

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

/ X / ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended DECEMBER 31, 1995

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-4298

COHU, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

95-1934119

(State or other jurisdiction of
Incorporation or Organization)

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

5755 KEARNY VILLA ROAD, SAN DIEGO, CALIFORNIA
(Address of principal executive offices)

92123
(Zip Code)

Registrant's telephone number, including area code: (619) 277-6700

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act: COMMON STOCK,
\$1.00 PAR VALUE

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K. [X]

The aggregate market value of voting stock held by nonaffiliates of the
registrant was approximately \$199,801,000 as of March 8, 1996. Shares of common
stock held by each officer and director and by each person or group who owns 5%
or more of the outstanding common stock have been excluded in that such persons
or groups may be deemed to be affiliates. This determination of affiliate status
is not necessarily a conclusive determination for other purposes.

As of March 8, 1996, the Registrant had 9,236,805 shares of its \$1.00 par value
common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part I, Part II and Part IV incorporate certain information by reference from
the Annual Report to Stockholders for the year ended December 31, 1995. Part III
incorporates certain information by reference from the Proxy Statement for the
1996 Annual Meeting of Stockholders.

ITEM 1. BUSINESS

A predecessor of Cohu, Inc. (the "Company") was incorporated under the laws of California in 1947 as Kalbfell Lab., Inc. and commenced active operations in the same year. Its name was changed to Kay Lab in 1954. In 1957 the Company was reincorporated under the laws of Delaware as Cohu Electronics, Inc. and in 1972 its name was changed to Cohu, Inc.

The Company operates in two industry segments. Semiconductor test handling equipment used in the final test of integrated circuits is designed, manufactured and sold by the Company's Delta Design and Daymarc subsidiaries to semiconductor manufacturers throughout the world and accounted for approximately 82% of consolidated net sales in 1995. The television and other equipment segment includes electronic products used in electronic imaging, surveillance, detection and microwave communication that are manufactured and sold to government agencies, original equipment manufacturers, contractors, distributors and consumers throughout the world. The Company conducts operations through one division and four subsidiaries

On June 22, 1994, the Company acquired Daymarc Corporation, a privately-held manufacturer of gravity feed semiconductor test handling equipment that complements the pick and place test handling equipment manufactured by Delta Design. The semiconductor test handling equipment segment includes the results of Delta Design and Daymarc.

The television and other equipment segment includes the results of the Electronics Division, Fisher Research Laboratory, Inc. ("FRL") and Broadcast Microwave Services, Inc. ("BMS").

FINANCIAL INFORMATION BY INDUSTRY SEGMENT AND EXPORT SALES

Financial information on industry segments and export sales for each of the last three years is included on pages 4 (Selected Financial Data) and 14 (Note 7) in the 1995 Annual Report to Stockholders and is incorporated herein by reference.

SEMICONDUCTOR TEST HANDLING EQUIPMENT

The Company through subsidiaries Delta Design and Daymarc is the largest U. S. based and one of the world's largest, suppliers of semiconductor test handling equipment that is used by semiconductor manufacturers in the final test operations of integrated circuits. The Company strives to provide test handling solutions to reduce the customers' total cost of ownership through dual strategies of new system sales and continuous improvement of the Company's installed base of test handling equipment.

Delta Design has a broad line of pick and place test handlers capable of handling virtually all semiconductor package types through the use of dedication kits.

The Delta Flex(TM) Handlers (models 1210, 1220, 1240 and custom models) are tri-temperature (i.e., the equipment operates at hot, cold or ambient temperatures) pick and place handlers. The system features modular construction and provides wide flexibility in device and media handling, including automated tray handling. During 1995 a major upgrade to the Delta Flex(TM) handlers was introduced which reduced index time (index time being the time between the completion of testing one device to the commencement of testing a second device). The new models incorporating this upgrade are designated "Turbo Flex(TM)" in recognition of the faster speed.

The RFS(TM) handler, introduced in late 1993, is a high speed, tri-temperature pick and place handler designed for high volume manufacturing and short test time applications. The RFS(TM) handler provides sub-second index time, automated tray handling and may be configured for single, dual or quad test sites.

The Model 1688 handler, introduced in late 1994, is an ambient pick and place handler that provides sub-second index time, fully automated tray handling and a small footprint.

Daymarc is a leader in the gravity feed handler market segment and produces three lines of test handlers; the 717 Series, 3000 Series and 4000 Series. The 717 Series test handlers are designed specifically for small outline ("SOIC") packages. The small dimensions and high speed applications of the SOIC package require a handler with minimal transition distances, high performance contacting and automation features to reduce the need for operator intervention. The 717 ambient and tri-temperature handlers feature index times of 350 and 500 milliseconds, respectively. Changeover for a different device package requires less than 30 minutes.

The 3000 Series handler is available in single, dual/quad and thirty-two site configurations. These handlers can be reconfigured with device dedication kits to accommodate a range of package types at throughput rates up to 4,200 units per hour ("UPH"). The 3000 Series handlers provide tri-temperature operation and input/output automation for increased productivity.

The 4000 Series handlers combine high speed with multi-site capability. The first in the Series, the 4100, operates at 18,000 UPH in dual or quad site configurations. The 4100, which occupies only seven feet of floor space, is believed to be the fastest handler on the market.

The Company's operating results are substantially dependent on the semiconductor equipment business segment. This segment is in turn highly dependent on the overall strength of the semiconductor industry. Worldwide demand for semiconductors has historically been subject to substantial cyclical swings and price volatility. The Company's favorable operating results in 1995 benefited from the record growth in worldwide demand for and production of semiconductors. The Company cannot predict how long the favorable conditions in the semiconductor industry will continue. To the extent that the industry growth rate slows, demand for capital equipment such as that produced by the Company will be negatively impacted. In 1995 the semiconductor test handling equipment segment accounted for 82% of consolidated net sales and 95% of consolidated operating profit. In 1994 semiconductor test handling equipment accounted for 71% of consolidated net sales and 89% of consolidated operating profit. In 1993 semiconductor test handling equipment accounted for 64% of consolidated net sales and 84% of consolidated operating profit.

TELEVISION AND OTHER EQUIPMENT

The Electronics Division of the Company has been a designer, manufacturer and seller of closed circuit television ("CCTV") cameras and systems for over 40 years. The customer base is broadly distributed between machine vision, scientific imaging and security/surveillance markets. The current product line represents an extensive array of indoor and outdoor CCTV cameras as well as camera control equipment. To support its camera lines, the Electronics Division offers a wide selection of accessories including monitors, lenses and camera test equipment.

FRL designs, manufactures and sells metal detectors and related underground detection devices for consumer and industrial markets. All products are sold under the Fisher M-Scope label. Industrial instruments include pipe and cable locators, water leak detectors, property marker locators and instruments for finding reinforcing bars in concrete. FRL's new TW-770 digital line tracer guides the operator over the path of a buried pipe or cable and, with the push of a button, provides an accurate depth reading.

BMS is a manufacturer of microwave radios, antenna systems and associated equipment for use in government, industry and commercial broadcast markets. The products are used to transmit and receive television and radio signals. Applications in the government and industrial area include tracking antenna systems and transmission from unmanned vehicles. Applications in the commercial broadcast area include electronic news gathering, sports events and station to station relay.

In 1995 the television and other equipment segment accounted for 18% of consolidated net sales and 5% of consolidated operating profit. In 1994 television and other equipment accounted for 29% of consolidated net sales and 11% of consolidated operating profit. In 1993 television and other equipment accounted for 36% of consolidated net sales and 16% of consolidated operating profit.

CUSTOMERS

SEMICONDUCTOR TEST HANDLING EQUIPMENT

The Company's customer base includes companies that manufacture semiconductor devices primarily for internal use and companies that manufacture devices for sale to others. Repeat sales to existing customers represent a significant portion of the Company's sales in this business segment. The Company believes that its installed customer base represents a significant competitive advantage.

The Company relies on a limited number of customers for a substantial percentage of its net sales. In 1995 Motorola and Micron Technology each accounted for 17% of the Company's net sales. In 1994 Motorola and Micron Technology represented 22% and 10%, respectively, of the Company's net sales. In 1993 Motorola accounted for 17% of the Company's net sales. The loss of or a significant reduction in orders by either of these or other significant customers not compensated for by other customer orders, including reductions due to market, economic or competitive conditions in the semiconductor industry, could adversely affect the Company's business and results of operations.

TELEVISION AND OTHER EQUIPMENT

The Company's customer base in this industry segment is diverse and includes government agencies, original equipment manufacturers, contractors, distributors and consumers throughout the world. No single customer of this segment accounted for 10% or more of the Company's consolidated net sales in 1995, 1994 or 1993.

Contracts, including subcontract work, with U.S. Government agencies accounted for net sales of \$4.5 million in 1995 as compared to \$5.6 million in 1994 and \$5.5 million in 1993. Such contracts are frequently subject to termination provisions.

