

Press Release

Credence Sells Its Diagnostics and Characterization Business to Optonics Founder

MILPITAS, CA, Feb 21, 2008 (MARKET WIRE via COMTEX News Network) -- Credence Systems Corporation (NASDAQ: CMOS), a provider of test solutions for the worldwide consumer semiconductor industry, announced today that it has entered into a definitive agreement and closed a transaction to sell its diagnostics and characterization business to DCG Systems, Inc., an independent company led by Dr. Israel Niv, the founder of Optonics, Inc. and general manager of Credence's Diagnostics and Characterization Group from January 2003 to February 2005. "We are pleased to find a new home for this highly specialized and important business," said Lavi Lev, president and CEO of Credence. "The products developed by the Diagnostics and Characterization Group have always been cutting edge, and are critical for manufacturing process bring-up and diagnostics tasks associated with advanced semiconductor designs. As Credence focuses on the consumer-based semiconductor ATE markets, one of our priorities was the continued care of our DCG customers, and the qualifications of the new management team. We believe DCG customers will benefit from the focus and experience Israel and his team bring to the business."

Under the terms of the agreement entered into on February 14, 2008, Credence may receive up to \$10 million for the diagnostics and characterization business, with \$2.5 million, subject to certain adjustments, payable on each of the first and second anniversaries of the close of the transaction, and the balance payable on the third anniversary of the close of the transaction contingent on DCG Systems' achievement of revenue targets. Credence will transfer up to \$22 million of book value of assets, including component inventory, fixed assets, intangibles and various liabilities related to the diagnostics and characterization business. Credence also will provide reimbursable transition services for a limited period of time following the closing. In addition, Credence will fund the fulfillment of approximately \$4 million of existing warranty and service contract obligations through DCG Systems.

Credence closed the transaction with DCG Systems on February 20, 2008. In connection with its decision to sell the Diagnostics and Characterization Group, Credence will take a non-cash charge in connection with the terms of the divestiture of approximately \$22 million in the company's just-concluded first quarter of fiscal 2008. This charge relating to the divestiture is in addition to anticipated \$37-39 million total loss for the first quarter of fiscal 2008, which includes extraordinary charges totaling approximately \$19 million, as guided in the Company's earnings call for the fourth quarter of fiscal 2007.

"DCG Systems provides the best bridge between the design community and the fab yield and failure analysis teams with its diagnostic systems and software to enhance yield ramp, silicon design debug and IC quality," said Dr. Israel Niv, chief executive officer of DCG Systems. "We intend to focus fully on the specific needs of our customers as they move to the 45nm technology node and beyond. We are committed to continuing to provide leading-edge tools, methodologies and service to our customers in order to meet their ongoing technology needs."

The newly formed DCG Systems will be headquartered in Fremont, CA, and will continue to provide leading edge design diagnostics and failure analysis technologies to key semiconductor companies. Products include the recently introduced Ruby laser voltage prober, the OptiFIB-IV focused ion-beam system, the Meridian-IV emission system, and NEXS suite of EDA link software. In addition, DCG Systems will continue to offer the industry-standard EmiScope, TriVision and P3X instruments.

About Credence Credence Systems Corporation (NASDAQ: CMOS) is a global provider of automated test equipment (ATE) solutions to the high growth, consumer semiconductor industry. Credence is committed to deliver the highest standards of value -- an optimal combination of technology, turn-around time, reliability, ease of use, service and support -- to every customer, which enables important cost and performance advantages for integrated device manufacturers (IDMs), wafer foundries, outsource assembly and test (OSAT) suppliers and fabless chip companies worldwide. An ISO 9001-certified company with a presence in 20 countries, Credence is headquartered in Milpitas, California. More information is available at <http://www.credence.com>.