

## **AUDIT COMMITTEE CHARTER**

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

### ***Composition:***

The audit committee shall be composed of three or more directors, as determined by the board of directors. Each of the committee members shall meet the independence and financial literacy requirements of NASDAQ unless the Board determines, to the extent permitted by NASDAQ rules, no more than one individual who does not meet the independence requirements and who shall not serve for more than two years would bring valuable financial or accounting experience to the committee. In addition, at least one member of the audit committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K, with such member, among other things, having past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless the board of directors designates a chair, the committee members may appoint their own chair by majority vote provided, however, that a committee member who does not meet the independence requirements of NASDAQ shall not serve as chair. The committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

### ***Statement of Policy:***

The audit committee of the board of directors assists the board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to the Company’s financial statements and the financial reporting process, the systems of internal accounting and financial controls, and the annual independent audit of the Company’s financial statements. In so doing, it is the responsibility of the committee to maintain free and open communication among the committee, independent auditors, and management of the Company. In discharging its oversight role, the committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the power to retain outside counsel or other experts for this purpose. The Company shall provide for appropriate funding, as determined by the committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the committee. In the performance of its responsibilities, the committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The committee shall set the compensation, and oversee the work, of any outside counsel and other advisors.

### ***Responsibilities:***

1. Appoint, oversee, evaluate and approve compensation for Data I/O's independent auditor and, if so determined by the Committee, replace the independent auditor.
2. Appoint, oversee, evaluate and approve compensation for any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Data I/O and, if so determined by the Committee, terminating such registered public accounting firm.
3. Establish policies and procedures for the review and pre-approval by the Committee of all auditing services and permissible non-audit services (including the fees and terms thereof) and tax services to be performed by the independent auditor or other registered public accounting firms on an on-going basis.

4. Ensure the receipt of, and evaluate, the written disclosures and the letter that the independent auditor submits to the audit committee regarding the auditor's independence required by applicable requirements of the Public Company Accounting Oversight Board for independent auditor communications with Audit Committees concerning independence. Discuss such reports with the auditor and recommend that the board of directors take appropriate action to address issues raised by such evaluation.
5. Instruct management, the independent auditor and any internal auditor that the committee expects to be informed if there are any subjects that require special attention or if they perceive any significant weaknesses in the company's information and reporting systems.
6. Meet with management and the independent auditor to discuss the annual financial statements and the report of the independent auditor thereon, and to discuss significant issues encountered in the course of the audit work, including restrictions on the scope of activities, access to required information and the adequacy of internal financial controls.
7. Review the management letter delivered by the independent auditor in connection with the audit.
8. Meet quarterly with management and the independent auditor to discuss the quarterly and annual financial statements prior to the filing of the Form 10Q and Form 10K; provided that this responsibility may be delegated to the chair of the audit committee.
9. Meet at least once each year in separate executive session with the independent auditor to discuss matters that any of them or the committee believes could significantly affect the financial statements and should be discussed privately.
10. Have such meetings with management and/or the independent auditor as the committee deems appropriate to discuss significant financial risk exposures facing the company and management's plans for monitoring and controlling such exposures.
11. Review significant changes to the company's accounting principles and practices proposed by the independent auditor or management.
12. Provide minutes of audit committee meetings to the board of directors, and report to the board of directors on any significant matters arising from the committee's work.
13. At least annually, review and reassess this charter and, if appropriate, recommend proposed changes to the board of directors.
14. Periodically review and reassess the effectiveness of the audit committee and recommend any changes to the board of directors.
15. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the company's annual proxy statement.
16. Review and approve all reportable related-party or conflict-of-interest transactions (as defined by the relevant NASDAQ listing requirements) involving other members of the board of directors or the company's senior management.
17. Establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters, and the

confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

18. Establish policies for the hiring of employees and former employees of the independent auditor.
19. In the performance of its responsibilities, the audit committee is the representative of the shareholders. However, it is not the responsibility of the audit committee to plan or conduct audits, or to determine whether the company's financial statements are complete and accurate or in accordance with generally accepted accounting principles.