

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

August 9, 2018

Cohu, Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-04298

95-1934119

(State or other jurisdiction
of incorporation)

(Commission
File Number)

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

12367 Crosthwaite Circle, Poway,
California

92064

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

858-848-8100

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure.

As previously announced, on May 7, 2018, Cohu, Inc., a Delaware corporation (“Cohu”), entered into an Agreement and Plan of Merger, by and among Cohu, Xcerra Corporation, a Massachusetts corporation (“Xcerra”), and Xavier Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Cohu (“Merger Sub”), pursuant to which Merger Sub will merge with and into Xcerra, with Xcerra surviving such merger as a wholly owned subsidiary of Cohu.

On August 9, 2018, Cohu disseminated an investor presentation discussing the proposed acquisition on the Investor Relations page of its corporate website at <https://cohu.gcs-web.com>. A copy of such investor presentation is furnished herewith as Exhibit 99.1 and is incorporated by reference in this Item 7.01. This investor presentation updates the investor presentations (i) filed as Exhibit 99.2 to Cohu’s second Current Report on Form 8-K filed on May 8, 2018 (ii) filed as Exhibit 99.1 to Cohu’s Current Report on Form 8-K filed on May 23, 2018 and (iii) filed as Exhibit 99.1 to Cohu’s Current Report on Form 8-K filed on June 4, 2018 (together, the “Prior Presentations”) and investors should no longer rely on the Prior Presentations.

The information in this Item 7.01 (including Exhibit 99.1) is being furnished and shall not be deemed to be filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise be subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 8.01. Other Events.

To the extent required, the information included in Item 7.01 of this Current Report on Form 8-K is incorporated into this Item 8.01.

No Offer or Solicitation

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this filing may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding the proposed transaction involving Cohu and Xcerra and the ability to consummate the proposed transaction. Forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as “may,” “will,” “should,” “would,” “expect,” “anticipate,” “plan,” “likely,” “believe,” “estimate,” “project,” “intend,” and other similar expressions among others. Statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance. Actual results could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation: (i) the risk that the conditions to the closing of the proposed transaction are not satisfied, including the failure to timely or at all obtain stockholder approval for the proposed transaction or the failure to timely or at all obtain any required regulatory clearances, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR); (ii) uncertainties as to the timing of the consummation of the proposed transaction and the ability of each of Cohu and Xcerra to consummate the proposed transaction, including as a result of the failure of Cohu to obtain or provide on a timely basis or at all the necessary financing; (iii) the ability of Cohu and Xcerra to integrate their businesses successfully and to achieve anticipated synergies; (iv) the possibility that other anticipated benefits of the proposed transaction will not be realized, including without limitation, anticipated revenues, expenses, earnings and other financial results, and growth and expansion of the combined company’s operations, and the anticipated tax treatment of the combination; (v) potential litigation relating to the proposed transaction that could be instituted against Cohu, Xcerra, or their respective directors; (vi) possible disruptions from the proposed transaction that could harm Cohu’s and/or Xcerra’s respective businesses; (vii) the ability of Cohu or Xcerra to retain, attract and hire key personnel; (viii) potential adverse reactions or changes to relationships with customers, employees, suppliers or other parties resulting from the announcement or completion of the proposed transaction; (ix) potential business uncertainty, including changes to existing business relationships, during the pendency of the proposed transaction that could affect Cohu’s or Xcerra’s financial performance; (x) certain restrictions during the pendency of the proposed transaction that may impact Cohu’s or Xcerra’s ability to pursue certain business opportunities or strategic transactions; (xi) the adverse impact to Cohu’s operating results from interest expense on the financing debt, rising interest rates, and any restrictions on operations related to such debt; (xii) continued availability of capital and financing and rating agency actions; (xiii) legislative, regulatory and economic developments; (xiv) unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, as well as management’s response to any of the aforementioned factors; and (xv) such other factors as are set forth in (A) Cohu’s periodic public filings with the Securities and Exchange Commission (the “SEC”), including but not limited to those described under the heading “Risk Factors” in Cohu’s Form 10-K for the fiscal year ended December 31, 2017, (B) Xcerra’s periodic public filings with the SEC, including but not limited to those described under the heading “Risk Factors” in Xcerra’s Form 10-K for the fiscal year ended July 31, 2017, (C) in the Registration Statement on Form S-4 (the “Registration Statement”) that has been filed by Cohu with the SEC containing a prospectus with respect to the Cohu common stock to be issued in the proposed transaction and a joint proxy statement of Cohu and Xcerra in connection with the proposed transaction (the “Joint Proxy Statement/Prospectus”) that is contained therein, and (D) the other filings made by Cohu or Xcerra with the SEC from time to time, which are available via the SEC’s website at www.sec.gov. Neither Cohu nor Xcerra can give any assurance that the conditions to the proposed transaction will be satisfied. Except as required by applicable law, neither Cohu nor Xcerra undertakes any obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information and Where You Can Find It

On June 21, 2018, Cohu filed with the SEC the Registration Statement containing the Joint Proxy Statement/Prospectus which was subsequently amended on July 26, 2018. The Registration Statement was declared effective by the SEC on July 30, 2018. Each of Cohu and Xcerra commenced mailing the definitive Joint Proxy Statement/Prospectus to its respective stockholders on July 30, 2018. This communication is not a substitute for the Registration Statement, the definitive Joint Proxy Statement/Prospectus or any other documents that Xcerra or Cohu may file or may have filed with the SEC, or will send or have sent to stockholders in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain free copies of these documents and other documents filed by Xcerra and Cohu with the SEC at the SEC's website at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by visiting the Xcerra Investor Relations page on its corporate website at <https://xcerra.com/investors> or by contacting Xcerra Investor Relations by telephone at (781) 467-5063 or by mail at Xcerra Investor Relations, Xcerra Corporation, 825 University Avenue, Norwood, MA 02062, attention Rich Yerganian, or by visiting the Cohu Investor Relations page on its corporate website at <https://cohu.gcs-web.com> or by contacting Cohu Investor Relations by telephone at (858) 848-8106 or by mail at Cohu Corporate Headquarters, 12367 Crosthwaite Circle, Poway, CA 92064, attention Jeffrey D. Jones.