MARKETING

The Company markets its products worldwide through a combination of direct sales force and independent sales representatives. In a geographic area where the Company believes there is sufficient sales potential, the Company maintains sales offices staffed with its own sales personnel. The Company maintains sales offices for the semiconductor equipment business in Santa Clara, California and Austin, Texas. In 1993, a foreign subsidiary was formed in Singapore to handle the sales and service requirements of semiconductor manufacturers located in Southeast Asia. In 1995 a branch of the Singapore sales and service subsidiary was opened in Taipei, Taiwan. The sales in Europe are derived primarily through sales representatives.

COMPETITION

The semiconductor equipment industry is intensely competitive and is characterized by rapid technological change and demanding worldwide service requirements. Significant competitive factors include product performance, price and reliability, customer support and installed base of products. While the Company believes it is the largest U. S. based supplier of semiconductor test handling equipment it faces substantial competition in the U. S. and throughout the world. The Japanese market for this equipment is large and represents a significant percentage of the worldwide market. During the last five years the Company has had limited sales to Japanese customers who have historically purchased test handling equipment from Japanese suppliers or their affiliates. Some of the Company's competitors have substantially greater financial, engineering, manufacturing and customer support capabilities than the Company. To remain competitive the Company believes it will require significant financial resources to offer a broad range of products, maintain customer support and service centers worldwide and to invest in research and development of new products. Failure to introduce new products in a timely manner or the introduction by competitors of products with perceived or actual advantages could result in a loss of competitive position and reduced sales of existing products. No assurance can be given that the Company will continue to compete successfully in the U. S. or throughout the world.

The Company's products in the Television and Other Equipment Segment are sold in highly competitive markets throughout the world and competition is on the basis of price, product integration with customer requirements, service and product quality and reliability. Many of the Company's competitors are divisions or segments of large, diversified companies with substantially greater financial, engineering, marketing, manufacturing and customer support capabilities than the Company. No assurance can be given that the Company will continue to compete successfully in this business segment.

BACKLOG

The dollar amount of backlog of the Company as of December 31, 1995 was \$45.4 million as compared to \$34.8 million at December 31, 1994. Of these amounts, \$37.8 million (\$27.5 million in 1994) was in semiconductor test handling equipment and \$7.6 million (\$7.3 million in 1994) was in television and other equipment. All backlog is expected to be shipped within the next twelve months. Due to the possibility of customer changes in delivery schedules, cancellation of orders and potential delays in product shipments, the Company's backlog as of any point in time may not be representative of actual sales in any future period. All orders are subject to cancellation by the customer with limited penalty. There is no significant seasonal aspect to the business of the Company.

MANUFACTURING AND RAW MATERIALS

The Company's manufacturing activities take place in San Diego, California (BMS, Delta Design and the Electronics Division), outside Boston, Massachusetts (Daymarc) and Los Banos, California (FRL). Many of the components and subassemblies are standard products although certain items are made to Company specifications. Certain components are obtained or are available from a limited number of suppliers. The Company seeks to reduce its dependence on sole and limited source suppliers, however in some cases the complete or partial loss of certain of these sources could have at least a temporary negative effect on the Company's operations.

PATENTS AND TRADEMARKS

The Company protects its proprietary technology through various intellectual property laws. However, the Company believes that, due to the rapid pace of technological change in the semiconductor equipment industry, the successful manufacture and sales of its products generally depend upon its experience, technological know-how, manufacturing and marketing skills, and speed of response to sales opportunities, rather than on the legal protection afforded to any one or more items of intellectual property, such as patents, trademarks, copyrights and trade secrets. In the absence of patent protection the Company may be vulnerable to competitors who attempt to copy or imitate the Company's products or processes. Although the Company believes its intellectual property has value (and includes trademark rights and trade names other than Cohu), and the Company has in the past and will in the future take actions it deems appropriate to protect such property from misappropriation, there can be no assurance such actions will provide meaningful protection from competition. Protecting the Company's intellectual property rights or defending against claims brought by other holders of such rights would likely be expensive and time consuming and could have a material adverse effect on the Company and its operations.

RESEARCH AND DEVELOPMENT

Certain of the markets served by the Company, particularly the semiconductor equipment industry, are characterized by rapid technological change. Research and development activities are carried on in the respective operations and are directed toward development of entirely new products and equipment, as well as enhancements to existing products and equipment. Total research and development expenses were \$10.2 million in 1995, \$7.5 million in 1994 and \$5.5 million in 1993. Total dollar expenditures in 1995 and 1994 increased primarily due to increased spending for R & D on semiconductor test handling equipment. There was no significant customer-sponsored product development during these years.

The Company works closely with its key customers to make improvements on its existing products and in the development of new products. The Company expects to continue to invest heavily in research and development and must manage product transitions successfully as introductions of new products could adversely impact sales of existing products.

ENVIRONMENTAL LAWS

Compliance with Federal, State and local laws which have been enacted or adopted regulating the discharge of materials into the environment or otherwise relating to the protection of the environment has not had a material effect and is not expected to have a material effect upon the capital expenditures, results of operations or competitive position of the Company.

EMPLOYEES

At December 31, 1995 the Company had approximately 900 employees. None of these employees is covered by a labor union. The Company believes that a great part of its future success will depend on its continued ability to attract and retain qualified employees. Competition for the services of certain personnel is increasing. The Company considers its relations with its employees to be good.

RISK AND UNCERTAINTIES

Certain matters discussed in this Annual Report (Form 10-K) and in documents incorporated herein by reference are forward looking statements that are subject to risks and uncertainties as described above. Such risks and uncertainties, including others not presently known to the Company, could cause actual results to differ materially from those projected or forecasted.

ITEM 2. PROPERTIES

Certain information concerning the Company's principal properties at December 31, 1995 identified by business segment is set forth below:

LOCATION -----	APPROXIMATE SQ. FOOTAGE -----	OWNERSHIP -----
Littleton, MA. (1)	102,000	Owned
San Diego, CA. (1)	52,000	Owned
San Diego, CA. (1)	26,000	Owned
Singapore (1)	3,600	Leased
Waltham, MA. (1)	51,000	Leased
San Diego, CA. (2)	52,000	Owned
San Diego, CA. (2)	26,000	Owned
Los Banos, CA. (2)	23,000	Owned

(1) Semiconductor test handling equipment

(2) Television and other equipment

In November 1995 the Company acquired a 102,000 square foot building and approximately 46 acres of land in Littleton, Massachusetts. In March 1996 Daymarc moved into this building from its leased facility in Waltham, Massachusetts. The Company is obligated under a lease on the Waltham facility with a current employee and stockholder of the Company through June 1998. The Company is currently attempting to sublease the Waltham facility.

In February 1996 the Company entered into a lease for approximately 15,000 square feet of space in San Diego, California. The operations of BMS will be relocated to this facility in March 1996 and Delta Design will occupy the 26,000 square feet of space previously occupied by BMS.

In addition to the locations listed above the Company leases other properties for sales offices in various locations. The Company believes its facilities are suitable for their respective uses and are adequate for the Company's present needs.

ITEM 3. LEGAL PROCEEDINGS

The Company is not presently a party to any material legal proceedings, other than ordinary routine litigation incidental to the business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES OF THE REGISTRANT

The following sets forth the names and ages of and the positions and offices held by all executive officers and significant employees of the Company as of March 8, 1996:

Name ----	Age ---	Position -----
EXECUTIVE OFFICERS: - - - - -		
Charles A. Schwan	56	President & Chief Executive Officer, Director
John H. Allen	44	Vice President, Finance & Chief Financial Officer, Secretary
SIGNIFICANT EMPLOYEES: - - - - -		
Melvyn W. Bosch	57	President, Daymarc
James M. Brown	58	President, Cohu Electronics Division
Graham Bunney	40	President, BMS
James A. Donahue	47	President, Delta Design
James C. Lewellen	56	President, FRL

Mr. Schwan has been employed by the Company since 1971 and became President & Chief Executive Officer on March 1, 1996. Mr. Schwan had been Treasurer since 1972, Vice President, Finance since 1983 and Executive Vice President & Chief Operating Officer since September 1995. Mr. Schwan has been a member of the Board of Directors since 1990 and served as Secretary from 1988 until September 1995.

Mr. Allen has been employed by the Company since June, 1995. He was Director of Finance until September 1995, became Vice President, Finance and Secretary in September 1995 and was appointed Chief Financial Officer in October 1995. Prior to joining the Company, Mr. Allen held various positions with Ernst & Young LLP from 1976 until June 1995 and had been a partner with that firm since 1987.

Mr. Bosch has been employed by Daymarc since 1986 and has been President of Daymarc since 1989.

Mr. Brown has been employed by the Cohu Electronics Division since 1980 and has been President of that division since 1983.

