

## **COMPENSATION COMMITTEE CHARTER**

Amended and Restated by the Board of Directors of Data I/O Corporation on January 25, 2012

### **Purpose:**

The purpose of the Compensation Committee is to aid the Board of Directors (the "Board") in meeting its responsibilities with regard to oversight and determination of executive compensation. Among other things, the Committee reviews and approves salaries and other compensation of Data I/O's executive officers, administers Data I/O's equity incentive plans (including reviewing, recommending and approving stock option and other equity incentive grants to executive officers), and administers the Management Incentive Compensation Plan.

### **Composition:**

The Compensation Committee shall be composed of three or more independent directors (as defined in the applicable rules for NASDAQ-traded issuers as well as applicable federal law). Appointment to the Committee, including designation of the Chair of the Committee, shall be made on an annual basis by the Board. Meetings of the Compensation Committee shall be held at such times and places as the Compensation Committee shall determine, including by written consent. When necessary, the Committee shall meet in executive session outside of the presence of any senior executive officer of the company. The Chair of the Compensation Committee shall report on activities of the Committee to the Board. In fulfilling its responsibilities, as set forth below, the Compensation Committee shall have authority to delegate its authority to subcommittees, including subcommittees consisting solely of one or more Data I/O employees, in each case to the extent permitted by applicable law.

In addition, a person may serve on the Committee only if he or she (i) is a "Non-Employee Director" for purpose of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (ii) satisfies the requirements of an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code.

### **Responsibilities:**

1. Meet in executive session to determine the compensation of the Chief Executive Officer of Data I/O. In determining the amount, form, and terms of such compensation, the Committee shall consider the annual performance evaluation of the CEO conducted by the Board in light of company goals and objectives relevant to CEO compensation, competitive market data pertaining to CEO compensation at comparable companies, and such other factors as it shall deem relevant, and shall be guided by, and seek to promote, the best interests of the company and its shareholders.
2. Review and approve salaries, bonuses, and other matters relating to compensation of the executive officers of the company based on recommendations from the CEO. In determining the amount, form, and terms of such compensation, the Committee shall consider the officer's performance in light of company goals and objectives relevant to executive compensation, competitive market data pertaining to executive compensation at comparable companies, and such other factors as it shall deem relevant, and shall be guided by, and seek to promote, the best interests of the company and its shareholders. The CEO of the company may be present at meetings during which such compensation is under review and consideration but may not vote.

3. To the extent applicable, the Committee will take into account the most recent stockholder advisory vote on executive compensation as required by Section 14A of the Exchange Act when reviewing and approving executive compensation.
4. Review and make recommendations with respect to shareholder proposals related to compensation matters.
5. Review and make recommendations to the Board regarding executive compensation and benefit plans and programs.
6. As requested by Data I/O management, review, consult and make recommendations and/or determinations regarding employee compensation and benefit plans and programs generally, including employee bonus and retirement plans and programs.
7. Administer Data I/O's equity incentive plans, including the review and grant of stock option and other equity incentive grants to executive officers.
8. Be authorized to delegate to any one or more members of the Board, who are not required to be members of the Committee, the authority to review and grant, as the act of the Committee and of the Board, stock options to non-executive officers that do not report to the CEO.
9. Administer Data I/O's employee stock purchase plan.
10. As required under applicable securities laws and rules, the Committee shall review the Compensation Discussion and Analysis section (the CD&A) to be included in the Company's annual proxy statement or other report or filing, discuss the CD&A with the Company's management, and recommend to the Board that the CD&A be included in the Company's annual report on Form 10-K, proxy statement on Schedule 14A or information statement on Schedule 14C. The Committee shall also produce a report of the Committee for inclusion in the Company's annual proxy statement, state that the Committee has taken the actions described in the preceding sentence. If the Company is required to provide CD&A under applicable securities laws and rules, such CD&A shall provide full and complete disclosure of the Company's compensation policies applicable to the Company's executive officers.
10. When appropriate, be authorized to designate one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee shall direct.
11. To review Data I/O's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate the compensation policies and practices that could mitigate any such risk.
12. Periodically review and reassess the adequacy of the Committee's charter and the effectiveness of the Committee and recommend any changes to the Board.

In fulfilling its responsibilities, the Compensation Committee shall have the authority, and shall be afforded resources sufficient, to engage independent compensation consultants or legal advisers when determined by the Committee to be necessary or appropriate. The Compensation Committee shall have sole authority to retain and terminate any such consultant or legal adviser, including sole authority to approve the fees and other retention terms.