Participants in the Solicitation

Cohu, Xcerra, certain of their respective directors, executive officers, members of management and employees may, under the rules of the SEC, be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed "participants" in the solicitation of proxies in connection with the proposed transaction, and a description of their direct and indirect interests in the proposed transaction, which may differ from the interests of Xcerra stockholders or Cohu stockholders generally, is set forth in the Joint Proxy Statement/Prospectus filed with the SEC. Information regarding Xcerra's directors and executive officers and their beneficial ownership of Xcerra common stock is also set forth in Xcerra's proxy statement on Schedule 14A filed with the SEC on September 5, 2017, and in its Annual Report on Form 10-K for the year ended July 31, 2017, and is supplemented by other public filings made, and to be made, with the SEC by Xcerra. These documents are available free of charge at the SEC's website at www.sec.gov or by visiting the Xcerra Investor Relations page on its corporate website at <https://Xcerra.com/investors>. Information concerning Cohu's directors and executive officers and their beneficial ownership of Cohu's common stock is set forth in the Registration Statement, Cohu's annual proxy statement on Schedule 14A filed with the SEC on April 3, 2018, and in its Annual Report on Form 10-K for the year ended December 31, 2017, and is supplemented by other public filings made, and to be made, with the SEC by Cohu. These documents are available free of charge at the SEC's website at www.sec.gov or by visiting the Cohu Investor Relations page on its corporate website at <https://Cohu.gcs-web.com>. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the Joint Proxy Statement/Prospectus regarding the proposed transaction and other relevant materials that have been or will be filed with the SEC when they become available. You may obtain copies of the documents described in the preceding sentence when they become available free of charge by visiting the SEC's website at www.sec.gov.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The exhibits to this report are listed in Item 8.01 above and in the Index of Exhibits that precedes the signature line.

Index of Exhibits

EXHIBIT NO.	DESCRIPTION
99.1	Investor Presentation, dated August 2018, posted to the Investor Relations page of Cohu, Inc.'s corporate website at https://cohu.gcs-web.com.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 9, 2018

Cohu, Inc.

By:

/s/ Jeffrey D. Jones

Name: Jeffrey D. Jones

Title: VP Finance and Chief Financial Officer

Investor Presentation

August 2018



Cautionary Statement Regarding Forward Looking Statements

Certain matters discussed in this presentation, including statements regarding growth in the semiconductor device market; capturing new customers; progress and growth in contactor business; gross margin expansion; Opex controls; 2018 year-over-year growth projections; Cohu's third quarter 2018 sales forecast and financial guidance; Cohu's "Mid-Term" model; and all statements regarding the acquisition of Xcerra (and strategic rationale, expected benefits, synergies, EPS accretion, leverage ratios and closing timeline) are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected or forecasted. Such risks and uncertainties include, but are not limited to, risks associated with acquisitions; inventory, goodwill and other asset write-downs; our ability to convert new products into production on a timely basis and to support product development and meet customer delivery and acceptance requirements for new products; our reliance on third-party contract manufacturers and suppliers; failure to obtain customer acceptance resulting in the inability to recognize revenue and accounts receivable collection problems; revenue recognition impacts due to ASC 606; market demand and adoption of our new products; customer orders may be canceled or delayed; the concentration of our revenues from a limited number of customers; intense competition in the semiconductor equipment industry; our reliance on patents and intellectual property; compliance with U.S. export regulations and new tariffs and retaliation; impacts from the Tax Cuts and Jobs Act of 2017; geopolitical issues; ERP system implementation issues; the seasonal, volatile and unpredictable nature of capital expenditures by semiconductor manufacturers; rapid technological change; and significant risks associated with the Xcerra transaction including but not limited to (i) the risk that the conditions to the closing of the proposed transaction are not satisfied, (ii) uncertainties as to the timing of the consummation of the proposed transaction and the ability of each of Cohu and Xcerra to consummate the proposed transaction, including as a result of the failure of Cohu to obtain or provide on a timely basis or at all the necessary financing, (iii) the ability of Cohu and Xcerra to integrate their businesses successfully and to achieve anticipated synergies, (iv) the possibility that other anticipated benefits of the proposed transaction will not be realized, (v) pending and potential litigation relating to the proposed transaction that has been or could be instituted against Cohu, Xcerra, or their respective directors, (vi) possible disruptions from the proposed transaction that could harm Cohu's and/or Xcerra's respective businesses, (vii) the ability of Cohu or Xcerra to retain, attract and hire key personnel, (viii) potential adverse reactions or changes to relationships with customers, employees, suppliers or other parties resulting from the announcement or completion of the proposed transaction, (ix) potential business uncertainty, including changes to existing business relationships, during the pendency of the proposed transaction that could affect Cohu's or Xcerra's financial performance, (x) certain restrictions during the pendency of the proposed transaction that may impact Cohu's or Xcerra's ability to pursue certain business opportunities or strategic transactions, (xi) the adverse impact to Cohu's operating results from interest expense on the financing debt, rising interest rates, and any restrictions on operations related to such debt, and (xii) continued availability of capital and financing and rating agency actions. These and other risks and uncertainties are discussed more fully in Cohu's filings with the Securities and Exchange Commission, including the most recently filed Form 10-K and Form 10-Q, and in the Registration Statement on Form S-4 that has been filed by Cohu with the SEC containing a prospectus with respect to the Cohu common stock to be issued in the proposed Xcerra transaction and a joint proxy statement of Cohu and Xcerra in connection with the proposed transaction that is contained therein. The forward-looking statements included in this release are not assurances, and speak only as of the date of this release, and Cohu does not undertake any obligation to update these forward-looking statements to reflect subsequent events or circumstances.