Mr. Bunney has been employed by BMS since 1985. Mr. Bunney was a project manager until June 1994, manufacturing manager from June 1994 until January 1996 and was promoted to President of BMS in January 1996.

Mr. Donahue has been employed by Delta Design since 1978 and has been President of Delta Design since 1983.

Mr. Lewellen has been employed by FRL since 1974 and has been President of FRL since 1979.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Information regarding the market prices of the Company's stock, markets for that stock and the number of stockholders may be found on page 16 of the 1995 Annual Report to Stockholders under "Cohu Stock Information". Dividend information may be found on page 4 of the 1995 Annual Report to Stockholders. Such information is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

"Selected Financial Data" on page 4 of the 1995 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 15 of the 1995 Annual Report to Stockholders is incorporated herein by reference.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the Company, including the report thereon of Ernst & Young LLP, on pages 10 - 14 and the unaudited Quarterly Financial Data on page 4 of the 1995 Annual Report to Stockholders is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding directors of the Company is set forth under "Election Of Directors" in the Company's Proxy Statement for the 1996 Annual Meeting of Stockholders ("the Proxy Statement"), which information is incorporated herein by reference. Information concerning the executive officers of the Company is included in Part I, on page 7.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding the Company's compensation of its executive officers is set forth in the Proxy Statement under "Compensation of Executive Officers", "Option Grants in Last Fiscal Year", "Aggregated Option Exercises In Last Fiscal Year And Fiscal Year-End Option Values", "Compensation Committee Report" and "Comparative Stock Performance Graph" and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding security ownership of certain beneficial owners and management is set forth in the Proxy Statement under "Security Ownership Of Certain Beneficial Owners", "Election Of Directors" and "Information Concerning Other Directors and Executive Officers" and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions is set forth in the Proxy Statement under "Certain Relationships and Related Transactions" and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The financial statements listed in the accompanying index to financial statements and financial statement schedules are incorporated herein by reference as part of this Annual Report on Form 10-K.

2. Financial Statement Schedules

See index to financial statements and financial statement schedules.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated herein by reference as part of this Annual Report on Form 10-K.

(b) Reports on Form 8-K

None

COHU, INC.
 INDEX TO FINANCIAL STATEMENTS
 AND FINANCIAL STATEMENT SCHEDULES

(Item 14(a))

	Pages incorporated from Annual Report to Stockholders -----
Consolidated balance sheets at December 31, 1995 and 1994	10
Consolidated statements of income for each of the three years in the period ended December 31, 1995	11
Consolidated statements of cash flows for each of the three years in the period ended December 31, 1995	12
Consolidated statements of stockholders' equity for each of the three years in the period ended December 31, 1995	12
Notes to consolidated financial statements	13 - 14

All schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements and the notes thereto.

The consolidated financial statements listed in the above index which are included in the Annual Report to Stockholders of Cohu, Inc. for the year ended December 31, 1995 are incorporated herein by reference. With the exception of the pages listed in the above index and the Items referred to in Items 1, 5, 6, 7, and 8, the 1995 Annual Report to Stockholders is not to be deemed filed as part of this report.

COHU, INC.
INDEX TO EXHIBITS

(Item 14(a)3)

Description

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- 3.1 Restated and amended Certificate of Incorporation of Cohu, Inc. incorporated herein by reference from the 1981 Form 10-K, Exhibit 1
- 3.2 Bylaws, as amended, of Cohu, Inc. incorporated herein by reference from the 1981 Form 10-K, Exhibit 1
- 10.1 Cohu, Inc. 1988 Employee Stock Option Plan, incorporated herein by reference from the Company's Proxy Statement for its May 3, 1988 Annual Meeting of Stockholders
- 10.2 Cohu, Inc. description of Executive Incentive Bonus Plan, incorporated herein by reference from the 1990 Form 10-K, Exhibit 10.3
- 10.3 Termination agreement between Cohu, Inc. and Charles A. Schwan, incorporated herein by reference from the 1990 Form 10-K, Exhibit 10.5
- 10.4 The Cohu, Inc. 1992 Stock Option Plan, incorporated herein by reference from the Company's Proxy Statement for its May 5, 1992 Annual Meeting of Stockholders
- 10.5 The Cohu, Inc. 1994 Stock Option Plan, incorporated herein by reference from the Company's Proxy Statement for its May 2, 1995 Annual Meeting of Stockholders
- 10.6 Agreement of Purchase and Plan of Merger by and among Cohu, Inc., Daymarc Corporation, Cohu Acquisition Corporation, N.J. Cedrone and Melvyn Bosch as of June 16, 1994, incorporated herein by reference from the June 22, 1994 Form 8-K
- 10.7 Purchase and Sale Agreement dated October 17, 1995 between Daymarc, Inc. and DOE Partners, L.P. incorporated herein by reference from the Form 10-Q dated September 30, 1995
- 10.8 The Cohu, Inc. 1996 Stock Option Plan, incorporated herein by reference from the Company's Proxy Statement for its 1996 Annual Meeting of Stockholders
- 10.9 Employment Agreement between Cohu, Inc. and James W. Barnes
- 13 1995 Annual Report to Stockholders (Provided for information only except as specifically incorporated by reference)
- 21 Cohu, Inc. has the following wholly owned subsidiaries:
 - Delta Design, Inc., a Delaware corporation
 - Fisher Research Laboratory, Inc., a Delaware corporation
 - Broadcast Microwave Services, Inc., a Delaware corporation
 - Daymarc, Inc., a Delaware corporation
 - Cohu Foreign Sales Ltd., a Barbados corporation
- 23 Consent of Ernst & Young LLP, Independent Auditors
- 27 Financial Data Schedule (filed electronically)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COHU, INC.

Date: March 26, 1996

By /s/ Charles A. Schwan

Charles A. Schwan
President & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

SIGNATURE -----	TITLE -----	DATE ----
/s/ William S. Ivans ----- William S. Ivans	Chairman Of the Board	March 26, 1996
/s/ Charles A. Schwan ----- Charles A. Schwan	President & Chief Executive Officer, Director (Principal Executive Officer)	March 26, 1996
/s/ John H. Allen ----- John H. Allen	Vice President, Finance & Chief Financial Officer, Secretary (Principal Financial & Accounting Officer)	March 26, 1996
/s/ J. W. Barnes ----- J. W. Barnes	Director	March 26, 1996
/s/ Harry L. Casari ----- Harry L. Casari	Director	March 26, 1996
/s/ Frank W. Davis ----- Frank W. Davis	Director	March 26, 1996
/s/ Gene E. Leary ----- Gene E. Leary	Director	March 26, 1996

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made effective as of March 1, 1996 between Cohu, Inc., a Delaware corporation (the "Company"), and James W. Barnes ("Barnes").

RECITALS

The Company desires to continue the services and employment of Barnes for the period provided for in this Agreement and Barnes is willing to continue employment by the Company on a part-time basis for such period and upon the terms and conditions set forth below.

Now, therefore, in consideration of the foregoing and the mutual covenants contained herein, Barnes and the Company hereto agree as follows:

1. EMPLOYMENT - Barnes has resigned as President & Chief Executive Officer of the Company effective March 1, 1996. Barnes will remain a member of the Company's Board of Directors (the "Board") subject to reelection by the stockholders at the conclusion of his current term of office. The Company agrees to employ Barnes in a non officer capacity on a part-time basis for the three (3) year period from March 1, 1996 through February 28, 1999 upon the terms and conditions provided herein.

2. DUTIES - During the period of his part-time employment pursuant to this Agreement, Barnes will devote his best efforts and skills to the affairs of the Company under and pursuant to the direction of the Executive Officers ("Senior Management") and the Board of the Company. Barnes may serve on the boards of directors of and hold any other offices or positions in companies or organizations that will not present any conflict of interest with the Company or any of its subsidiaries or divisions or materially affect the performance of Barnes' duties under this Agreement. The Company will retain the full direction and control of the means and methods by which Barnes performs the services under this Agreement.

3. RESPONSIBILITIES - Subject to the conditions stated in 2. above and exclusive of his Board responsibilities, Barnes will devote a minimum of four hundred (400) hours per annum to the business and affairs of the Company. Barnes will provide the Company with regular reports on the services performed and the results of his work and retain appropriate records of time incurred in performing such services, all according to such guidelines as the Company may reasonably establish from time to time.

4. COMPENSATION; OTHER BENEFITS; EXPENSES - Pursuant to this Agreement Barnes will receive an annual salary of \$30,000. Barnes will not be compensated for his services as a member of the Company's Board. As the services provided pursuant to this Agreement will be performed on a part-time basis, Barnes will not participate in any incentive bonus program of the Company for services performed after March 1, 1996. However, Barnes shall be entitled to receive all other benefits of employment generally available to other employees of the Company who perform services on a part-time basis. The Company shall pay or reimburse Barnes for all reasonable expenses incurred in performing his duties under this Agreement. All stock options to purchase common stock of the Company held by Barnes at the date of this Agreement shall continue to be subject to the terms and conditions contained in the related Option Agreements.

