



Data I/O Corporation

Investor Briefing
September 14, 2009

Safe harbor statement

Statements in this news release concerning future revenues, margins, results from operations, financial position, economic conditions, product releases and any other statement that may be construed as a prediction of future performance or events are forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those expressed or implied by such statements. These factors include uncertainties as to levels of orders, ability to record revenues based upon the timing of product deliveries and installations, market acceptance of new products, changes in economic conditions and market demand, pricing and other activities by competitors, and other risks including those described from time to time in the Company's filings on Forms 10K and 10Q with the Securities and Exchange Commission (SEC), press releases and other communications. The accuracy and completeness of forward-looking statements should not be unduly relied upon. Data I/O is under no duty to update any of these forward-looking statements.

Data I/O Corporation

- Is a solid company
 - It's been around for 37 years – dominant in its niche
 - Leading companies (RIM, Apple, Nokia, LG, Continental, Bosch, etc.) depend on DAIO and trust their IP and IP delivery processes to DAIO
 - Has a robust technology patent portfolio
- Has a sound business model
 - >\$14M in cash – no debt
 - Gross margins approach 60%
 - Recurring aftermarket revenue >30%
 - Operating margin >15% at target revenue

Data I/O's 35 year legacy of programming



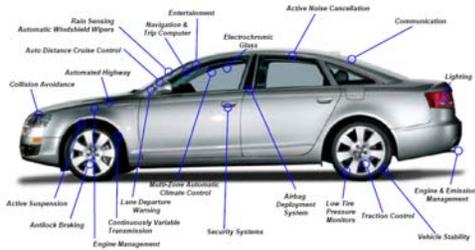
Data file
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Semiconductor
Devices



OEM, ODM or EMS Customer

Automotive



Wireless



Industrial
Control



World Class Companies Repeatedly Choose Data I/O's Programming Innovations

Automotive

Continental
 DELPHI
 HELIX
 KOSTAL
 TRW
 LEAR CORPORATION
 ADVANCE. RELENTLESSLY.
 BOSCH
 METHODE ELECTRONICS, INC.
 HARMAN/BECKER
 AUTOMOTIVE SYSTEMS
 Valeo
 ALPS
 ALPINE
 Mobile Media Solutions

Wireless

PIM
 Microsoft
 Motorola
 Sony Ericsson
 LG
 NOKIA
 Connecting People
 KYOCERA
 SONY
 SANYO
 w'stron
 cobra
 htc
 smart mobility
 SPANSION

Industrial Automation

WATLOW
 www.watlow.com
 BEKO
 Honeywell
 3M
 MOOG
 Schindler
 SIMCO
 An Ingersoll Rand Company
 Rexroth
 Bosch Group
 INSTRON
 The difference is measurable
 SQUARE D
 Miele
 GILBARCO
 VEEDER-ROOT
 omega.com
 Your One-Stop Source for Process Measurement and Control!
 RAIN BIRD