This presentation includes certain non-GAAP financial measures, including non-GAAP gross margin, operating expenses, operating income, EBITDA, net income and EPS. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by Cohu may differ from the non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable U.S. GAAP measure is included in the Appendix to these slides.

Corporate Profile

Global technology and market leader in \$2 billion* Semiconductor
Final Test Handlers, Contactors and Vision Inspection



Company
NASDAQ

COHU



Revenue
(LTM 2Q18)

\$373M



EBITDA
(LTM 2Q18**)

17.1%



Net Cash
(2Q18)

\$151M



Employees
(Worldwide)

~1,750

*We create leading-edge solutions for
semiconductor test and inspection*

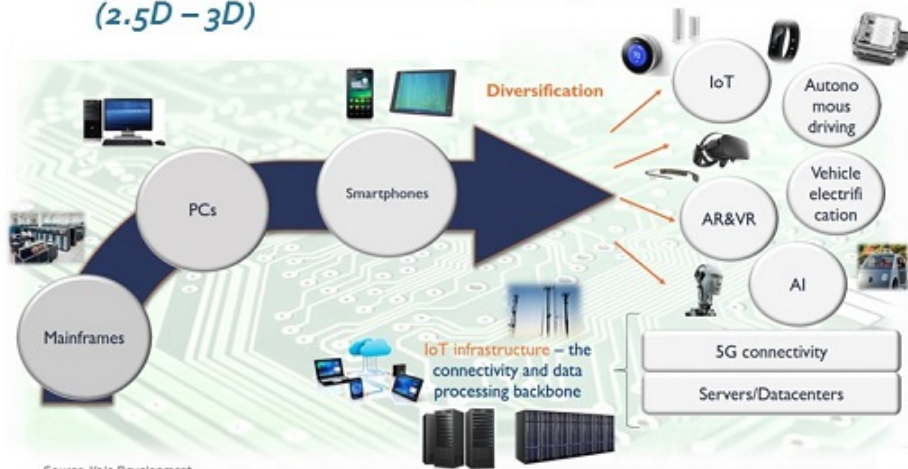
*VLSI Research and Company estimates
**EBITDA reflects non-GAAP

Diversification of Semiconductor Market Drivers

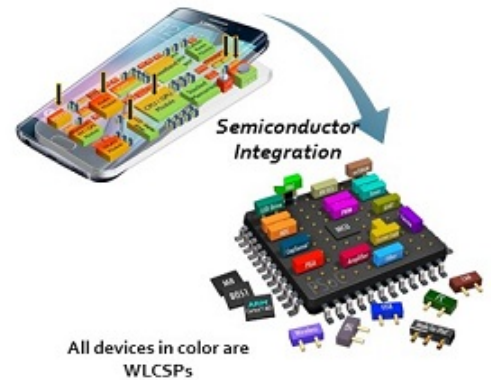
No single leading driver, but a diverse growing market

Increasing IC content in vehicles, factory automation, mobile devices (*phones, AR&VR*), servers and exponential increase in connectivity (*Internet-of-Things*)

Technology drivers with growing integration of wafer-level CSPs in complex packages (*2.5D – 3D*)



Source: Yole Development



Competitive Differentiation

Solutions that result in higher test and inspection yield

1% better yield on \$400 billion semiconductor industry = \$4 billion

Scale ⇒ Largest R&D (~\$45 million) in the industry

Global Operations meeting production ramp requirements

Sales & Service to support customers 24/7 globally



Strategy & Execution Yielding Results



Momentum in automotive and industrial semiconductor markets
Growth in contactors with Kita acquisition
Gross margin expansion from Asia manufacturing
Opex control while strategically investing for growth

* Reflects Company's guidance as provided on August 2, 2018.

** Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition related costs, manufacturing transition and severance costs.

2Q18 Results & 3Q18 Guidance

	2Q18A	3Q18 Guide	Sequential Change
Sales	\$99.8M	~\$92M	-8%
Gross Margin*	42.4%	~41.0%	-140bps
Op. Expenses *	\$21.0M	~\$24.5M	+\$3.5M

2Q18 Highlights

- Sales increased 6% YoY with strength in automotive and industrial semiconductor markets
- Gross margin improved 160 bps YoY
- Secured 2 new customers in mobility, automotive, industrial, consumer and medical markets
- Opex benefits from \$3M foreign currency gain

3Q18 Guidance

- Reflects slower demand for smartphone application processor test equipment
- Expecting 8% YoY sales growth in 2018
- Opex reflects absence of Q2 foreign currency benefit of \$3M