5. TERMINATION - The Company may terminate this Agreement "for cause" at any time upon providing written notice to Barnes indicating the cause of termination. If Barnes is terminated for cause the annual salary under this Agreement shall be paid on a prorated basis to the date of termination. For purposes of this Agreement, "for cause" shall mean the discharge resulting from a determination by the Company that Barnes (a) has been convicted of a crime involving moral turpitude, including fraud, theft or embezzlement, (b) has failed or refused to follow the policies or directives established by the Board or of the Company, or (c) has willfully and consistently failed to attend to the material duties imposed on him pursuant to this Agreement.

The Company may terminate the employment of Barnes without cause at any time during the term of this Agreement; provided, however, that the Company shall be obligated to pay Barnes an amount equal to the annual salary under this Agreement from the date of termination through February 28, 1999. In addition the Company, by action of the Compensation Committee of the Board, shall accelerate the vesting of all stock options to purchase common stock of the Company held by Barnes that would have become exercisable by February 28, 1999.

Barnes may terminate this Agreement at any time. In so doing Barnes will be paid on a prorated basis to the date of termination and any stock options to purchase common stock of the Company held by Barnes at that date will be subject to the termination of option provisions contained in the related Option Agreement.

Barnes and the Company hereby acknowledge that as a result of his resignation as President & Chief Executive Officer of the Company the Termination Agreement dated May 10, 1985 between the Company and Barnes is no longer effective as of March 1, 1996.

6. INDEMNIFICATION - During the term of his employment under this Agreement Barnes will continue to be subject to the indemnification provisions contained in Section 7.1 of the Company's Bylaws.

7. ARBITRATION - Any dispute under this Agreement shall be subject to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect.

8. MISCELLANEOUS - Barnes and the Company acknowledge that any explicit or implicit employment agreements or understandings between the parties prior to the date of this Agreement are hereby terminated and of no further effect. The terms of Barnes' employment with the Company will be governed by this Agreement and by the employment policies and practices of the Company. No agreements, express or implied, with respect to the matters covered herein have been made by either party which are not set forth expressly in this Agreement. All questions concerning validity and enforceability of this Agreement shall be governed by and construed in accordance with the laws of the State of California.

In witness whereof, Barnes and the Company, pursuant to a resolution of its Board at a duly constituted meeting have executed this Agreement, effective as of March 1, 1996.

By /s/ Charles A. Schwan

Charles A. Schwan
President & Chief Executive Officer

/s/ James W. Barnes

James W. Barnes

COMPANY PROFILE

Cohu, Inc., with sales and service facilities worldwide, is the largest U.S. based, and one of the world's largest, suppliers of semiconductor test handling equipment that is used by semiconductor manufacturers in final test operations. The Company also manufactures closed circuit television, metal detection and microwave equipment.

FINANCIAL HIGHLIGHTS

RECORD ORDERS - Increased 77% in 1995

RECORD SALES - Increased 74% in 1995

RECORD NET INCOME - Increased 133% in 1995

RECORD STOCKHOLDERS' EQUITY - Increased 52% in 1995

YEAR	ORDERS	SALES	NET INCOME	STOCKHOLDERS' EQUITY
1991	\$ 47.5	\$ 48.2	\$ 2.6	\$25.1
1992	55.5	54.4	3.1	27.5
1993	77.9	75.3	6.8	33.6
1994	106.8	102.7	10.1	47.4
1995	189.4	178.8	23.6	72.0

(In millions)

LETTER TO SHAREHOLDERS:
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[PHOTO]

In 1995, your Company recorded, for the fourth consecutive year, the best financial results in its history, setting new records in orders, sales and profits. This outstanding performance was primarily the result of the increased level of acceptance of our test handling equipment by global semiconductor manufacturers.

Sales for 1995 increased 74% to \$178,759,000 compared to \$102,726,000 in 1994. Net income increased 133% to \$23,622,000 compared to \$10,118,000 in 1994. Net income per share increased 114% to \$2.46 per share compared to \$1.15 per share in 1994. Order input for 1995 totalled \$189,394,000, compared to year earlier orders of \$106,798,000. Year end 1995 backlog was \$45,399,000 compared to year earlier backlog of \$34,764,000.

In addition to the improved operating results, Cohu ended 1995 with the strongest balance sheet in its history with no bank debt and \$29 million in cash. The record operating results were mainly due to increased sales and orders by the Company's Delta Design subsidiary, the full year addition of the operating results of Daymarc (which was acquired in June 1994), and increased sales and orders by Daymarc. Delta Design and Daymarc produce test handling equipment used by major semiconductor manufacturers in operations located worldwide. Combined sales of this equipment increased 102% and accounted for 82% of consolidated sales for 1995. Sales of television cameras and related equipment by the Electronics Division accounted for 12% of sales, and the FRL and BMS subsidiaries, combined, contributed 6% of sales.

International sales increased from \$38 million in 1994 to \$72 million in 1995 and accounted for 40% of consolidated sales in 1995 compared to 37% for the prior year. Most of these sales were to offshore operations of major U.S. semiconductor manufacturers.

To support our growing worldwide semiconductor customer base in 1995, we further expanded our sales and service organizations and now have service personnel located in North America, Singapore, Malaysia, Hong Kong, Taiwan, Thailand, People's Republic of China and the Philippines. In addition, in late 1995 we purchased a new facility for Daymarc and made arrangements to expand the Delta Design facility. The completion of these projects will have expanded our semiconductor equipment floor space by 60% from approximately 129,000 to 206,000 square feet.

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According to VLSI Research, the worldwide semiconductor industry grew in excess of 40% from \$100 billion in 1994 to more than \$140 billion in 1995. Industry forecasts predict that the semiconductor industry may reach \$350 billion by the year 2000. The long-term outlook for the industry and related equipment suppliers remains promising.

However, the semiconductor industry has historically been cyclical and there will be events and circumstances within the industry that effect the demand for semiconductors that will impact the operating results of semiconductor equipment companies. Furthermore, recent announcements by certain semiconductor manufacturers and industry analysts indicate that the industry growth rate in 1996 will be less than the record growth experienced in 1995.

Nevertheless, quote activity remains high in the Company's operations. This activity, strong operating results, the expansion of our manufacturing and service capabilities, excellent liquidity and the high level of backlog places the Company in a position to maintain its leadership in the semiconductor test handling equipment market.

Dividends of \$1.4 million or \$.16 per share were paid in 1995, the 18th consecutive year of cash dividend payments and the 9th year in a row in which dividends were increased.

Effective March 1, 1996 James W. Barnes retired as President & Chief Executive Officer of the Company. We thank him for the outstanding contribution he has made to Cohu and look forward to working with him as he continues as a member of the Board of Directors.

We thank our customers and shareholders for their confidence and our employees and suppliers for their support and loyalty.

Sincerely,

Charles A. Schwan
President & Chief Executive Officer
March 8, 1996

SELECTED FINANCIAL DATA*

(in thousands, except per share and employee data)

FOR THE YEARS ENDED DECEMBER 31	1995	1994	1993	1992	1991
Net Sales:					
Semiconductor test handling equipment	\$146,093	\$ 72,502	\$47,827	\$30,045	\$19,112
Television and other equipment	32,666	30,224	27,451	24,353	29,076
	\$178,759	\$102,726	\$75,278	\$54,398	\$48,188
Operating profit:					
Semiconductor test handling equipment	\$ 36,490	\$ 15,063	\$ 9,261	\$ 4,582	\$ 2,437
Television and other equipment	1,964	1,829	1,821	1,386	1,802
Gain on sale of land and building	--	--	--	--	158
	38,454	16,892	11,082	5,968	4,397
Less:					
Corporate administrative expense	(224)	(128)	(99)	(61)	(87)
Interest income	704	60	31	--	18
Interest expense	(12)	(206)	(4)	(130)	(56)
Income before income taxes and effect of accounting change	38,922	16,618	11,010	5,777	4,272
Provision for income taxes	15,300	6,500	4,200	2,290	1,630
Income before effect of accounting change	23,622	10,118	6,810	3,487	2,642
Transition effect of accounting change, net of taxes	--	--	--	410	--
Net income	\$ 23,622	\$ 10,118	\$ 6,810	\$ 3,077	\$ 2,642
Income per share before effect of accounting change					
Net income per share	2.46	1.15	.81	.43	.33
Cash dividends per share, paid quarterly	.16	.12	.10	.09	.08
Depreciation and amortization deducted in arriving at operating profit:					
Semiconductor test handling equipment	\$ 1,051	\$ 498	\$ 260	\$ 224	\$ 214
Television and other equipment	833	683	692	675	588
	\$ 1,884	\$ 1,181	\$ 952	\$ 899	\$ 802
Capital Expenditures:					
Semiconductor test handling equipment	\$ 4,932	\$ 649	\$ 409	\$ 342	\$ 375
Television and other equipment	355	371	328	870	2,812
	\$ 5,287	\$ 1,020	\$ 737	\$ 1,212	\$ 3,187
AT DECEMBER 31					
Total assets by industry segment:					
Semiconductor test handling equipment	\$ 48,708	\$ 45,316	\$19,733	\$17,449	\$14,016
Television and other equipment	19,126	18,730	18,313	17,337	18,441
Corporate	36,100	3,922	4,789	1,274	1,640
	\$103,934	\$ 67,968	\$42,835	\$36,060	\$34,097
Working capital	\$ 57,228	\$ 37,680	\$26,352	\$19,126	\$18,536
Long-term debt	--	1,400	--	--	--
Number of employees	903	707	562	476	521
Number of equivalent shares	9,584	8,816	8,366	8,140	8,124
QUARTERLY FINANCIAL DATA (Unaudited)					
	1995	1994	1993	1992	1991
Net sales:	1995	1994	1993	1992	1991
	\$ 32,182	\$ 45,212	\$49,035	\$52,330	\$178,759
	17,518	22,612	31,703	30,893	102,726
Gross profit:	1995	1994	1993	1992	1991
	12,823	17,895	19,508	23,419	73,645
	7,066	8,602	11,798	12,773	40,239
Net income:	1995	1994	1993	1992	1991
	3,480	4,940	6,500	8,702	23,622
	1,631	2,173	3,032	3,282	10,118
Net income per share:	1995	1994	1993	1992	1991
	.37	.52	.67	.90	2.46
	.20	.26	.33	.36	1.15

