

**COHU, INC.**  
**EQUITY AWARD GRANT POLICY**

**(Adopted January 30, 2015)**

**I. Introduction**

The Board of Directors of Cohu, Inc. (the "Company") recognizes the importance of adhering to specific and appropriate practices and procedures in the granting of equity awards. This policy shall apply to all grants of equity awards by the Company under its 2005 Equity Incentive Plan, including all amendments thereto as well as any other plan adopted by the Board of Directors that is intended to supplement or supersede the 2005 Plan (collectively, the "2005 Plan") after January 30, 2015. "Equity awards" refer to any compensatory award under the 2005 Plan, including stock options, restricted stock units and performance restricted stock units.

**II. Authority to Grant Awards; Grant Dates and Exercise Price; Independent Registered Accountants; Employment Status; Award Lists**

Only the Compensation Committee or the Board of Directors may approve the grant of equity awards under the 2005 Plan. Subject to the limitations set forth below, such approval may be made at a duly noticed meeting in which a quorum is present (including telephonic meetings) by a resolution approved by a majority of the directors present.

The grant date for an equity award shall be the date on which the Board of Directors or Compensation Committee meets and approves the equity award. The exercise price for all stock options will be no less than the closing sales price as reported by the NASDAQ Stock Market of the Company's common stock on the grant date or, if the NASDAQ is closed on the grant date, the exercise price will be set at the closing price on the last trading day immediately preceding the grant date in compliance with the definition of Fair Market Value in the 2005 Plan.

Each individual receiving an equity award (other than a non-employee member of the Board (each an "Outside Director") and independent contractors) must be an employee of the Company on the grant date of the award. Equity awards to independent contractors may only be made if the independent contractor is rendering services to the Company.

**A. Non-Officer Employees**

For equity awards to employees (and independent contractors) other than "Officers", as such term is defined below, the Stock Plan Administrator, with the assistance of a manager from the Human Resource Department (following input from senior management), will prepare a list of equity grants to be considered by the Compensation Committee or the Board, as applicable, which list will include the grantee's name, the proposed number of options and/or restricted stock units to be considered for grant, the vesting terms, date of hire and job title. This list will be reviewed by the Company's CEO and then submitted to the Compensation Committee or the Board, as applicable, in advance of the scheduled meeting in which the awards will be considered for grant.

**B. Officers**

For equity awards to Officers, the Compensation Committee shall be provided with a written recommendation from the Company's CEO regarding the proposed terms of equity awards to each

Officer (excluding himself), including the number and type of award to be considered for grant and vesting schedule. The Compensation Committee shall independently arrive at a recommendation with respect to the equity award for the CEO, based upon several factors, including but not limited to, Company performance, individual performance relevant to expectations, internal compensation ratios and external compensation market data. Once the Compensation Committee approves the number, type of award and vesting schedule of equity awards for Officers (including the CEO), the Compensation Committee will grant the equity awards at a duly called meeting.

### **III. Procedures for Granting Awards**

#### **A. Grants of Equity Awards to Non-Executive New Hires and to continuing Employees for Special Recognition**

Grants of equity awards to non-Executive new hires (including independent contractors), and to continuing employees for special recognition, which includes but is not limited to, promotions, project completion and employee retention situations (“Special Recognition”), will typically be made at a regularly scheduled meeting of the Compensation Committee held subsequent to the new hire or Special Recognition determination.

#### **B. Annual Grant of Equity Awards to Continuing Non-Officer Employees**

Grants of equity awards to continuing employees that are not Officers will typically be approved on an annual basis at a meeting of the Compensation Committee or Board, as applicable, that is typically held in the first quarter of each fiscal year. Typically, the Compensation Committee or the Board, as applicable, will take into consideration the recommendations of senior management when approving these equity awards.

#### **C. Grants of Equity Awards to Continuing Officers**

Grants of equity awards to the Company’s “executive officers” as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as well as all other vice presidents and managing directors of the Company (collectively, “Officers”), will be approved on an annual basis at a meeting of the Compensation Committee or Board, as applicable, that is typically held in the first quarter of each fiscal year; provided, however, that grants of equity awards may be made to newly appointed Officers in accordance with the procedures identified in Section A above for new hires and Special Recognition awards.

#### **D. Grants of Equity Awards to Outside Directors**

i. **Initial Awards.** Each Outside Director may be granted an equity award under the 2005 Plan as determined by the Board or the Compensation Committee (the “Initial Award”), which will be granted at a duly scheduled meeting of the Compensation Committee following the Outside Director’s appointment.

ii. **Subsequent Awards.** Each incumbent Outside Director may be granted an equity award under the 2005 Plan as determined by the Board or the Compensation Committee (the “Subsequent Award”) at the annual meeting of stockholders, which date shall be the grant date of the Subsequent Award, or if not a business day, the next succeeding business day. The Subsequent Award shall vest as determined by the Board or the Compensation Committee.

#### **IV. Minutes; Recording the Date and Price of Equity Awards; Procedures for Routing Approvals to Stock Administration**

Minutes of meetings in which the Compensation Committee or the Board approves equity awards shall be prepared, and then reviewed and approved by the Compensation Committee and/or Board, as applicable, and, once approved, shall be placed in the minute book of the Board of Directors of the Company.

All equity grants will be made pursuant to a standard form of award agreement previously approved or as subsequently amended by the Compensation Committee or the Board unless the Compensation Committee or the Board determines otherwise. A copy of the minutes of the Compensation Committee or the Board meeting shall be promptly provided to the Stock Plan Administrator for purposes of issuing the notice of equity grant to the award recipient and updating award recipients' records in the Company's stock plan database in a timely manner.

The minutes of meetings at which grants of equity awards are made must include the names of the grantees, the number and type of awards granted to each grantee and the vesting terms, as applicable.

#### **V. Amendments/Modifications to Outstanding Awards**

Amendments or modifications to outstanding equity awards must be approved by the Compensation Committee.

#### **VI. Error Correction Process**

It is possible that administrative errors will be made from time-to-time to the list of equity awards approved by the Compensation Committee or the Board. No changes to the list of approved equity awards may be made once such list has been approved without prior consultation with the Compensation Committee or the Board, as applicable, and following such consultation, the express approval of such change from the Compensation Committee or the Board, as applicable.

#### **VII. Award Notifications**

The Stock Plan Administrator (or another member of management) will distribute equity award notifications to all grantees as promptly as possible following the grant to include equity grant agreements and information on specific equity award packages.

#### **VIII. Miscellaneous**

This Policy is not intended to amend, modify or supersede the 2005 Plan or any equity awards granted thereunder and, in the event of any conflict between the terms of this Policy and the 2005 Plan or equity award agreement, the terms of the 2005 Plan or equity award agreement will govern. The Compensation Committee has the sole power and authority to interpret the terms of this Policy, and such interpretations will be binding on all persons. This Policy may be modified or amended at any time by the Board of Directors or the Compensation Committee.