Accelerating Growth with Acquisitions

Strong track record of successful acquisitions

Criteria	Rasco Dec 2008	Ismeca Jan 2013	Kita Jan 2017	Pending Xcerra Q4'2018
Market Expansion	Gravity, Test-in-Strip, MEMS	Turret, Inspection, LED	Spring Probe Contactor	Automated Test Equipment PCB Test Equipment
Market Position	#2 in 2008, grew to #1 in 2014	#1, acquired the leader	Top 5 leader and growing	Top 3 leader in each segment
Infrastructure Leverage	100% complementary products; Common sales and customer support	100% complementary products; Common sales and customer support; Malaysia Mfg. and Supply Chain	100% complementary products; Japan Mfg. and Customer Relationships	Complementary products in core test and inspection handlers; strengthens test contactors; expands footprint in Semi growth areas: auto, IoT, industrial, mobility
Realized Synergies	Sales ~ \$16M; Costs ~ \$2M	Sales ~ \$25M; Costs ~\$14M	Mid-Term Target Sales ~ \$16M	2-year Cost Synergy Target ~\$20M/year

Acquisition investment criteria

Expand into profitable, complementary markets

Deliver margin in-line with mid-term financial model

Leverage infrastructure: technology, operations, sales and support

Cohu to Acquire Xcerra

Joining Forces in Back-end Semiconductor Equipment

August 2018



Strategic Rationale

Brings Together Complementary Products in Core Test and Inspection Handlers

Creates a Stronger Supplier in Test Contactors to Drive Continued Innovation

Grows Product Portfolio into Automated Test Equipment (ATE)

Expands Footprint in High Growth Semi Areas: Automotive, IoT, Industrial and Mobility

Diversifies Revenue Base and Increases TAM to \$5 billion*

Immediately EPS Accretive; Delivers Over \$20 Million Annual Cost Synergies within 2 Years**

Highly Attractive Financials

** Source: Company estimates*

*** Synergies exclude approximately \$7M of stock-based compensation*

Companies at a Glance



LTM Revenue of \$373M (+ 18%)
LTM Op. Inc. of \$58M* (15.6% of sales)

- Headquarters: Poway, CA
- 1,750 Employees
- Product offerings:
 - Semiconductor test & inspection handlers
 - Test contactors
 - Thermal sub-systems



LTM Revenue of \$473M (+ 33%)
LTM Op. Inc. of \$76M* (16.0% of sales)

- Headquarters: Norwood, MA
- 1,640 Employees
- Product offerings:
 - Semi testers and handlers
 - Test contactors
 - PCB testers
 - MEMS test modules
 - PCBA fixture business

LTM reflects last twelve months ending June 30, 2018 and April 30, 2018 for Cohu and Xcerra, respectively

* Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition related costs, restructuring, manufacturing transition and severance costs. See the Appendix to the presentation for a reconciliation of GAAP to Non-GAAP items.

Expands Portfolio of Best-in-Class Test Solutions

Backend Semiconductor Manufacturing

PCB Manufacturing

Semiconductor Equipment

Enabling Technologies

Bare Board PCB Test

Products

Pick-and-Place Handlers

Test Contactors

Flying Probe Testers

Gravity-feed Handlers

Probe Pins

Universal Grid Testers

Test-in-strip Handlers

Thermal Subsystems

PCBA Fixture Services

Turret Handlers

MEMS Test Modules

Automated Test Eqmt.