*All share and per share amounts have been retroactively restated for a two-for-one stock split effective June 1995.

SEMICONDUCTOR TEST HANDLING EQUIPMENT

Cohu, through subsidiaries Delta Design and Daymarc, is the largest U.S. based, and one of the world's largest, suppliers of semiconductor test handling equipment that is used by semiconductor manufacturers in final test operations. During 1995, these operations contributed 82 percent of consolidated net sales. The Company designs, manufactures, markets and services automated test handling equipment from manufacturing facilities in San Diego, CA (Delta Design) and Waltham, MA (Daymarc). Sales, service and technical support offices are located throughout the U.S., Europe and Asia. The Company's product lines include equipment used for semiconductor package types that require pick and place test handling (Delta Design) and packages that can be handled using gravity feed technology (Daymarc).

The Company strives to provide test handling solutions to reduce the customers' total cost of ownership through dual strategies of new system sales and through continuous improvement of our substantial global installed base of test handling equipment, numbering in the thousands. The Company's results in 1995 were driven by both market growth and new applications for semiconductor devices, that were unprecedented. According to industry estimates, the worldwide semiconductor industry grew from \$100 billion in 1994 to more than \$140 billion in 1995, a growth rate in excess of 40%. In addition, industry experts predict that semiconductor content of all electronic products produced will increase significantly in the next few years and that the semiconductor industry may reach \$350 billion by the year 2000.

During 1995, increasing global investment from semiconductor manufacturers provided strong demand for test handling products. Accelerating capital investment in wafer fabrication facilities ("wafer fabs" or "front ends") generally precedes demand for "back end" assembly and test facilities, usually with an offset of 1 to 1.5 years. According to industry sources, over 140 new, state of the art wafer fabs are believed to be currently under construction worldwide. Each of these wafer fabs could represent a capital investment in excess of \$1 billion. A dominant percentage of the devices produced by these "front ends" must be assembled, packaged and tested, utilizing pick and place or gravity feed test handling equipment such as that manufactured by Delta Design and Daymarc.

The Company's objectives are to increase market share by expanding sales and support efforts worldwide, by investing in continuous improvement of existing products and by aggressively developing new products for existing and emerging markets. We also intend to leverage our position as an industry leader to expand in market segments expected to show substantial growth, such as contract manufacturing. The Company increased the number of customers worldwide during 1995, adding to market share growth.

The customer base of Delta Design and Daymarc includes many of the largest and most technologically demanding semiconductor manufacturers in the world. In 1996, the focus will be on enhancing market leadership position through penetration of emerging high-growth markets, accelerated new product introduction, technology leadership, world-class manufacturing,

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enhancement of our global support staff deployed close to our customers' facilities, infrastructure development to support continuing growth and, most importantly, maintaining strong customer relationships.

DELTA DESIGN, INC.

Delta Design once again set records in sales, orders, and net income during 1995.

Delta's success, driven by industry growth and market share gains, is also directly attributable to the Company's strong focus on customer satisfaction and employee empowerment. Delta once again was awarded the prestigious VLSI Research "10 Best" Customer Satisfaction Award.

Delta has a broad line of pick and place test handlers, capable of handling virtually all semiconductor package types through the use of dedication kits. The Company's handlers provide reliable, high throughput performance, parallel test and hot/cold test capability. Two systems, the RFS(TM) and 1688, are believed to have the fastest index times in the industry. The Delta Turbo Flex(TM) continues to provide customers with the versatility and dependable performance required in the demanding and often unpredictable environment of back-end semiconductor manufacturing.

Delta Design's products are improved on an ongoing basis by a Continuous Product Improvement (CPI) organization whose role is to increase the return on investment that customers make in Delta equipment. The Turbo Flex(TM) upgrade, which provides customers with productivity improvements through reduced handler index time, is an example of the significant benefits which Delta customers realize through our CPI activities. The Delta Flex(TM) and more recently Turbo-Flex(TM) have established high performance standards for dependability and versatility in a broad range of production applications worldwide.

The fast-index time and large environmental storage capacity of the Model 2040, or RFS(TM), provides customers with outstanding productivity, particularly in high volume and parallel test applications. The tri-temperature RFS(TM) incorporates a patented contactor indexing mechanism for sub-second index time.

The Model 1688 ambient pick and place handler utilizes the same sub-second indexing mechanism as the RFS(TM). The unusually small eleven square feet footprint, dependable performance and competitive pricing have proven to be key determinants influencing customer acceptance of this system.

[PHOTO WITH CAPTION]

Delta 1688, pick and place IC test handler

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Delta Design's commitment to continue to meet the evolving needs of the demanding and dynamic semiconductor industry is demonstrated by record investment in new product development planned during 1996.

DAYMARC, INC.

Daymarc, acquired by Cohu in June 1994, had an outstanding year in 1995 and established records for sales, orders and net income. Daymarc was established in 1959 and was the first equipment company to introduce a gravity feed, fully automatic test handler. Daymarc has experienced rapid growth during the past several years and is a leader in the gravity feed market segment.

To accommodate future growth, Daymarc relocated during March 1996 to a larger facility in Littleton, MA. The Littleton facility has 102,000 square feet and is twice the size of the former facility. The new facility, with expansion options for future growth, will support Daymarc's manufacturing needs for the foreseeable future.

Daymarc test handlers are designed to deliver high throughput, maximize operator productivity and increase yields through proprietary, high performance contacting technology.

Daymarc manufactures three lines of test handlers; the 717 Series, 3000 Series and 4000 Series. The 717 Series test handlers are designed specifically for small outline (SOIC) packages. The small dimensions and high speed applications of the SOIC package require a handler with minimal transition distances, high performance contacting and automation features to reduce the need for operator intervention. The 717 ambient and tri-temperature handlers feature index times of 350 and 500 milliseconds, respectively. Changeover for a different device package requires less than 30 minutes.

The 3000 Series is available in single, dual/quad and thirty-two site configurations. These handlers can be reconfigured with device dedication kits to accommodate a wide range of package types at throughput rates up to 4,200 units per hour (UPH). The 3000 Series handlers provide tri-temperature operation and input/output automation for increased productivity.

The 4000 Series handlers combine high speed with multi-site capability. The first in the Series, the 4100, operates at 18,000 UPH in dual or quad site configurations. The 4100, which occupies only seven square feet of floor space, is believed to be the fastest handler available on the market.

[PHOTO WITH CAPTION]

Daymarc 3287, 32 site gravity fed IC test handler

TELEVISION AND OTHER EQUIPMENT

The Electronics Division has been a leading designer and manufacturer of closed circuit television (CCTV) cameras and systems for over 40 years. The customer base is broadly distributed between machine vision, scientific imaging, and security/surveillance markets. Division bookings and sales reached new records in 1995 as a result of increased sales efforts within these defined markets. Distribution channels for television products include direct sales to end users, contractors, value-added resellers, and a growing list of original equipment manufacturers (OEM) that integrate Cohu cameras into their products. The Division is most readily differentiated from the competition by its willingness and ability to create quality products that solve a customer's unique requirements. Cohu's leading roll in advanced CCTV technology is based on a continuing commitment to quality, product performance and competitiveness.