SANMINA-SCI
 ELCOTEQ
 FLEXTRONICS
 AVNET
 FOXCONN
 Elmitech
 SOLECTRON

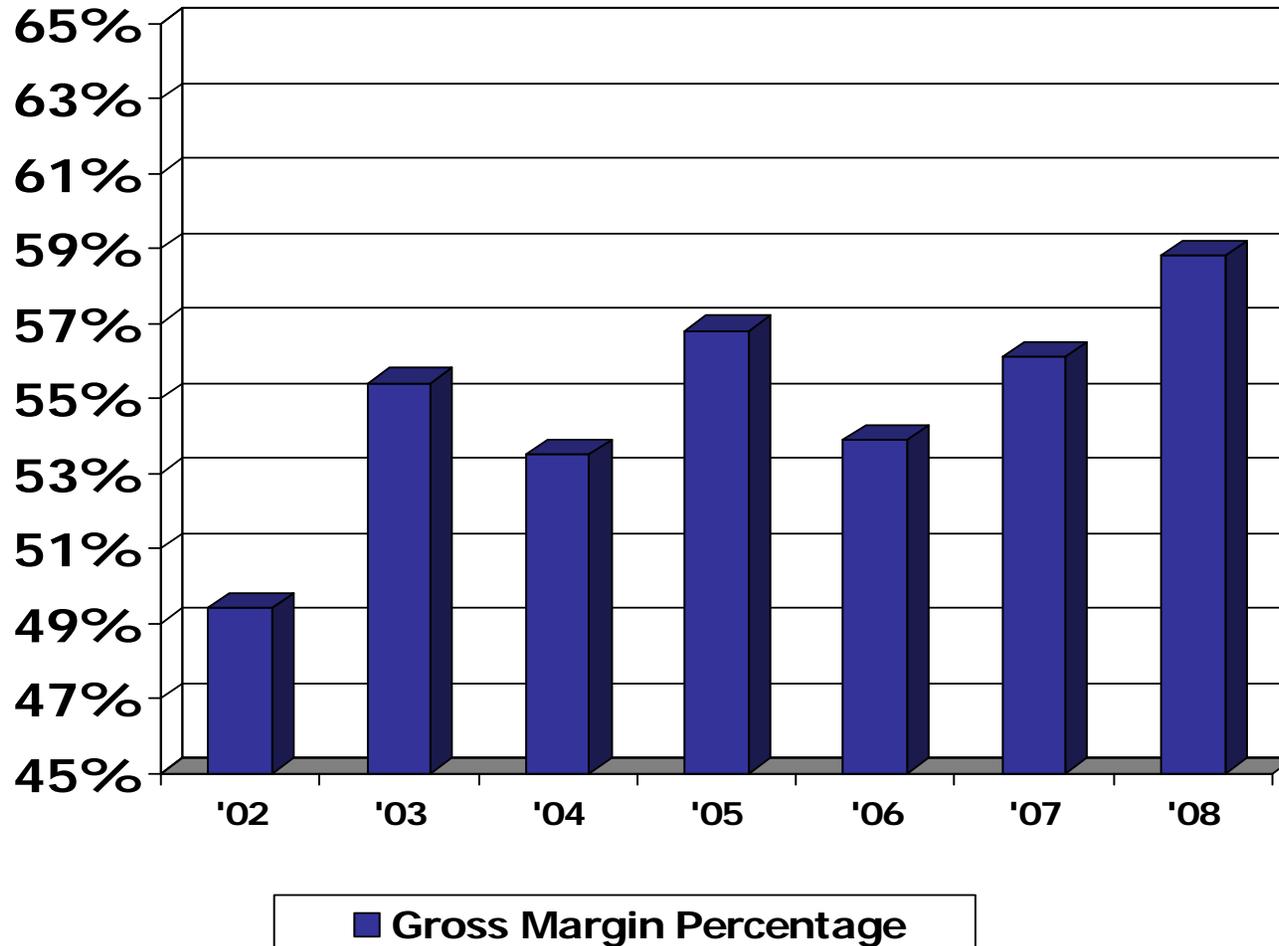
Innovative customers drive the business

	Customer Types				
	OEMs			EMS	Programming Centers
	Wireless & Consumer Electronics	Automotive Electronics	Industrial & Control Electronics	Contract Manufacturers	
Typical customers	Nokia, LG, Motorola, RIM, Sony, HTC, Microsoft, Vestel	TRW, Lear, Delphi, Bosch, Blaupunkt, Continental, Siemens VDO	Allen-Bradley, Square D, ABB, Trane, Grundig, Danfoss, Philips	Flextronics, Celestica, Elcoteq, Jabil, Wistron, Foxconn.	Arrow, Avnet, BTV, MSC, HTV, CPS, Liberty, Synchroworks,
Programmable devices used	5 billion NOR & NAND flash devices annually; 5 billion microcontrollers	5 billion microcontrollers annually; use of flash growing	2 billion microcontrollers	Same as OEMs they serve	Same as OEMs they serve, and lines they distribute