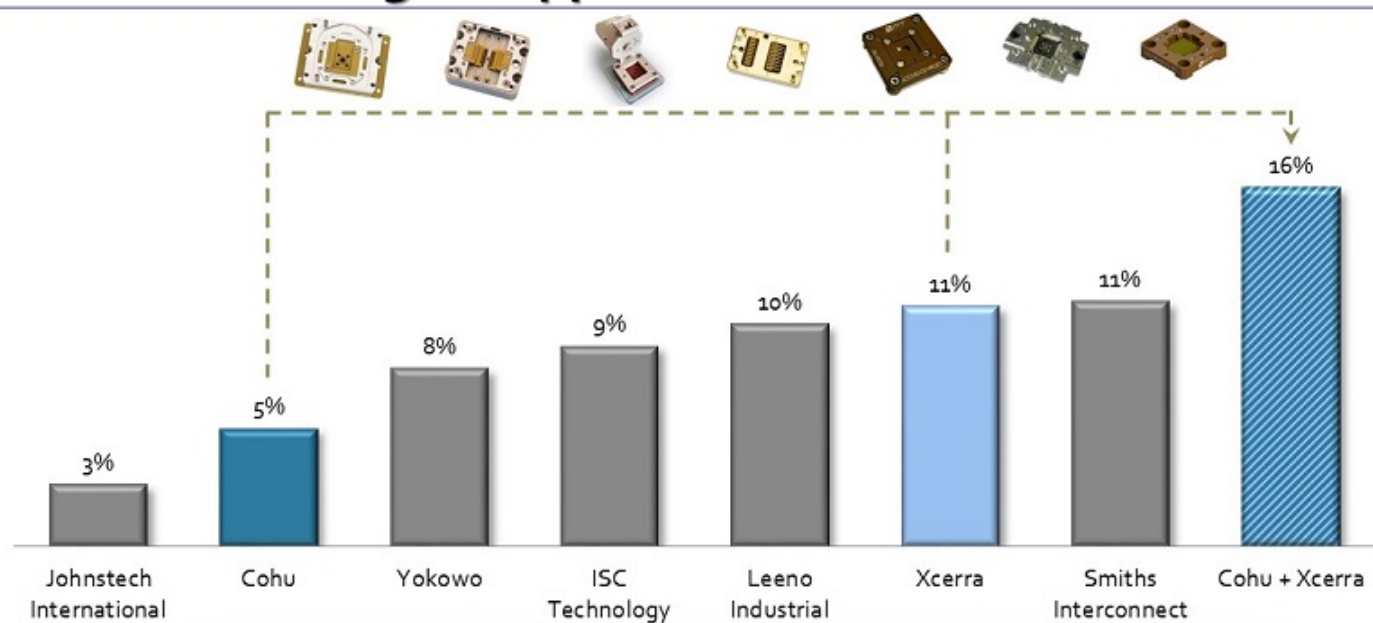
Vision Modules

Complementary Products in Core Test Handlers

End-Markets	Cohu	Xcerra	Device Segments
 High Speed Memory  Computing  Automotive  Mobility  Communications  MEMS  Industrial  Solid State Lighting (LED)	 x8-32 Pick-and-place  x4 Gravity  Turret  MEMS  Test-in-strip	 Pick-and-place  x8 Gravity  InMEMS	 Memory  Microprocessors  Mobile Processors  Microcontrollers  Mixed Signal  LED  MEMS  Power Mgmt.  Power Discrete  RF

Well-Established in Major Applications

Creates a Stronger Supplier in Test Contactors



Source: VLSI Research

Established Suppliers with Complementary Products and Technologies

Grows Portfolio in Automated Test Equipment



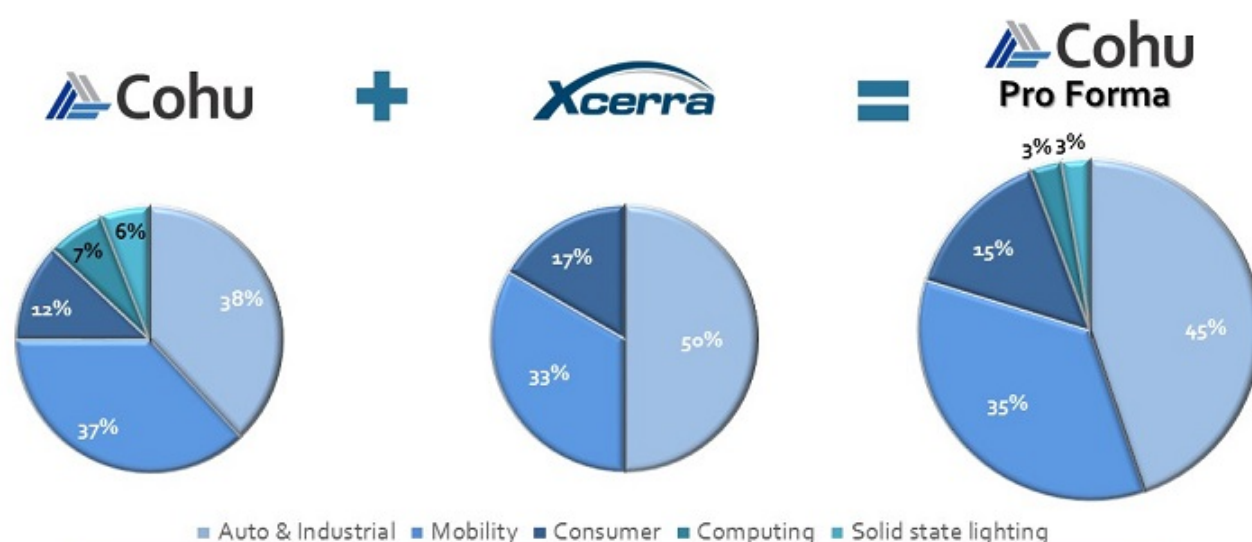
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Xcerra ATE Product Growth Up Over 50% in 2017 Compared to Industry Growth of 13%

Pro Forma Revenue Mix



Leadership in Automotive, Industrial, IoT and Mobility

Source: Company estimates

IoT applications are distributed across Automotive, Industrial and Mobility markets

August 2018

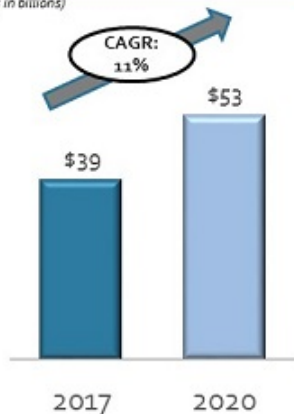
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Expands Footprint in High-Growth Semi End-Markets

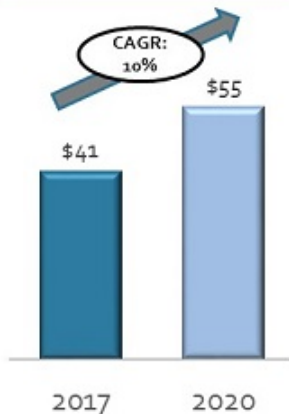


Automotive

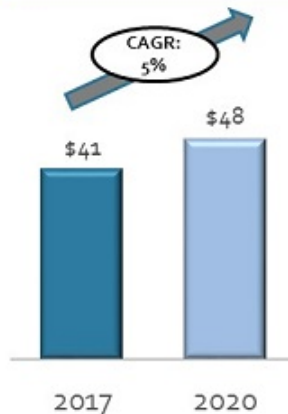
(\$ in billions)



