



For Immediate Release

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**AEHR TEST SYSTEMS REPORTS
FIRST QUARTER RESULTS FOR FISCAL 2007**

Fremont, CA (September 26, 2006) - Aehr Test Systems (Nasdaq: AEHR), a leading supplier of semiconductor test and burn-in equipment, today announced financial results for the first quarter of fiscal 2007 ended August 31, 2006.

Net sales were \$7.1 million in the first quarter of fiscal 2007, an increase of 54% from \$4.6 million in the first quarter of fiscal 2006. The Company reported net income of \$557,000, or \$0.07 per diluted share, in the first quarter of fiscal 2007, compared with a net loss of \$244,000, or \$0.03 per diluted share, in the first quarter of fiscal 2006. Net income, excluding stock compensation expense of \$163,000, was \$717,000, or \$0.09 per diluted share, in the first quarter of fiscal 2007. The Company did not record stock compensation expense prior to fiscal 2007. The attached financial statements include a table reconciling the Company's net income excluding stock compensation expense to net income calculated according to accounting principles generally accepted in the United States ("GAAP").

"We had another quarter of strong execution on our business plan, which resulted in the Company's fourth consecutive profitable quarter," said Rhea Posedel, chairman and chief executive officer of Aehr Test Systems. "Our first quarter net sales were largely generated by the demand for our MAX burn-in systems from manufacturers of mobile communications and automotive ICs.

"We also continued to move forward with the introduction of our new FOX-1™ full wafer parallel tester, which included the shipment of our first system in September. Today, we announced that this customer has placed orders for more than \$4 million of FOX-1 systems and full wafer contactors, which we expect to ship over the next six months. Since we believe our FOX-1 parallel tester can significantly increase throughput and reduce test costs, we expect to receive follow-on orders for the FOX-1 system and full wafer contactors later this fiscal year," said Posedel.

At August 31, 2006, cash and cash equivalents and short-term investments were \$10.3 million. Aehr Test closed the first quarter of fiscal 2007 with no outstanding debt and shareholders' equity of \$19.9 million, or \$2.58 per share outstanding, at August 31, 2006.

“During the second quarter of fiscal 2007, we expect net sales and net income to be relatively similar to those of the first quarter of fiscal 2007,” said Gary Larson, vice president and chief financial officer of Aehr Test Systems. “Longer term, we are expecting solid top-line growth, resulting from an increasing level of FOX-1 orders and the expansion of our design and manufacturing capacity to accommodate anticipated future demand for our FOX family of products.”

Management Conference Call

Management of Aehr Test will host a conference call and webcast today, September 26, 2006 at 5:00 p.m. Eastern (2:00 p.m. Pacific) to discuss the Company’s first quarter fiscal 2007 operating results. The conference call will be accessible live via the internet at www.aehr.com. Please go to the website at least 15 minutes before start time to register, download and install any necessary audio software. A replay of the webcast will be available at www.aehr.com for 90 days.

About Aehr Test Systems

Headquartered in Fremont, California, Aehr Test Systems is a leading worldwide provider of systems for burning-in and testing DRAMs, flash, and other memory and logic integrated circuits and has an installed base of more than 2,500 systems worldwide. Aehr Test has developed and introduced several innovative products, including the FOX, MTX and MAX systems, and the DiePak[®] carrier. The FOX system is a full wafer contact test and burn-in system. The MTX system is a massively parallel test system designed to reduce the cost of memory testing by performing both test and burn-in on thousands of devices simultaneously. The MAX system can effectively burn-in and functionally test complex devices, such as digital signal processors, microprocessors, microcontrollers and systems-on-a-chip. The DiePak carrier is a reusable, temporary package that enables IC manufacturers to perform cost-effective final test and burn-in of bare die. For more information, please visit the Company’s website at www.aehr.com.

