



For Immediate Release

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**AEHR TEST SYSTEMS REPORTS 32% INCREASE IN NET SALES  
FOR FOURTH QUARTER FISCAL 2008**

**Fremont, CA (July 22, 2008) - Aehr Test Systems (Nasdaq: AEHR)**, a leading supplier of semiconductor test and burn-in equipment, today announced financial results for the fourth quarter and full fiscal year ended May 31, 2008.

Net sales were \$10.9 million in the fourth quarter of fiscal 2008, an increase of 32% from \$8.3 million in the fourth quarter of fiscal 2007. Aehr Test reported net income of \$6.5 million, or \$0.74 per diluted share, in the fourth quarter of fiscal 2008, compared with net income of \$919,000, or \$0.11 per diluted share, in the fourth quarter of fiscal 2007. Net income for the fourth quarter of fiscal 2008 was positively impacted by a tax benefit of \$4.6 million, or \$0.53 per diluted share, related to the reversal of a valuation allowance against the Company's deferred tax assets, following a determination by management that certain deferred tax assets are more likely than not to be realizable in the future.

Net income excluding stock compensation expense of \$225,000 was \$6.7 million, or \$0.77 per diluted share, in the fourth quarter of fiscal 2008. In the same period of the prior fiscal year, net income excluding stock compensation expense of \$172,000 was \$1.1 million, or \$0.13 per diluted share. The attached condensed consolidated 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") for the three and 12 months ended May 31, 2008 and 2007.

"We delivered another quarter of strong year-over-year revenue and earnings growth, driven primarily by shipments of custom designed WaferPak contactors for our growing installed base of FOX™-1 full wafer parallel test systems, and acceptance of a FOX-15 wafer level burn-in system," said Rhea Posedel, chairman and chief executive officer of Aehr Test Systems.

"We were pleased to announce the first order for our new Advanced Burn-In and Test System (ABTS) and the strategic partnership with Antares Advanced Test Technologies. The Antares partnership will enhance our ability to pursue growing market segments for burn-in and test of high power logic devices. We anticipate that our new ABTS family of products will serve as a meaningful driver of additional revenue growth in the future," said Posedel.

Net sales were \$39.0 million in fiscal 2008, an increase of 43% over \$27.4 million in fiscal 2007. Net income for the year ended May 31, 2008 was \$10.6 million, or \$1.24 per diluted share, compared with net income of \$2.4 million, or \$0.30 per diluted share, in the prior fiscal year. The tax benefit recognized

in the fourth quarter of fiscal 2008 resulted in a positive impact of \$4.6 million, or \$0.54 per diluted share, for the year ended May 31, 2008. Net income excluding stock compensation expense of \$838,000 was \$11.4 million, or \$1.34 per diluted share, in fiscal 2008.

At May 31, 2008, cash and cash equivalents and short-term investments were \$15.6 million. Aehr Test closed the fourth quarter of fiscal 2008 with no outstanding debt and shareholders' equity of \$37.8 million, or \$4.52 per share outstanding, at May 31, 2008. As of May 31, 2008, the Company's backlog was \$18.6 million, compared with \$21.3 million in the prior year period.

Commenting on the outlook for Aehr Test Systems, Gary Larson, vice president and chief financial officer, said, "Based on expected shipment schedules for FOX products, we believe our net sales in the first quarter of fiscal 2009 will be higher than those in the same quarter of the prior year."

### **Management Conference Call**

Management of Aehr Test will host a conference call and webcast today, July 22, 2008 at 5:00 p.m. Eastern (2:00 p.m. Pacific) to discuss the Company's fourth quarter fiscal 2008 operating results. The conference call will be accessible live via the internet at [www.aehr.com](http://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](http://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<sup>®</sup> 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](http://www.aehr.com).

### **Safe Harbor Statement**

This release contains forward-looking statements that involve risks and uncertainties relating to projections regarding revenues and 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, 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 and 10-Q reports and other reports from time to time filed with the U.S. Securities and Exchange Commission 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 Income**  
(in thousands, except per share data)  
(Unaudited)

	Three Months Ended May 31,		Year Ended May 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net sales	\$10,914	\$8,279	\$39,041	\$27,351
Cost of sales	<u>5,540</u>	<u>3,896</u>	<u>19,072</u>	<u>13,438</u>
Gross profit	<u>5,374</u>	<u>4,383</u>	<u>19,969</u>	<u>13,913</u>
Operating expenses:				
Selling, general and administrative	1,993	1,765	7,657	6,538
Research and development	<u>1,582</u>	<u>1,781</u>	<u>6,501</u>	<u>6,324</u>
Total operating expenses	<u>3,575</u>	<u>3,546</u>	<u>14,158</u>	<u>12,862</u>
Income from operations	1,799	837	5,811	1,051
Interest income	18	101	231	491
Other income (expense), net	<u>(1)</u>	<u>24</u>	<u>(71)</u>	<u>961</u>
Income before income tax expense (benefit)	1,816	962	5,971	2,503
Income tax expense (benefit)	<u>(4,686)</u>	<u>43</u>	<u>(4,602)</u>	<u>75</u>
Net income	<u>\$ 6,502</u>	<u>\$ 919</u>	<u>\$10,573</u>	<u>\$ 2,428</u>
Net income per share				
Basic	\$ 0.79	\$ 0.12	\$ 1.32	\$ 0.31
Diluted	\$ 0.74	\$ 0.11	\$ 1.24	\$ 0.30
Shares used in per share calculations:				
Basic	8,234	7,807	8,013	7,751
Diluted	8,774	8,218	8,508	8,225

**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		Year Ended	
	May 31,		May 31,	
	2008	2007	2008	2007
GAAP net income	\$6,502	\$ 919	\$10,573	\$2,428
Stock compensation expense	225	172	836	678
Income tax effect on stock compensation expense	(5)	(3)	(17)	(12)
Non-GAAP net income	<u>\$6,722</u>	<u>\$1,088</u>	<u>\$11,392</u>	<u>\$3,094</u>
GAAP net income per diluted share	<u>\$ 0.74</u>	<u>\$ 0.11</u>	<u>\$ 1.24</u>	<u>\$ 0.30</u>
Non-GAAP net income per diluted share	<u>\$ 0.77</u>	<u>\$ 0.13</u>	<u>\$ 1.34</u>	<u>\$ 0.38</u>
Shares used in diluted shares calculation	<u>8,774</u>	<u>8,218</u>	<u>8,508</u>	<u>8,225</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 SFAS 123R and may be higher than net income (the most comparable GAAP measure).

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

	May 31, 2008	May 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$15,648	\$ 6,564
Short-term investments	--	2,987
Accounts receivable, net	10,927	6,614
Inventories	10,209	9,701
Deferred income taxes	3,043	--
Prepaid expenses and other	396	326
Total current assets	40,223	26,192
Property and equipment, net	2,278	1,689
Goodwill	274	274
Deferred income taxes	1,900	--
Other assets	524	520
Total assets	\$45,199	\$28,675
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,981	\$ 2,517
Accrued expenses	3,694	2,927
Deferred revenue	186	378
Total current liabilities	6,861	5,822
Deferred income taxes	297	--
Deferred lease commitment	269	185
Total liabilities	7,427	6,007
Shareholders' equity	37,772	22,668
Total liabilities and shareholders' equity	\$45,199	\$28,675