisition of Tandberg Television AVS GmbH, the fiscal 2006 acquisition of Unigen and the fiscal 2005 acquisition of KryoTech.
- (d) (6.2)% and 2.9% of net sales, respectively.
- (e) To adjust the provision (benefit) for income taxes related to the adjustments described in notes (b) and (c) above based on applicable tax rates.
- (f) To exclude the non-cash net impact on the tax provision pertaining to the increase of the deferred tax asset valuation allowance.
- (g) Computed using number of GAAP diluted shares outstanding for each period presented.