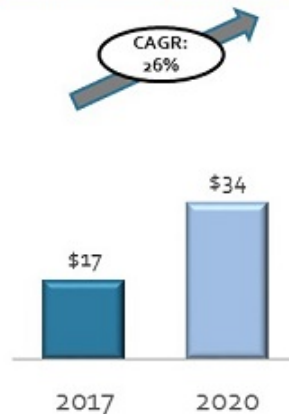
Industrial



Consumer & Mobility

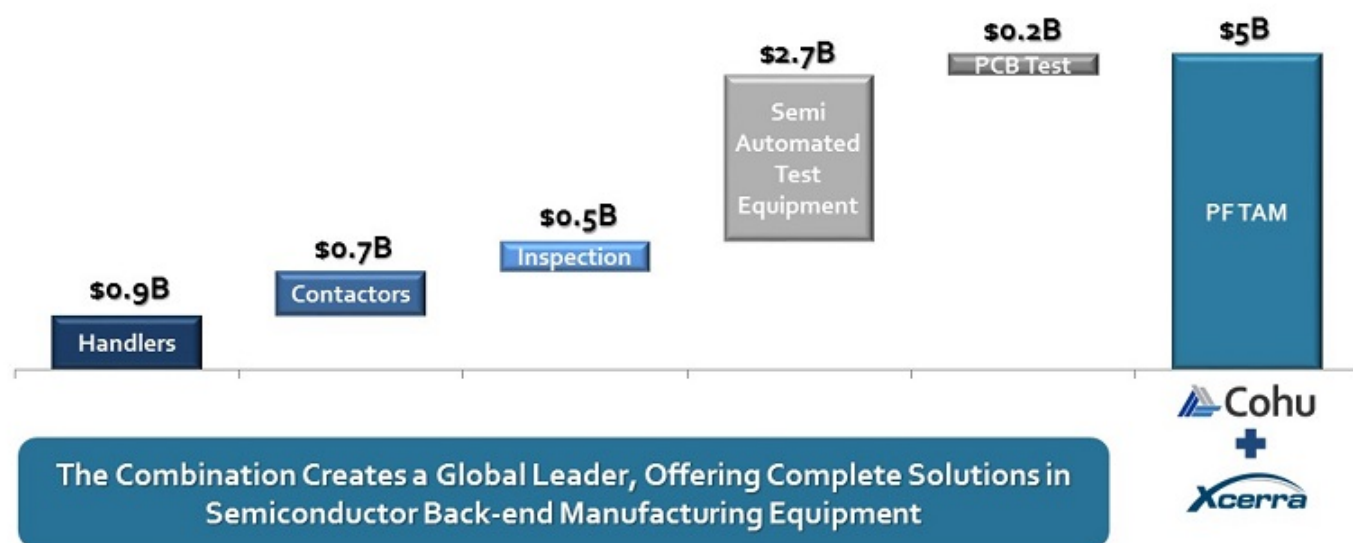


IoT (Internet of Things)



Source: Gartner

Diversifies Revenue Base and Increases TAM to \$5B



Source: Company estimates

Sample Pro-forma P&L

Combined revenue of ~\$846 million

Delivers over \$20M⁽²⁾ annual run-rate cost synergies within 24 months of closing

Immediately EPS accretive

Creates significant shareholder value

	 Cohu	 Xcerra	Pro-forma adjust. ⁽³⁾	Combined incl. synergies	Mid-term Cohu Model ⁽⁴⁾
(\$ in millions except EPS)					
Revenue	\$373	\$473		\$846	
Gross Margin ⁽¹⁾	\$156	\$221	\$7	\$384	
	42.0%	46.7%		45.4%	48%
Operating Expenses ⁽¹⁾	\$98	\$146	-\$13	\$230	
Operating Income ⁽¹⁾	\$58	\$76	\$20	\$154	
	15.6%	16.0%		18.2%	
EBITDA ⁽¹⁾	\$64	\$81	\$20 ⁽²⁾	\$165	
	17.1%	17.2%		19.5%	22%
Interest & Other Expense	-\$1	\$1	\$19	\$20	
Pre-Tax Income	\$59	\$74	\$1	\$134	
Income Taxes	\$9	\$10	\$0	\$20	
Net Income ⁽¹⁾	\$50	\$64	\$1	\$115	
EPS ⁽¹⁾	\$1.69			\$2.71	
Accretion				60%	
Diluted Shares (in millions)	30		13 ⁽⁴⁾	42	

(1) LTM reflects last twelve months ending June 30, 2018 and April 30, 2018 for Cohu and Xcerra, respectively. Amounts are Non-GAAP and exclude amortization of purchased intangibles, stock based compensation expense, acquisition related costs, restructuring, manufacturing transition and severance costs. See the Appendix to the presentation for a reconciliation of GAAP to Non-GAAP items.

(2) Synergies exclude approximately \$7M of stock-based compensation

(3) Pro-forma adjustments assume \$20M of cost synergies with approximately 1/3 COGS and 2/3 Opex; annual interest expense of approximately 5.0% on \$350M term loan B; interest income and interest expense from pre-deal debt assumed to be zero

(4) Assumes \$296M of equity from Cohu at \$23.35 per share (closing price on May 7, 2018)

Source: Company filings

Transaction Overview

Transaction Consideration	▪ \$796 million total consideration ⁽¹⁾ ▪ Approximately 65% cash and 35% stock ▪ Xcerra shareholders expected to own ~30% of combined company
Xcerra per share Consideration	▪ \$13.92 per share implied value ⁽¹⁾ ▪ \$9.00 per share in cash ▪ 0.2109 Cohu shares
Sources of Financing	▪ \$179 million cash from combined balance sheets ▪ \$350 million fully committed 7-year term loan B ▪ Leverage ratio of 1.5x net; 2.5x gross ▪ Pro-forma capitalization: Total debt \$362M, Cash⁽²⁾ \$150M, Net Debt⁽²⁾ \$212M
Approval Process	▪ Approval of Cohu and Xcerra shareholders – special meetings scheduled for August 30, 2018 ▪ All regulatory clearances have been received
Expected Timeline	▪ Close transaction in early 4Q 2018, subject to shareholder approvals and customary closing conditions