The growth of semiconductor manufacturing has led to an increase in the requirement for video-based machine imaging systems. Cohu cameras are ideally suited to this purpose, and are used by numerous suppliers of these systems. Cameras are most commonly used for assembly, test, and measurement applications.

Cohu manufactures several CCTV camera models suited to security and surveillance applications, and pursues system sales in this area. The Division was selected to design a state-of-the-art CCTV security surveillance system for a commuter rail line, and supply the television cameras and system controls. Cohu is well positioned to provide products and engineering design expertise for high value asset protection, crime deterrence, and personnel safety.

The Division continues to take advantage of a growing European market through the support of existing distribution channels and increased OEM opportunities, primarily in machine vision applications. Process monitoring and advanced imaging applications provide the majority of international sales.

Cohu is firmly established as a leader in video systems for traffic management across the U.S. and is an OEM provider to key manufacturers of wide area detection products for intersection control. Repeat and add-on sales may follow as a result of the growing customer base. Major contracts were completed for traffic surveillance cameras and equipment on the Washington, DC beltway, throughout California, and the New York and New Jersey bridge and tunnel systems. The Division aggressively maintains a leading position in this marketplace, which includes monitoring traffic conditions on freeways, bridges and surface streets, and in tunnels and commuter parking areas.

The Division is registered compliant to ISO-9001 standards, the most rigid of five levels

[PHOTO WITH CAPTION]

Cohu camera monitoring passenger train terminal

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of standards in the ISO 9000 series. ISO registration is a competitive advantage in market areas where ISO 9000 is heavily supported, such as Europe and the Middle East, and is becoming an advantage in the domestic market.

The Division is a recognized leader in the design and manufacture of specialty CCTV systems for the nuclear fuel and power industry. In 1996 and beyond, key markets for Cohu CCTV products are expected to include applications in the transportation and management of nuclear and other hazardous materials. The remote surveillance and handling of hazardous materials should continue to provide many opportunities for both standard and custom products.

FRL, INC.

Fisher Research Laboratory (FRL) designs, manufactures and sells metal detectors and related underground detection devices for industrial and hobby markets. All products are sold under the Fisher M-Scope label.

Industrial instruments include pipe and cable locators, cable fault locators, water leak detectors, property marker locators and instruments for finding reinforcing bars in concrete. Fisher's new TW-770 digital line tracer guides the operator over the path of a buried pipe or cable and, with the push of a button, provides an accurate depth reading.

Fisher products are sold world wide with major customers located in Western Europe, Canada and Pacific rim. China is a growing market for industrial products and hobby metal detectors are now being sold in countries like Russia, South Africa and Bulgaria. Export sales were approximately 25% of sales in 1995. Although the foreign consumer market seems to be maturing, demand for Fisher industrial products has been increasing rapidly.

Fisher intends to remain at the forefront of this relatively small market through continuous, evolutionary product development.

BMS, INC.

Broadcast Microwave Services, Inc. (BMS) is a manufacturer of microwave radios, antenna systems, and associated equipment for use in government, industry and commercial broadcast markets. The products are used to transmit and receive television video and audio signals.

Applications in the government and industrial areas include automatic tracking antenna systems and transmission from unmanned vehicles. Applications in the commercial broadcast area include electronic news gathering (ENG), sports events, and station to station relay.

These niche markets have seen declines for the past several years. The government markets due to general budget reductions. The broadcast capital equipment market has experienced a decline since 1986 due to reduced advertising revenues and increased production costs. Present indicators show that the broadcast market will likely show some growth in the next one to two years, mostly in the replacement of existing point-to-point and ENG equipment. In 1995 BMS developed and continues to develop new products for both point-to-point and ENG applications.

Government related programs are shifting to non-tactical, non-lethal, systems such as unmanned vehicles, both ground based and airborne. BMS has developed a line of cost effective automatic tracking and remotely controlled antenna systems. These systems have been sold into pilot programs for unmanned vehicle surveillance and observation applications.

Certain matters discussed in this Annual Report are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected or forecasted. Such risks and uncertainties include, but are not limited to, the risk of slowing growth in the demand for semiconductors and semiconductor equipment and the risk of challenges from the Company's competition.

CONSOLIDATED BALANCE SHEETS

(in thousands, except par value)

	December 31,	
	1995	1994
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,874	\$ 3,096
Accounts receivable less allowance for doubtful accounts of \$1,565 in 1995 and \$429 in 1994	27,572	20,487
Inventories, at lower of average cost or market:		
Finished goods	3,466	3,920
Work in process	7,759	8,800
Material and parts	10,019	15,721
	-----	-----
	21,244	28,441
Deferred income taxes	9,413	2,850
Prepaid expenses	973	638
	-----	-----
Total current assets	88,076	55,512
Property, plant and equipment, at cost:		
Land and land improvements	1,150	150
Buildings and building improvements	10,355	7,721
Machinery and equipment	11,697	10,565
	-----	-----
	23,202	18,436
Less accumulated depreciation and amortization	10,031	9,357
	-----	-----
Net property, plant and equipment	13,171	9,079
Goodwill, net of accumulated amortization of \$501 in 1995 and \$329 in 1994	2,626	3,315
Other assets	61	62
	-----	-----
	\$103,934	\$67,968
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,453	\$ 6,382
Commissions payable	1,735	2,217
Income taxes payable	7,062	1,930
Accrued payroll and payroll related	7,881	4,267
Accrued warranty	2,567	442
Other accrued liabilities	4,150	2,594
	-----	-----
Total current liabilities	30,848	17,832
Long-term note payable to bank	--	1,400
Accrued retiree medical benefits	859	801
Deferred income taxes	198	564
Commitments		
Stockholders' equity:		
Preferred stock, \$1 par value; 1,000 shares authorized, none issued	--	--
Common stock \$1 par value; 10,000 shares authorized, 9,092 issued and outstanding in 1995 and 4,405 in 1994	9,092	4,405
Paid in excess of par	4,252	6,510
Retained earnings	58,685	36,456
	-----	-----
Total stockholders' equity	72,029	47,371
	-----	-----
	\$103,934	\$67,968
	=====	=====

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

	Years ended December 31,		
	1995	1994	1993
	-----	-----	-----
Net sales	\$178,759	\$102,726	\$75,278
Cost and expenses:			
Cost of sales	105,114	62,487	46,496
Research and development	10,192	7,477	5,455
Selling, general and administrative	25,223	15,998	12,344
	-----	-----	-----
Income from operations	38,230	16,764	10,983
Interest income	704	60	31
Interest expense	(12)	(206)	(4)
	-----	-----	-----
Income before income taxes	38,922	16,618	11,010
Provision for income taxes	15,300	6,500	4,200
	-----	-----	-----
Net income	\$ 23,622	\$ 10,118	\$ 6,810
	=====	=====	=====
Net income per share	\$ 2.46	\$ 1.15	\$.81
	=====	=====	=====
Average common shares and equivalents	9,584	8,816	8,366
	=====	=====	=====

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Years ended December 31,		
	1995	1994	1993
Cash flows from operating activities:			
Net income	\$23,622	\$10,118	\$ 6,810
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	1,884	1,181	952
Daymarc earnout paid in stock	1,593	-	-
Deferred income taxes	(6,929)	(1,886)	(314)
Increase in accrued retiree medical benefits	58	58	57
Changes in assets and liabilities, net of effects from purchase of Daymarc:			
Accounts receivable	(7,085)	(8,332)	2,646
Inventories	7,197	(3,116)	(6,174)
Prepaid expenses	(335)	(261)	60
Accounts payable	1,071	3,032	(1,525)
Commissions payable	(482)	642	165
Income taxes payable	5,132	490	34
Accrued payroll, warranty and other liabilities	7,295	1,312	1,251
Net cash provided from operating activities	33,021	3,238	3,962
Cash flows from investing activities:			
Purchases of property, plant and equipment	(5,287)	(1,020)	(737)
Other assets	1	(29)	161
Purchase of Daymarc, net of cash acquired	-	(3,590)	-
Net cash used for investing activities	(5,286)	(4,639)	(576)
Cash flows from financing activities:			
Reduction in line of credit and long-term borrowings	(1,400)	(2,600)	-
Proceeds from long-term borrowings	-	4,000	-
Issuance of stock, net	836	202	89
Dividends paid	(1,393)	(1,016)	(808)
Net cash provided from (used for) financing activities	(1,957)	586	(719)
Net increase (decrease) in cash and cash equivalents	25,778	(815)	2,667
Cash and cash equivalents at beginning of year	3,096	3,911	1,244
Cash and cash equivalents at end of year	\$28,874	\$ 3,096	\$ 3,911
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Income taxes	\$17,097	\$ 7,047	\$ 4,430
Interest	12	206	4
Liabilities assumed in purchase of Daymarc	-	4,971	-

See accompanying notes.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands, except per share amounts)

