

## **AUDIT COMMITTEE CHARTER**

Amended and Restated by the Board of Directors of Data I/O Corporation on March 4, 2009

### ***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 of the members shall have 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.

### ***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.

### ***Responsibilities:***

1. Appoint, oversee, evaluate and approve compensation for the company's independent auditor and, if so determined by the audit committee, replace the independent auditor. 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) to be performed by the independent auditor.
2. 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.
3. Discuss with the independent auditor the matters required to be discussed by SAS 61, as it may be modified or supplemented.
4. 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.

5. 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.
6. Review the management letter delivered by the independent auditor in connection with the audit.
7. 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.
8. 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.
9. 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.
10. Review significant changes to the company's accounting principles and practices proposed by the independent auditor or management.
11. 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.
12. At least annually, review and reassess this charter and, if appropriate, recommend proposed changes to the board of directors.
13. Periodically review and reassess the effectiveness of the audit committee and recommend any changes to the board of directors.
14. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the company's annual proxy statement.
15. 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.
16. 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.
17. Establish policies for the hiring of employees and former employees of the independent auditor.
18. 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.