Appendix



Cohu GAAP to Non-GAAP Reconciliation

Earnings Reconciliation		12 Months Ending Dec 26, 2015	12 Months Ending Dec 31, 2016	12 Months Ending Dec 30, 2017	6 Months Ending June 30, 2018	12 Months Ending June 30, 2018	3 Months Ending June 30, 2018
		Diluted EPS	Diluted EPS	Diluted EPS	Diluted EPS	Diluted EPS	Diluted EPS
Income (Loss) From Continuing Operations - GAAP		\$5,792	\$5,580	\$5,121	\$ 3,770	\$5,420	\$ 11,648
Share Based Compensation		6,755	7,143	7,007	3,617	\$7,146	1,948
Amortization of Purchased Intangible Assets		7,082	6,902	4,208	2,988	\$4,217	1,019
Manufacturing Transition and Severance Costs		970	1,498	502	87	\$144	100
Other Acquisition Costs		0	1,777	370	4,144	\$4,171	3,848
Inventory Step-Up		0	0	1,404	0	\$392	577
Impairment of Goodwill and Other Assets		273	0	0	0	\$0	(305)
Gain on Sale of Facility		(1,198)	0	0	0	\$0	(0.01)
Reduction of Indemnification Receivable		0	568	1,172	0	\$1,172	0.00
Adjustments to Contingent Consideration		0	0	1,438	480	\$1,858	0.00
U.S. Tax Reform		0	0	(2,023)	0	\$2,023	0.00
Tax Effect of Non-GAAP Adjustments		(1,964)	(2,408)	(2,738)	(906)	(\$2,738)	(0.00)
Income From Continuing Operations - Non-GAAP		\$15,663	\$16,760	\$14,410	\$29,335	\$20,077	\$18,835
Weighted Average Shares - GAAP and Non-GAAP		Diluted 26,788	Diluted 27,460	Diluted 28,916	Diluted 29,591	Diluted 29,468	Diluted 29,651
Gross Profit Reconciliation		12 Months Ending Dec 26, 2015	12 Months Ending Dec 31, 2016	12 Months Ending Dec 30, 2017	6 Months Ending June 30, 2018	12 Months Ending June 30, 2018	3 Months Ending June 30, 2018
		Sales	Sales	Sales	Sales	Sales	Sales
Net Sales		\$39,434	\$38,084	\$39,704	\$19,967	\$37,708	\$ 9,817
Gross Profit - GAAP		\$9,058	\$4,828	\$40,718	\$1,082	\$15,554	41,501
Share Based Compensation		948	898	428	288	\$502	162
Amortization of Purchased Intangible Assets		5,420	5,170	2,889	1,803	\$2,696	639
Inventory Step-Up		0	0	1,404	0	\$392	0
Gross Profit - Non-GAAP		\$9,526	\$10,971	\$45,239	\$3,673	\$19,144	\$42,302
Operating Expense Reconciliation		12 Months Ending Dec 26, 2015	12 Months Ending Dec 31, 2016	12 Months Ending Dec 30, 2017	6 Months Ending June 30, 2018	12 Months Ending June 30, 2018	3 Months Ending June 30, 2018
		Sales	Sales	Sales	Sales	Sales	Sales
Operating Expense - GAAP		\$84,302	\$85,163	\$26,491	\$ 37,341	\$115,408	\$ 27,703
Share Based Compensation		(6,189)	(6,742)	(1,737)	(3,334)	(\$6,646)	(1,786)
Amortization of Purchased Intangible Assets		(1,412)	(1,782)	(408)	(778)	(\$1,592)	(380)
Manufacturing Transition and Severance Costs		(970)	(1,428)	(77)	(87)	(\$144)	(100)
Other Acquisition Costs		0	(1,777)	(88)	(4,144)	(\$4,271)	(3,848)
Adjustment to Contingent Consideration		0	0	(888)	(480)	(\$1,858)	(577)
Operating Expense - Non-GAAP		\$75,733	\$75,896	\$23,591	\$38,466	\$97,692	\$21,012
Adjusted EBITDA Reconciliation		12 Months Ending Dec 26, 2015	12 Months Ending Dec 31, 2016	12 Months Ending Dec 30, 2017	6 Months Ending June 30, 2018	12 Months Ending June 30, 2018	3 Months Ending June 30, 2018
		% of Net Sales	% of Net Sales	% of Net Sales	% of Net Sales	% of Net Sales	% of Net Sales
Income From Operations - GAAP		27,959	25,663	24,748	23,921	\$28,695	\$ 27,703
Depreciation Expense		4,240	3,510	4,867	2,781	\$3,513	(1,786)
Amortization of Purchased Intangible Assets		7,082	6,902	4,208	2,988	\$4,217	(380)
Share Based Compensation		6,755	7,137	7,007	3,617	\$7,146	(100)
Manufacturing Transition and Severance Costs		970	1,498	502	87	\$144	(3,848)
Other Acquisition Costs		0	1,778	370	4,144	\$4,171	(577)
Inventory Step-Up		0	0	1,404	0	\$392	0.00
Reduction of Indemnification Receivable		0	568	1,172	0	\$1,172	0.00
Adjustment to Contingent Consideration		0	0	1,438	480	\$1,858	0.00
Adjusted EBITDA - Non-GAAP		\$24,031	\$27,099	\$35,211	\$36,963	\$43,605	\$21,181