	Years ended December 31, 1995, 1994 and 1993			
	Common Stock \$1 par value	Paid in excess of par	Retained earnings	Total
Balance at December 31, 1992	\$4,011	\$2,137	\$21,352	\$27,500
Cash dividends - \$.10 per share	-	-	(808)	(808)
Repurchase and retirement of stock	(8)	(89)	-	(97)
Exercise of stock options	50	136	-	186
Net income	-	-	6,810	6,810
Balance at December 31, 1993	4,053	2,184	27,354	33,591
Cash dividends - \$.12 per share	-	-	(1,016)	(1,016)
Acquisition of Daymarc	280	3,906	-	4,186
Shares issued for Daymarc earnout	18	272	-	290
Repurchase and retirement of stock	(2)	(25)	-	(27)
Exercise of stock options	56	173	-	229
Net income	-	-	10,118	10,118
Balance at December 31, 1994	4,405	6,510	36,456	47,371
Two-for-one stock split	4,405	(4,405)	-	-
Cash dividends - \$.16 per share	-	-	(1,393)	(1,393)
Shares issued for Daymarc earnout	62	1,531	-	1,593
Repurchase and retirement of stock	(6)	(114)	-	(120)
Exercise of stock options	226	730	-	956
Net income	-	-	23,622	23,622
Balance at December 31, 1995	\$9,092	\$4,252	\$58,685	\$72,029

See accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTANT POLICIES

PRESENTATION--The consolidated financial statements include the accounts of Cohu, Inc. (the Company) and its wholly-owned subsidiaries. All intercompany accounts and balances have been eliminated in consolidation. Reclassification has been made to certain prior year amounts to conform to the 1995 presentation.

CASH EQUIVALENTS--Cash equivalents consist of money market accounts and U.S. Treasury securities with a maturity date at acquisition of three months or less. Cash equivalents are classified as available-for-sale and are stated at cost plus accrued interest which approximates market value.

DEPRECIATION AND AMORTIZATION--Depreciation and amortization of property, plant and equipment is calculated principally on the straight-line method based on estimated useful lives of five to forty years for buildings and building improvements and three to ten years for machinery and equipment. Goodwill is being amortized on the straight-line method over twenty years.

INCOME PER SHARE--Per share information is based on the weighted average number of shares outstanding during each period and the dilutive effect of the assumed exercise of stock options. All per share and certain share amounts have been retroactively restated for a two-for-one stock split authorized by the Board of Directors effective June 6, 1995.

REVENUE RECOGNITION--Revenue is generally recognized upon shipment or, in instances where products are required to meet certain customer requirements, upon successful completion of such requirements. Product warranty costs are accrued in the period sales are recognized.

USE OF ESTIMATES--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about the future that effect the amounts reported in the consolidated financial statements. These estimates include assessing the collectibility of accounts receivable, the usage and recoverability of inventory and long-lived assets and the incurrence of warranty costs. The actual results could differ from those estimates.

2. ACQUISITION OF DAYMARC

On June 22, 1994 the Company acquired Daymarc Corporation, a privately-held manufacturer of gravity feed semi-conductor test handling equipment. The Company issued 560,000 shares of Cohu common stock, an option to purchase 140,000 shares of Cohu common stock and paid \$4,000,000 in cash to the securityholders of Daymarc. In addition, performance-based consideration is payable in Cohu common stock and cash through June 1998. The acquisition has been accounted for as a purchase and goodwill is being amortized over twenty years. The Company's consolidated financial statements include the results of Daymarc from June 22, 1994 forward. In 1995 and 1994 performance-based consideration and compensation totaling \$3,982,000 and \$833,000 payable in stock and cash was earned and charged to operations.

Pro forma results of the Company's operations, assuming the acquisition had occurred as of January 1, 1993, are presented below.

Year ended December 31	1994	1993
------------------------	------	------

(in thousands, except per share data)

Net sales	\$114,988	\$89,629
Net income	11,688	7,525
Net income per share	1.28	.84

3. LINE OF CREDIT

The Company maintains a \$3,000,000 unsecured bank line-of-credit facility bearing interest at the bank's prime reference rate. The facility requires compliance with certain financial covenants and expires in April 1996. No borrowings were outstanding at December 31, 1995.

4. INCOME TAXES

Significant components of the provision for income taxes are as follows:

(in thousands)	1995	1994	1993
Current:			
Federal	\$18,154	\$6,404	\$3,391
State	4,075	1,982	1,123
Total current	22,229	8,386	4,514
Deferred:			
Federal	(5,627)	(1,458)	(253)
State	(1,302)	(428)	(61)
Total deferred	(6,929)	(1,886)	(314)
	\$15,300	\$ 6,500	\$4,200

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

(in thousands)	December 31,	
	1995	1994
	-----	-----
Deferred tax assets:		
Reserves and accrued warranty not currently deductible	\$ 8,284	\$1,882
Accrued state taxes	784	431
Accrued employee benefits	926	760
Other	202	177
	-----	-----
Total deferred tax assets	10,196	3,250
	-----	-----
Deferred tax liabilities:		
Tax over book depreciation	981	964
	-----	-----
Net deferred tax assets	\$ 9,215	\$2,286
	=====	=====

The reconciliation of income tax computed at the U.S. federal statutory tax rates to the provision for income taxes is as follows:

(in thousands)	1995	1994	1993
	-----	-----	-----
Tax at U.S. statutory rates	\$13,623	\$5,816	\$ 3,743
State income taxes, net of federal tax benefit	1,827	1,026	701
FSC benefit	(1,278)	(228)	(240)
Nondeductible goodwill and performance-based consideration expense	799	34	9
Other - net	329	(148)	(13)
	-----	-----	-----
	\$15,300	\$6,500	\$4,200
	=====	=====	=====

5. COMMITMENTS

The Company leases certain property, plant and equipment. Total rent expense during the years ended December 31, 1995, 1994 and 1993 was \$717,000, \$292,000 and \$72,000, respectively. The aggregate minimum annual rental commitment, exclusive of property taxes, insurance and other costs, as of December 31, 1995 under long-term leases is \$788,000 in 1996, \$571,000 in 1997, \$289,000 in 1998 and \$25,000 in 1999.

6. EMPLOYEE BENEFIT PLANS

STOCK OPTIONS -- Under incentive stock option plans approved by stockholders, options may be granted to key employees to purchase shares of the Company's common stock at prices not less than 100% of the fair market value at the date of grant. Options become exercisable from one-third to one-fourth annually beginning one year after the grant date and expire 5 to 10 years from the grant date. Stock option activity was as follows:

(in thousands, except per share data)	1995 ----	1994 ----	1993 ----
Outstanding, beginning of year	1,022	672	348
Granted	114	490	426
Exercised	(226)	(112)	(100)
Canceled	(32)	(28)	(2)
Outstanding, end of year	878 =====	1,022 =====	672 =====
Options outstanding at end of year:			
Per share price range	\$1.65-31.25	\$1.65-9.69	\$1.91-7.60
Aggregate purchase price	\$7,997	\$6,333	\$3,699

At December 31, 1995, 40,168 shares of common stock were reserved for future grants and options to purchase 398,832 shares were exercisable.

RETIREMENT PLAN -- The Company has voluntary defined contribution retirement (401(k)) plan whereby it will match up to 4% of employee earnings. Company contributions to the plan were \$737,000 in 1995, \$700,000 in 1994 and \$586,000 in 1993.

RETIREE MEDICAL BENEFITS -- The Company provides postretirement health benefits under a noncontributory plan to certain executives and directors. The net periodic benefit cost was \$68,000, \$65,000 and \$67,000 in 1995, 1994 and 1993, respectively. The accumulated postretirement benefit obligation at December 31, 1995 consisted of \$261,000 attributable to retired employees, \$298,000 to active eligible employees and \$300,000 attributable to other active employees. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.5%. Annual rates of increase of the cost of health benefits were assumed to be approximately 9.25% in 1996. These rates were then assumed to decrease 0.25% per year to 6% in 2009 and remain level thereafter. A 1% increase in the rate would increase the net periodic benefit cost by approximately \$10,000 and the accumulated postretirement benefit obligation as of December 31, 1995 by approximately \$100,000.

7. INFORMATION ON INDUSTRY SEGMENTS

The Company operates in two industry segments. Semiconductor test handling equipment is designed, manufactured and sold by the Company's Delta Design and Daymarc subsidiaries to semiconductor manufacturers throughout the world and accounted for approximately 82% of 1995 consolidated net sales. The television and other equipment segment includes electronic products used in electronic imaging, surveillance, detection and microwave communication that are manufactured and sold to government agencies, original equipment manufacturers, contractors, distributors and consumers throughout the world. Export sales, mainly to the Far East and Europe, were \$72,000,000, \$37,900,000 and \$35,800,000 in 1995, 1994 and 1993, respectively. One customer of the test handling equipment segment accounted for 17%, 22% and 17% of net sales 1995, 1994 and 1993, respectively. Another customer of the same segment accounted for 17% and 10% of net sales in 1995 and 1994, respectively. Information regarding industry segments for 1995, 1994 and 1993 contained in the Selected Financial Data on page 4 is an integral part of these financial statements.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cohu, Inc.