Business drivers	GPS, DRM, security, flash media, video, 3G, features & functionality of converged devices	Safety, navigation, infotainment, drive-by-wire	Higher functionality driven by increasing electronic content	Acquisition of OEM factories, production contract wins	Value-added services, logistics
Programming equipment drivers	Rollout of new products that incorporate higher functionality, more memory, and new technology, e.g. eSD, eMMC	Process improvement and simplification as well as new product rollouts	Process improvement and simplification as well as new product rollouts	New contracts from OEMs, programming solutions specified by OEMs	Capacity utilization of their installed base of equipment
Buying criteria	Throughput, technical capability to support evolving technology, global support, IP protection, robust algorithms	Quality, reliability configuration control, traceability, global support, IP protection	Quality, reliability configuration control, traceability	Lowest equipment procurement cost, global support	Flexibility, lowest life-cycle cost-per programmed-part, low changeover time; use of multiple vendors provides negotiating leverage

Clean balance sheet (\$in millions)

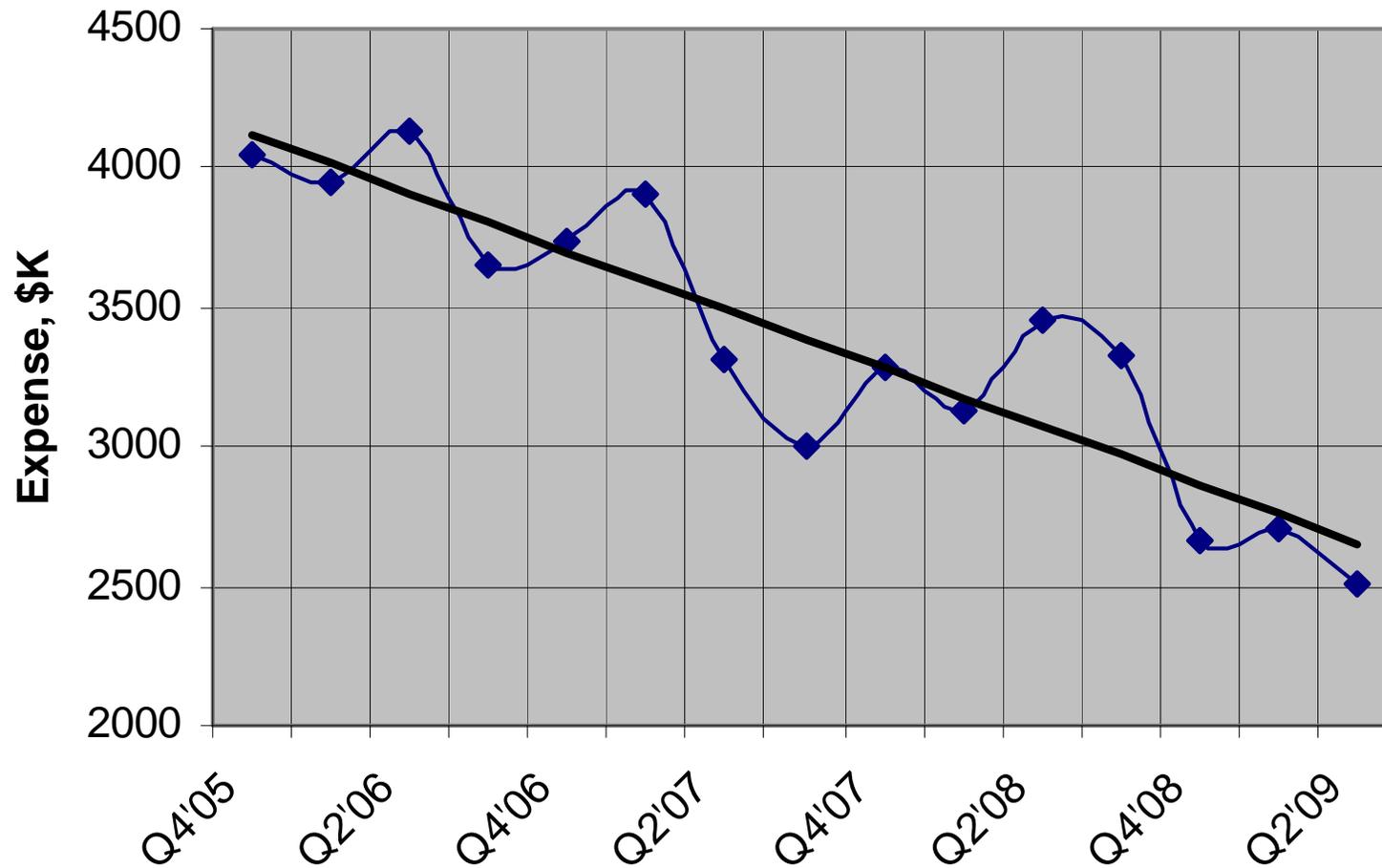
	<u>Q2'08</u>	<u>Q3'08</u>	<u>Q4'08</u>	<u>Q1'09</u>	<u>Q2'09</u>
Cash & Securities	\$10.8	\$11.6	\$13.3	\$14.4	\$14.8
Acct. Receivable	6.9	7.8	5.7	3.2	2.5
Inventory	5.0	5.3	5.0	4.9	4.6
Fixed Assets	2.2	2.1	2.3	2.1	1.9
Other	0.4	0.3	0.5	0.4	0.4
<u>Total Assets</u>	<u>\$25.3</u>	<u>\$27.1</u>	<u>\$26.8</u>	<u>\$25.0</u>	<u>\$24.2</u>
Current liabilities	4.1	4.5	4.2	2.9	2.9
Deferred revenue	1.7	1.6	1.5	1.5	1.3
Debt -long term	0.3	0.3	0.3	0.3	0.2
Equity	19.2	20.7	20.8	20.3	19.8

