



FOR IMMEDIATE RELEASE

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**AEHR TEST SYSTEMS REPORTS FOURTH QUARTER
AND FISCAL 2004 RESULTS**

Fremont, CA (July 20, 2004) – Aehr Test Systems (Nasdaq: AEHR), a leading supplier of semiconductor test and burn-in equipment, today announced financial results for the fourth fiscal quarter and fiscal year ended May 31, 2004.

Net sales increased 27 percent in the fourth quarter of fiscal 2004 to \$5.9 million, compared with \$4.6 million in the fourth quarter of fiscal 2003. The Company posted a net loss of \$484,000, or \$0.07 per share, in the fourth quarter of fiscal 2004, compared with a net loss of \$677,000, or \$0.09 per share, in the same period of the prior year.

Net sales for the year ended May 31, 2004 were \$15.8 million, a five percent increase from net sales of \$15.1 million in fiscal 2003. The Company posted a net loss of \$4.0 million, or \$0.55 per share, for fiscal 2004. The Company's fiscal 2003 net loss was \$4.5 million, or \$0.63 per share.

“We are pleased with our performance this quarter,” said Rhea Posedel, chairman and chief executive officer of Aehr Test Systems. “Shipments increased significantly, allowing us to report our highest quarterly net sales in the last three years, during which period the semiconductor equipment industry experienced the effects of a protracted downturn.

“Most analysts believe that our industry will continue to see improvement in net sales throughout calendar 2004. Interest levels in our products, including the FOX™ wafer-level test and burn-in systems, have picked up recently, and we believe Aehr Test is positioned to benefit from increased demand for wafer-level test and burn-in products.”

At May 31, 2004, cash, short-term investments and long-term investments increased by over \$400,000 from \$11.4 million at the end of the fiscal 2003. The Company closed the fourth quarter of fiscal 2004 with no outstanding debt and shareholders' equity of \$22.2 million, or \$3.01 per share.

“Our backlog increased to \$7.9 million at the end of fiscal 2004 versus \$5.1 million at the end of fiscal 2003,” said Gary Larson, vice president of finance and chief financial officer. “Based primarily on the follow-on orders for MTX-Fp+ systems reported in May 2004, we believe that net sales in the first quarter of fiscal 2005 will be somewhat higher than those in the fourth quarter of fiscal 2004.”

Management Conference Call

Management of Aehr Test will host a conference call and webcast on Tuesday, July 20, 2004 at 5:00 p.m. Eastern (2:00 p.m. Pacific) to discuss the Company’s fourth quarter and fiscal 2004 results. The conference call can be accessed live via the Internet at www.aehr.com. Please go to the website at least fifteen minutes early to register, download and install any necessary audio software. A replay of the webcast will be available 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 DRAM and logic integrated circuits and has an installed base of more than 2,000 systems worldwide. Aehr Test has developed and introduced several innovative products, including the FOX, MTX, MAX3 and MAX4 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 industry growth and customer demand for 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, acceptance by customers of the FOX, MTX, MAX and DiePak technologies, the Company’s development and manufacture of a commercially successful wafer-level test and burn-in system, and the potential emergence of alternative technologies, which could adversely affect demand for Aehr Test’s products in fiscal year 2005. See Aehr Test’s most recent 10-K and 10-Q reports 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)

	Three Months Ended May 31, (Unaudited)		Year Ended May 31,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net sales	\$5,872	\$4,628	\$15,800	\$15,092
Cost of sales	3,942	2,985	10,092	9,354
Gross profit	<u>1,930</u>	<u>1,643</u>	<u>5,708</u>	<u>5,738</u>
Operating expenses:				
Selling, general and administrative	1,375	1,259	5,572	5,919
Research and development	1,153	1,248	4,645	4,543
Total operating expenses	<u>2,528</u>	<u>2,507</u>	<u>10,217</u>	<u>10,462</u>
Loss from operations	(598)	(864)	(4,509)	(4,724)
Interest income	28	67	333	252
Other income (expense), net	<u>119</u>	<u>14</u>	<u>293</u>	<u>(146)</u>
Loss before income taxes	(451)	(783)	(3,883)	(4,618)
Income tax expense (benefit)	<u>33</u>	<u>(106)</u>	<u>76</u>	<u>(74)</u>
Net loss	<u><u>\$ (484)</u></u>	<u><u>\$ (677)</u></u>	<u><u>\$ (3,959)</u></u>	<u><u>\$ (4,544)</u></u>
Net loss per share				
Basic	\$ (0.07)	\$ (0.09)	\$ (0.55)	\$ (0.63)
Diluted	\$ (0.07)	\$ (0.09)	\$ (0.55)	\$ (0.63)
Shares used in per share calculations:				
Basic	7,385	7,157	7,248	7,161
Diluted	7,385	7,157	7,248	7,161

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

	<u>May 31, 2004</u>	<u>May 31, 2003</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,641	\$ 8,362
Short-term investments	5,892	2,429
Accounts receivable	4,205	2,889
Inventories	7,989	9,247
Prepaid expenses and other	492	1,640
Total current assets	<u>23,219</u>	<u>24,567</u>
Property and equipment, net	1,289	1,515
Long-term investments	1,292	607
Other assets, net	1,012	1,558
Total assets	<u><u>\$26,812</u></u>	<u><u>\$28,247</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,838	\$ 748
Accrued expenses	2,100	1,739
Deferred revenue	337	106
Total current liabilities	<u>4,275</u>	<u>2,593</u>
Deferred revenue	26	30
Deferred lease commitment	307	279
Total liabilities	<u>4,608</u>	<u>2,902</u>
Shareholders' equity:		
Common stock, \$.01 par value outstanding:		
7,389 and 7,157 shares at May 31, 2004 and May 31, 2003, respectively	74	72
Additional paid-in capital	37,322	36,364
Net unrealized gain (loss) on investments	(14)	2
Cumulative translation adjustment	1,393	1,519
Accumulated deficit	(16,571)	(12,612)
Total shareholders' equity	<u>22,204</u>	<u>25,345</u>
Total liabilities and shareholders' equity	<u><u>\$26,812</u></u>	<u><u>\$28,247</u></u>