We have audited the accompanying consolidated balance sheets of Cohu, Inc. as of December 31, 1995 and 1994, and the related consolidated statements

of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cohu, Inc. at December 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

San Diego, California
February 8, 1996

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
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1995 COMPARED TO 1994

NET SALES - Net sales increased 74% in 1995 compared to 1994. This increase was largely due to increased sales by the Company's Delta Design and Daymarc subsidiaries. Delta Design and Daymarc produce test handling equipment used by semiconductor manufacturers in operations located worldwide. Combined sales of this equipment increased 102% and accounted for 82% of net sales in 1995. Daymarc was acquired in June 1994 and its operating results are included from that date forward. Net sales of television and other equipment increased 8% and accounted for 18% of net sales in 1995. Export sales accounted for 40% of net sales in 1995 compared to 37% in 1994.

COST OF SALES - Gross margin as a percentage of net sales was 41% in 1995 and 39% in 1994. The increase in margin was due to the increasing percentage of total net sales attributable to semiconductor equipment which has higher margins than television and other equipment. Within the semiconductor equipment segment margins improved due to production efficiencies, volume material purchase discounts and price increases in certain product lines offset by increased provisions for excess and obsolete inventories.

OPERATING EXPENSES - Research and development expense increased to \$10.2 million in 1995 although as a percentage of net sales it decreased to 6% versus 7% in 1994. Selling, general and administrative expense increased 58% in 1995 over 1994 but decreased as a percentage of net sales to 14% from 16% in 1994 as the revenue growth rate exceeded the growth rate in this expense area.

INCOME TAXES - The effective tax rate was 39% in 1995 and 1994. The effective rate was substantially unchanged from 1994 as increased benefits from the Company's foreign sales corporation were offset by the effect of nondeductible expenses.

1994 COMPARED TO 1993

NET SALES - Net sales increased 36% in 1994 compared to 1993. Export sales were 37% of net sales in 1994 and 48% of net sales in 1993. The reduced percentage, on increased sales, is due to Daymarc's sales being primarily to domestic based operations of U.S. semiconductor manufacturers.

Sales of semiconductor test handling equipment increased 52% in 1994 with 36% of the increase due to the acquisition of Daymarc on June 22, 1994 and 16% from increased sales of pick and place handling equipment by Delta Design.

Television and other equipment sales increased 10% in 1994 as sales of television camera equipment increased 19% which more than offset a decrease in the sales of microwave equipment.

COST OF SALES - Gross margin as a percentage of net sales improved to 39% in 1994 from 38% in 1993 due to a larger percentage of total sales being attributable to semiconductor test handling equipment which has a more favorable gross margin than television and other equipment.

EXPENSES - Research and development expense as a percentage of net sales remained constant at 7% for 1994 and 1993. Selling, general and administrative expenses as a percentage of net sales remained constant at 16% for 1994 and 1993. Interest expense increased due to increased borrowings resulting from the acquisition of Daymarc and working capital needs.

INCOME TAXES - The effective tax rate was 39% in 1994 and 38% in 1993. The 1% increase was due primarily to the rate increase as a result of passage of the Revenue Reconciliation Act of 1993.

LIQUIDITY AND CAPITAL RESOURCES

The Company's net cash flow generated by operating activities in 1995 was \$33 million. This was up substantially from 1994 due to increased earnings combined with significant increases in accrued payroll, warranty and other liabilities. Net cash used for investing activities was \$5.3 million including \$4.1 million for the acquisition of Daymarc's new facility. Net cash used for financing activities was \$2 million. Cash used for financing activities included a \$1.4 million reduction in long-term borrowings and \$1.4 million cash used for dividends. At December 31, 1995, the Company had \$3 million available under its short-term line of credit and working capital of \$57.2 million. It is anticipated that present working capital, cash flow from operations and available borrowings under the credit line will be sufficient to meet the Company's 1996 operating requirements and anticipated capital expenditures of approximately \$5 million.

BUSINESS RISKS AND UNCERTAINTIES

The Company's operating results are substantially dependent on the semiconductor equipment business conducted through its Delta Design and Daymarc subsidiaries. This capital equipment business is in turn highly dependent on the overall strength of the semiconductor industry. Worldwide demand for semiconductors has historically been subject to substantial cyclical swings and price volatility. The Company's favorable operating results in 1995 benefited from the record growth in worldwide demand for and production of semiconductors.

The Company cannot predict how long the favorable conditions in the semiconductor industry will continue. To the extent that the industry growth rate slows, demand for capital equipment such as that produced by the Company will be negatively impacted. In addition, as is common in the industry, the

Company relies on a limited number of customers for a substantial percentage of its net sales (two customers accounted for 35% of net sales in 1995). The loss of or a significant reduction in orders by any such customer not compensated for by other customer orders could adversely impact the Company's annual and quarter to quarter results of operations.

Semiconductor equipment and processes are subject to rapid technological change. The Company believes that its future success will depend in part on its ability to enhance existing products and develop new products that enable semiconductor manufacturers to handle and test semiconductors more efficiently. Failure to introduce new products in a timely manner or the introduction by competitors of products with perceived or actual advantages could result in a loss of competitive position and reduced sales of existing products.

Due to these and other factors, historical results may not necessarily be indicative of results of operations for any future period.

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BOARD OF DIRECTORS

WILLIAM S. IVANS
Chairman of the Board
of the Company
San Diego, California

JAMES W. BARNES*
President & Chief Executive Officer
of the Company
San Diego, California

HARRY L. CASARI
Retired Partner
Ernst & Young LLP
San Diego, California

FRANK W. DAVIS
Retired Aerospace Executive;
former President of Convair
Aerospace Division of
General Dynamics
La Jolla, California

GENE E. LEARY
Retired Accounting and Data
Processing Executive at
Honeywell, Inc. and
Control Data Corporation
La Jolla, California

CHARLES A. SCHWAN*
Executive Vice President
& Chief Operating Officer
of the Company
San Diego, California

OFFICERS

JAMES W. BARNES*
President & Chief Executive Officer

CHARLES A. SCHWAN*
Executive Vice President & Chief Operating Officer

JOHN H. ALLEN
Vice President, Finance & Chief Financial Officer, Secretary

*Effective March 1, 1996 Mr. Schwan was promoted to President & Chief Executive Officer

REGISTRAR AND TRANSFER AGENT
Chemical Mellon Shareholder Services
300 S. Grand Ave.
Los Angeles, California 90091
(800) 356-2017

INDEPENDENT AUDITORS
Ernst & Young LLP
San Diego, California

COUNSEL
Gray Cary Ware & Freidenrich
San Diego, California

COHU STOCK INFORMATION

Cohu, Inc. stock is traded on the NASDAQ National Marketing System under the symbol "COHU."

The following table sets forth the high and low closing sales prices as reported on the NASDAQ National Market System during the last two years. Stock prices reported prior to June 6, 1995 have been restated to reflect a two-for-one stock split.

	1995		1994	
	High	Low	High	Low
First Quarter	16	10 7/8	11 3/8	9 1/8
Second Quarter	23 7/8	14 1/4	9 1/8	8 1/8
Third Quarter	35 3/4	26	10 5/8	7 5/8
Fourth Quarter	32 3/4	23 3/4	11 1/4	9 5/8

At December 31, 1995 the Company had 1,635 shareholders of record.

A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR 1995 IS AVAILABLE WITHOUT CHARGE.

Please Contact:

John H. Allen
Cohu, Inc.
5755 Kearny Villa Road
San Diego, CA 92123
(619) 277-6700

SUBSIDIARIES OF THE REGISTRANT

[PLEASE SEE PAGE 11 OF THE FORM 10-K]

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Cohu, Inc. of our report dated February 8, 1996, included in the 1995 Annual Report to Stockholders of Cohu, Inc.

We also consent to the incorporation by reference in the Registration Statements (Form S-8) and in the related Prospectuses of our report dated February 8, 1996, with respect to the consolidated financial statements of Cohu, Inc., incorporated by reference in the Annual Report (Form 10-K) for the year ended December 31, 1995.

ERNST & YOUNG LLP

San Diego, California
March 26, 1996

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE 1995 CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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YEAR		
	DEC-31-1995	
	JAN-01-1995	
	DEC-31-1995	
		28,874
		0
		29,137
		1,565
		21,244
		88,076
		23,202
		10,031
		103,934
	30,848	0
	0	0
		9,092
		62,937
103,934		178,759
	178,759	105,114
		105,114
		0
		0
		12
		38,922
		15,300
	23,622	0
		0
		0
		23,622
		2.46
		2.46