Safe Harbor Statement

This release contains forward-looking statements that involve risks and uncertainties relating to projections regarding customer demand and acceptance of Aehr Test’s products. Actual results may vary from projected results. These risks and uncertainties include without limitation, economic conditions in Asia and elsewhere, world events, conversion of quote activity to purchase orders and acceptance by customers of Aehr Test’s technologies, acceptance by customers of the systems shipped upon receipt of a purchase order and the ability of new products to meet customer needs or perform as described, and the Company’s development and manufacture of a commercially successful wafer-level test and burn-in system. See Aehr Test’s recent 10-K report and other reports from time to time filed with the Securities and Exchange Commission (SEC) for a more detailed description of the risks facing our business. The Company disclaims any obligation to update information contained in any forward-looking statement to reflect events or circumstances occurring after the date of this press release.

[Financial Tables to Follow]

AEHR TEST SYSTEMS AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	Three Months Ended August 31,	
	2006	2005
Net sales	\$ 7,136	\$ 4,646
Cost of sales	3,883	2,458
Gross profit	3,253	2,188
Operating expenses:		
Selling, general and administrative	1,635	1,452
Research and development	1,387	1,034
Total operating expenses	3,022	2,486
Income (loss) from operations	231	(298)
Interest income	122	46
Other income, net	216	--
Income (loss) before income taxes	569	(252)
Income tax expense (benefit)	12	(8)
Net income (loss)	\$ 557	\$ (244)
Net income (loss) per share		
Basic	\$ 0.07	\$ (0.03)
Diluted	\$ 0.07	\$ (0.03)
Shares used in per share calculations:		
Basic	7,683	7,482
Diluted	8,326	7,482

AEHR TEST SYSTEMS AND SUBSIDIARIES
Reconciliation of GAAP and Non-GAAP Results
(in thousands, except per share data)
(Unaudited)

Reconciliation of non-GAAP Financial Measure - net income to net income excluding stock compensation expense

	Three Months Ended <u>August 31, 2006</u>
Net income	\$ 557
Stock compensation expense	<u>163</u>
Income before income taxes, excluding stock compensation expense	720
Income tax expense	<u>3</u>
Net income excluding stock compensation expense	<u><u>\$ 717</u></u>
Diluted net income per share excluding stock compensation expense	<u><u>\$ 0.09</u></u>

Net income excluding stock compensation expense is a non-GAAP measure and should not be considered a replacement for GAAP results.

Net income excluding stock compensation expense is a financial measure the Company uses to evaluate the underlying results and operating performance of the business. The difference between net income (the most comparable GAAP measure) and net income excluding stock compensation expense (the non-GAAP measure) reflects the impact of applying SFAS 123R to the current period. The limitation of this measure is that it excludes an item that impacts the Company's current period net income. This limitation is best addressed by using this measure in combination with net income (the most comparable GAAP measure) because net income excluding stock compensation expense does not reflect the impact of adopting SFAS 123R and may be higher than net income (the most comparable GAAP measure). The Company believes net income excluding stock compensation expense is a useful measure that allows investors to draw comparison between net income results reported prior to adoption of SFAS 123R and the current period, which may mask underlying trends and make it difficult to give investors perspective on underlying business results.

AEHR TEST SYSTEMS AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except per share data)
(Unaudited)

	<u>August 31,</u> <u>2006</u>	<u>May 31,</u> <u>2006</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,550	\$ 9,405
Short-term investments	1,773	1,600
Accounts receivable, net	5,248	4,531
Inventories	6,285	7,242
Prepaid expenses and other	316	357
Total current assets	<u>22,172</u>	<u>23,135</u>
Property and equipment, net	854	959
Goodwill	274	274
Other assets, net	520	525
Total assets	<u><u>\$23,820</u></u>	<u><u>\$24,893</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,076	\$ 1,130
Accrued expenses	2,119	2,347
Deferred revenue	464	2,335
Total current liabilities	<u>3,659</u>	<u>5,812</u>
Deferred lease commitment	255	264
Total liabilities	<u>3,914</u>	<u>6,076</u>
Shareholders' equity:		
Common stock, \$0.01 par value outstanding: 7,721 and 7,630 shares at August 31, 2006 and May 31, 2006, respectively	76	76
Additional paid-in capital	38,623	38,081
Accumulated other comprehensive income	1,281	1,291
Accumulated deficit	(20,074)	(20,631)
Total shareholders' equity	<u>19,906</u>	<u>18,817</u>
Total liabilities and shareholders' equity	<u><u>\$23,820</u></u>	<u><u>\$24,893</u></u>