



FOR IMMEDIATE RELEASE

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**Costar Technologies, Inc. Announces Definitive Agreement
To Purchase CohuHD Camera Products Division From Cohu, Inc.
Acquisition Expected to Expand Products Offerings and Accelerate Sales Growth**

Coppell, Texas – June 4, 2014 – Costar Technologies, Inc. (OTC Markets Group: CSTI) announced today that it has signed a definitive agreement to acquire CohuHD, the camera products and video solutions division of Cohu, Inc. (NASDAQ: COHU). The purchase price for CohuHD, including potential earn-out payments, is expected to be \$10 million in cash, subject to certain post-closing adjustments set forth in the definitive agreement. The acquisition, which is structured as an asset purchase, is subject to customary closing conditions and is expected to be completed later this week. Costar is financing the transaction with proceeds from a new credit facility with Bank of Texas. The present CohuHD management team and other CohuHD employees are expected to join Costar following the closing of the acquisition.

CohuHD is a leading provider of video cameras and related products, specializing in IP video solutions for traffic monitoring, security, surveillance and military applications; and accessories such as cables, camera mounts, lenses and data storage devices. CohuHD is the market leader in offering high-definition video systems designed for the performance requirements associated with critical infrastructure environments, and sells to a customer base that includes corporate end-users, state and federal government agencies, original equipment manufacturers, distributors, system integrators and value-added resellers.

In making the announcement, Costar President and Chief Executive Officer James Pritchett stated, “This is a great strategic fit for Costar as we combine with one of the most well respected brands in the industry. We look forward to welcoming the team from CohuHD to Costar. The combination will yield meaningful operational benefits, together with significant synergies in many areas, including marketing, sales and product development. CohuHD’s product offerings are complementary to Costar’s current products and solutions, and, because Costar and CohuHD serve different channels and customers, the acquisition creates numerous cross-selling opportunities. We believe our combined sales organization will be able to expand CohuHD’s product penetration in existing markets and promote CohuHD’s products to new markets, accelerating the growth of our sales footprint. With the addition of CohuHD, we expect Costar to become one of the 50 largest video security companies in the world, with more than \$40 million in revenue per year.”

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He went on to say, "The CohuHD acquisition is consistent with our strategy of providing high quality solutions to our customers. Our customers will have access to a broader product line while continuing to receive the same high level of sales, service and support that they have come to expect from Costar and CohuHD."

"We are very excited to be joining the Costar team and to carry on CohuHD's 60 year history of leadership in the video camera market," said Tom Kampfer, President and General Manager, CohuHD Division. "Our combined resources and broader product offering will generate growth opportunities for CohuHD's rugged, outdoor video cameras into new commercial channels, and access to Costar's products will enable further sales opportunities within our core transportation markets."

Costar is being advised in connection with the transaction by Alston & Bird LLP.

About Costar Technologies, Inc.

Costar Technologies, Inc. develops, designs and distributes a range of security solution products including surveillance cameras, lenses, digital video recorders and high-speed domes. Costar also develops, designs and distributes industrial vision products to observe repetitive production and assembly lines, thereby increasing efficiency by detecting faults in the production process. Headquartered in Coppell, Texas, Costar's shares currently trade on the OTC Markets Group under the ticker symbol "CSTI".

Cautionary Statement Regarding Forward Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties, as well as assumptions, that if they never materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements generally are identified by the words "expects," "anticipates," "believes," "intends," "estimates," "should," "would," "strategy," "plan" and similar expressions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. These forward-looking statements include, among other things, statements regarding markets for our products and our performance in those markets, our business plans, product performance and impact, competitive offerings, impact and benefits of the transaction including potential synergies to be achieved, the transaction's impact on Costar's sales and other financial results and the timing of the transaction's closing. These forward-looking statements are based on our beliefs, assumptions and estimates using information available to us at the time and are not intended to be guarantees of future events or performance. The risks, uncertainties and assumptions include developments in the marketplace for our products, competition, related products and services and general economic conditions, as well as other risks and uncertainties. If our underlying assumptions turn out to be incorrect, or if certain risks or uncertainties materialize, actual results could vary materially from the expectations and projections expressed or implied by our forward-looking statements. These factors, in some cases, have affected and in the future (together with other factors) could affect our ability to implement our business strategy and may cause actual results to differ materially from those contemplated by the statements expressed in this press release. Accordingly, we cannot give assurance that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the

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results of operations or financial condition of Costar. As a result, readers are cautioned not to place undue reliance on any of our forward-looking statements. We disclaim any intention or obligation to publicly update or revise any forward-looking statements to reflect any change in our expectations or in events, conditions or circumstances on which those expectations may be based, or that may affect the likelihood that actual results will differ from those contained in the forward-looking statements. This cautionary statement is applicable to all forward-looking statements contained in this press release.

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