<u>Earnings Reconciliation</u>	<u>12 Months Ending</u>	
	<u>April 30,</u>	<u>Diluted</u>
	<u>2018</u>	<u>EPS</u>
Net Income Attributable to Xcerra - GAAP	\$49,633	0.90
Share Based Compensation	7,629	0.14
Amortization of Purchased Intangible Assets	582	0.01
Other Acquisition Costs	3,190	0.06
Acceleration of debt financing costs	891	0.02
Restructuring and Related Provisions	1,855	0.03
Asset Impairment	144	0.00
U.S. Tax Reform	0	0.00
Tax Effect of Non-GAAP Adjustments	0	0.00
Net Income Attributable to Xcerra - Non-GAAP	<u>\$63,924</u>	<u>\$1.15</u>
Weighted Average Shares - GAAP and Non-GAAP	Diluted	55,510

<u>Gross Profit Reconciliation</u>	<u>12 Months Ending</u>	
	<u>April 30,</u>	<u>% of Net</u>
	<u>2018</u>	<u>Sales</u>
Net Sales	\$473,205	
Gross Profit - GAAP	220,246	46.5%
Share Based Compensation	64	0.0%
Restructuring and Related Provisions	855	0.2%
Gross Profit - Non-GAAP	<u>\$221,165</u>	<u>46.7%</u>

<u>Operating Expense Reconciliation</u>	<u>12 Months Ending</u>	
	<u>April 30,</u>	<u>% of Net</u>
	<u>2018</u>	<u>Sales</u>
Operating Expense - GAAP	\$158,017	33.4%
Share Based Compensation	(7,565)	-1.6%
Amortization of Purchased Intangible Assets	(582)	-0.1%
Other Acquisition Costs	(3,190)	-0.7%
Restructuring and Related Provisions	(1,000)	-0.2%
Asset Impairment	(144)	0.0%
Operating Expense - Non-GAAP	<u>\$145,536</u>	<u>30.8%</u>

<u>Operating Income and EBITDA Reconciliation</u>	<u>12 Months Ending</u>	
	<u>April 30,</u>	<u>% of Net</u>
	<u>2018</u>	<u>Sales</u>
Income From Operations - GAAP	\$62,229	13.2%
Share Based Compensation	7,629	1.6%
Amortization of Purchased Intangible Assets	582	0.1%
Other Acquisition Costs	3,190	0.7%
Restructuring and Related Provisions	1,855	0.4%
Asset Impairment	144	0.0%
Income From Operations - Non-GAAP	<u>75,629</u>	<u>16.0%</u>
Depreciation Expense	5,661	1.2%
EBITDA - Non-GAAP	<u>\$81,290</u>	<u>17.2%</u>

Participants in the Solicitation; Additional Information

No Offer or Solicitation:

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Participants in the Solicitation:

Cohu, Xcerra, certain of their respective directors, executive officers, members of management and employees may, under the rules of the SEC, be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed "participants" in the solicitation of proxies in connection with the proposed transaction, and a description of their direct and indirect interests in the proposed transaction, which may differ from the interests of Cohu stockholders or Xcerra stockholders generally, is set forth in the Joint Proxy Statement/Prospectus filed with the SEC. Information concerning Cohu's directors and executive officers and their beneficial ownership of Cohu's common stock is set forth in Cohu's Registration Statement on Form S-4, its annual proxy statement on Schedule 14A filed with the SEC on April 3, 2018, and in its Annual Report on Form 10-K for the year ended December 30, 2017. These documents are available free of charge at the SEC's website at www.sec.gov or by visiting the Cohu Investor Relations page on its corporate website at <https://cohu.qcs-web.com>. Information regarding Xcerra's directors and executive officers and their beneficial ownership of Xcerra common stock is also set forth in Xcerra's proxy statement on Schedule 14A filed with the SEC on September 5, 2017, and in its Annual Report on Form 10-K for the year ended July 31, 2017, and is supplemented by other public filings made, and to be made, with the SEC by Xcerra. These documents are available free of charge at the SEC's website at www.sec.gov or by visiting the Xcerra Investor Relations page on its corporate website at <https://xcerra.com/investors>. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the Joint Proxy Statement/Prospectus regarding the proposed transaction and other relevant materials that have been or will be filed with the SEC when they become available. You may obtain copies of the documents described in the preceding sentence when they become available free of charge by visiting the SEC's website at www.sec.gov.

Additional Information and Where You Can Find It:

On June 21, 2018, Cohu filed with the SEC the Registration Statement containing the Joint Proxy Statement/Prospectus, which was subsequently amended on July 26, 2018, and declared effective by the SEC on July 30, 2018. The definitive Joint Proxy Statement/Prospectus was first delivered to the stockholders of Cohu and Xcerra on or around July 30, 2018. This communication is not a substitute for the Registration Statement, the definitive Joint Proxy Statement/Prospectus or any other documents that Cohu or Xcerra may file or may have filed with the SEC, or will send or have sent to stockholders in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain free copies of these documents and other documents filed by Cohu and Xcerra with the SEC at the SEC's website at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by visiting the Cohu Investor Relations page on its corporate website at <https://cohu.qcs-web.com> or by contacting Cohu Investor Relations by telephone at (858) 848-8106 or by mail at Cohu Corporate Headquarters, 12367 Crosthwaite Circle, Poway, CA 92064, attention Jeffrey D. Jones, or by visiting the Xcerra Investor Relations page on its corporate website at <https://xcerra.com/investors> or by contacting Xcerra Investor Relations by telephone at (781) 467-5063 or by mail at Xcerra Investor Relations, Xcerra Corporation, 825 University Avenue, Norwood, MA 02062, attention Rich Yerganian.