Growth in gross margin driven by new products, increased software content, and greater efficiency*

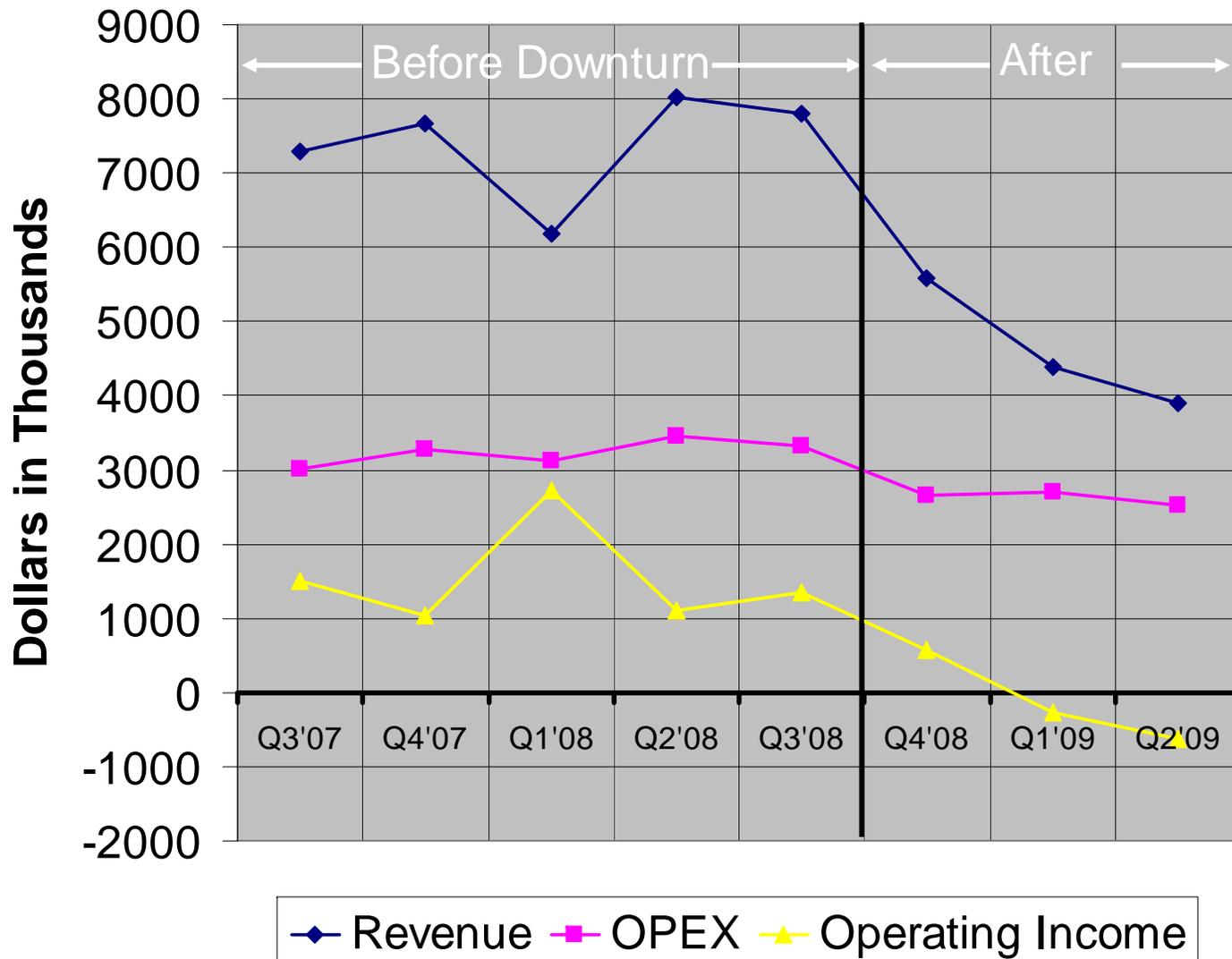


*Includes benefits from DAIO's subsidiary in Shanghai

Operating expenses have been reduced

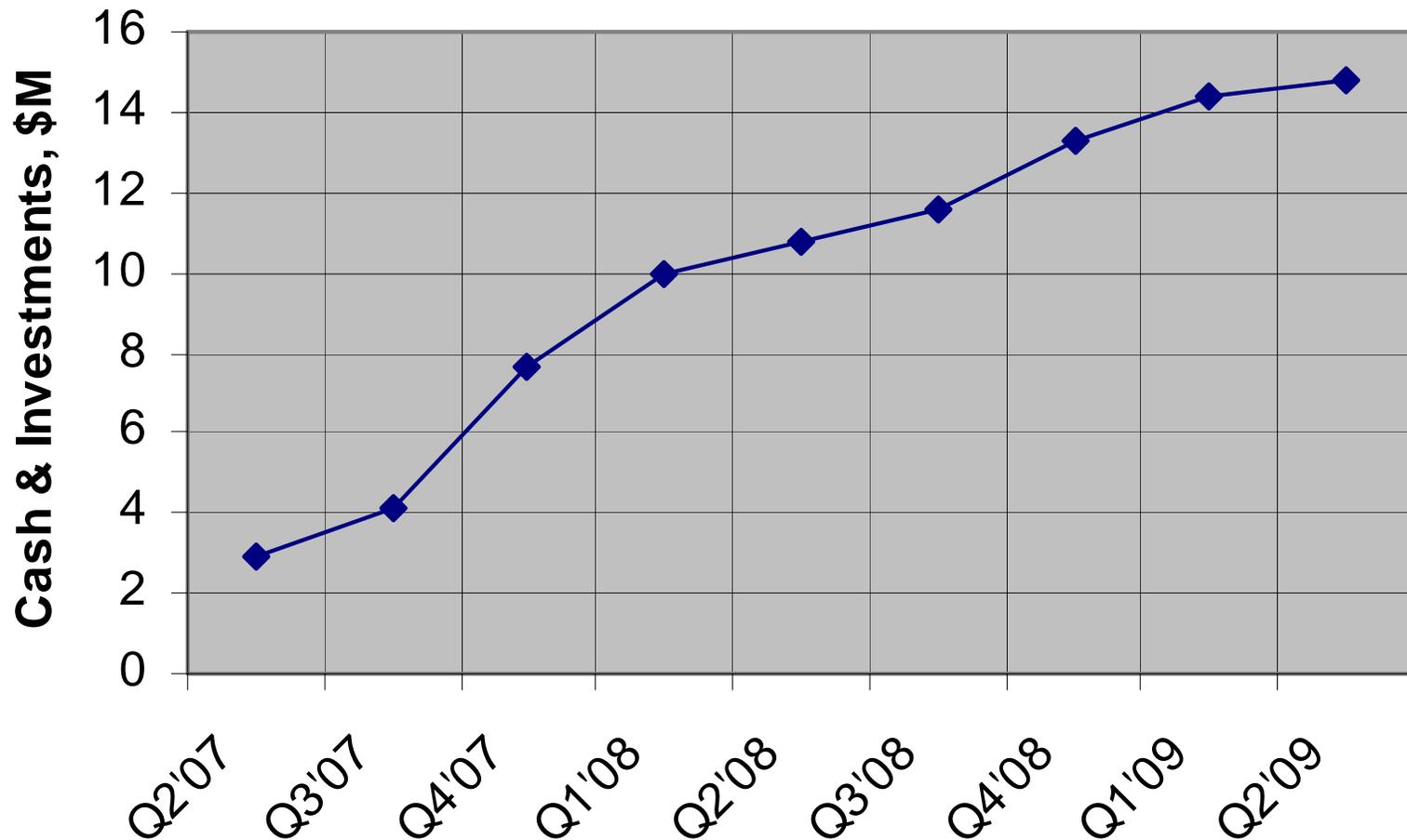


Revenue and operating income

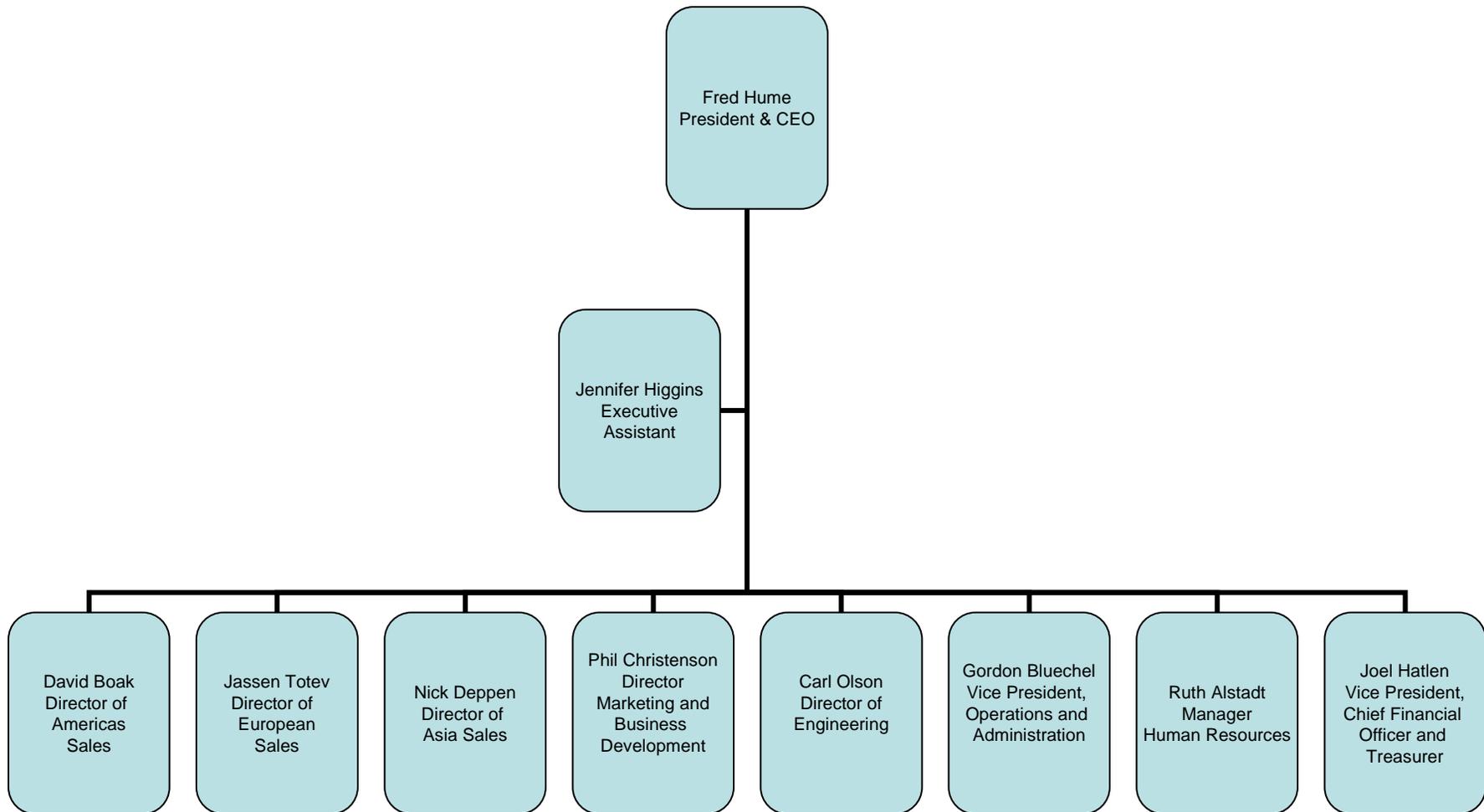


10 Note: Operating income excludes restructuring expense – essentially complete in Q2'09

Data I/O has continued to generate cash during the downturn



Data I/O runs a flat organization



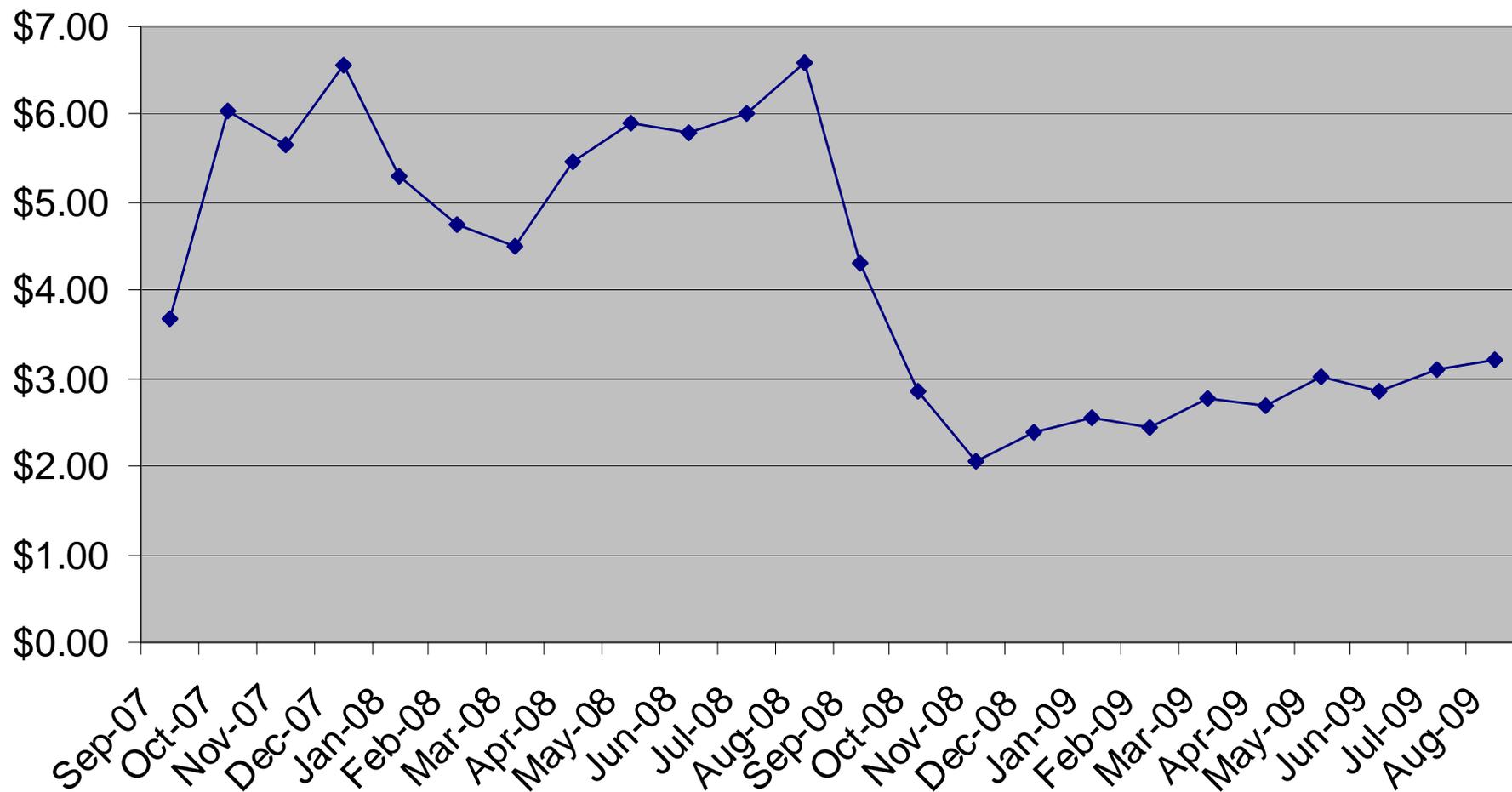
The short-term outlook brightens

- Capital spending is starting to pick up
 - July and August were the strongest two-month period for orders since the first of the year
 - The moving quarterly order total moved above \$5M in August for the first time in six months
 - Moving quarterly total orders are at the highest levels in nine months for all three regions
- Sales funnels have grown substantially in the past three months
- Europe's business prospects are rebounding quicker than expected – the automotive electronics sector is coming back to life
- Data I/O has just released FlashCore III its latest programming technology – upgrade business is expected

Data I/O is positioned for long-term growth

- Data I/O has strengthened its sales and distribution channels during the downturn
- Sales funnels continue to fill with new customer prospects – many of these have performance-based demand rather than capacity-based demand
- The Smartphone war with new models from RIM, Apple's iPhone 3GS, LG, HTC, and Motorola's Cliq – means substantial business for DAIO
- Data I/O has significant new business initiatives
 - Software for security and process control, new device technology, Flash media
- The average data file size is growing rapidly – that will drive demand for our automated programming solutions

End of month share price



Q&A

- How much is DAIO's aftermarket revenue?
 - *Approaching 40%*
- Is DAIO gaining traction with its new sales channels?
 - *Quite a few of the new business prospects in the sales funnels have been generated by the new channels*
- The semiconductor industry appears to have turned up; when will that turn into growth for DAIO?
 - *We normally follow a general upturn in the semiconductor industry by a few months, and we are seeing an upturn now*
- How soon will revenue get back to \$8M per quarter?
 - *It depends on the timing and strength of the broader economic recovery as well as the success of our new products – as CFO's gain confidence they will loosen the reins on capital spending*

The logo for Data iO, featuring the text "Data iO" in a bold, sans-serif font. The "i" is lowercase and has a yellow swoosh that curves around the top of the "O". The background is a photograph of a modern, grey building with large glass windows and a curved facade. The building is surrounded by trees with yellow and green leaves, suggesting a spring or autumn setting. The sky is blue with some light clouds. The overall scene is bright and clear.

Data iO

Thank you