FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2002-05-14** | Period of Report: **2002-03-31**
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FILER

DATA I/O CORP

CIK:**351998**| IRS No.: **910864123** | State of Incorp.:**WA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-10394** | Film No.: **02644603**
SIC: **3825** Instruments for meas & testing of electricity & elec signals

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended March 31, 2002

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Or the transition period from ___________ to ______________

Commission File No. 0-10394

DATA I/O CORPORATION
(Exact name of registrant as specified in its charter)

Washington	91-0864123
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10525 Willows Road N.E., Redmond, Washington, 98052
(Address of principal executive offices, Zip Code)

(425) 881-6444
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

7,664,408 shares of no par value of the Registrant's Common Stock were issued and outstanding as of May 06, 2002.

DATA I/O CORPORATION

FORM 10-Q
For the Quarter Ended March 31, 2002

INDEX

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

DATA I/O CORPORATION

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	Mar. 31, 2002	Dec. 31, 2001
(in thousands, except share data)	(unaudited)	
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,117	$ 2,656
Marketable securities	2,060	3,236
Trade accounts receivable, less allowance for doubtful accounts of $372 and $350	5,270	5,666
Inventories	6,075	6,388
Other current assets	551	485
TOTAL CURRENT ASSETS	17,073	18,431
Property and equipment - net	1,547	1,741
Other assets	148	168
TOTAL ASSETS	$18,768	$20,340
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 1,385	$ 1,599
Accrued compensation	771	848
Deferred revenue	1,745	1,686
Other accrued liabilities	1,692	1,871
Accrued costs of business restructuring	63	88
Income taxes payable	371	329
TOTAL CURRENT LIABILITIES	6,027	6,421
Deferred gain on sale of property	1,682	1,765
TOTAL LIABILITIES	7,709	8,186
COMMITMENTS	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock -		
Authorized, 5,000,000 shares, including 200,000 shares of Series A Junior Participating		

Issued and outstanding, none	-	-
Common stock, at stated value -		
Authorized, 30,000,000 shares		
Issued and outstanding, 7,664,408 and 7,613,754 shares	18,577	18,500
Accumulated losses	(7,519)	(6,173)
Accumulated other comprehensive income (loss)	1	(173)
TOTAL STOCKHOLDERS' EQUITY	11,059	12,154
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$18,768	$20,340

See notes to consolidated financial statements.
</TABLE>

DATA I/O CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

For the quarters ended	Mar. 31, 2002	Mar. 31, 2001
(in thousands, except per share data)		
<S>	<C>	<C>
Net sales	$5,390	$7,883
Cost of goods sold	2,887	5,147
Gross margin	2,503	2,736
Operating expenses:		
Research and development	1,308	1,939
Selling, general and administrative	2,295	2,996
Total operating expenses	3,603	4,935
Operating loss	(1,100)	(2,199)
Non-operating income (expense):		
Interest income	26	65
Interest expense	(3)	(7)
Foreign currency exchange	(55)	(6)
Total non-operating income (expense)	(32)	52
Loss from operations before income taxes	(1,132)	(2,147)
Income tax expense	23	2
Net loss	($1,155)	($2,149)
Basic and diluted loss per share:		
Total basic and diluted loss per share	($0.15)	($0.28)
Weighted average and potential shares outstanding	7,649	7,560

See notes to consolidated financial statements.

</TABLE>

DATA I/O CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

For the quarters ended	Mar. 31, 2002	Mar, 31 2001
(in thousands)		
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Loss from operations	($1,155)	($2,149)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation and amortization	277	597
Net loss on dispositions	232	74
Deferred revenue	59	162
Amortization of deferred gain on sale	(83)	(82)
Net change in:		
Trade accounts receivable	395	1,307
Inventories	312	1,005
Recoverable income taxes	-	18
Other current assets	(65)	85
Accrued cost of business restructuring	(25)	(15)
Accounts payable and accrued liabilities	(427)	(1,212)
Cash used in operating activities	(480)	(210)
INVESTING ACTIVITIES:		
Additions to property and equipment	(295)	(413)
Net from purchase and sale of marketable securities	1,175	(310)
Cash provided by (used in) investing activities	880	(723)
FINANCING ACTIVITIES:		
Sale of common stock	69	115
Proceeds from exercise of stock options	7	-
Cash provided by financing activities	76	115
Increase (decrease) in cash and cash equivalents	476	(818)
Effects of exchange rate changes on cash	(15)	(77)
Cash and cash equivalents at beginning of quarter	2,656	3,133
Cash and cash equivalents at end of quarter	$3,117	$2,238
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$3	$8
Income taxes	$23	$2

See notes to consolidated financial statements.

</TABLE>

DATA I/O CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - FINANCIAL STATEMENT PREPARATION

The financial statements as of March 31, 2002 and March 31, 2001, have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). These statements are unaudited but, in the opinion of management, include all adjustments (consisting of normal recurring adjustments and accruals) necessary to present fairly the results for the periods presented. The balance sheet at December 31, 2001 has been derived from the audited financial statements at that date. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such SEC rules and regulations. Operating results for the quarter ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. These financial statements should be read in conjunction with the annual audited financial statements and the accompanying notes included in the Company's Form 10-K for the year ended December 31, 2001.

NOTE 2 - INVENTORIES

Inventories consisted of the following components (in thousands):

	Mar. 31, 2002	Dec. 31, 2001
Raw material	$3,004	$3,588
Work-in-process	1,484	1,354
Finished goods	1,587	1,446
	$6,075	$6,388

During the first quarter, $250,000 was charged to the reserve for excess and obsolete inventory. The total reserve was higher by $173,000 at quarter-end, as some materials previously reserved for were disposed of during the quarter.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following components (in thousands):

	Mar. 31, 2002	Dec. 31, 2001
Leasehold improvements	$ 232	$ 229
Equipment	11,990	12,188
	12,222	12,417
Less accumulated depreciation	10,675	10,676
Property and equipment - net	$ 1,547	$ 1,741

NOTE 4 - BUSINESS RESTRUCTURING PROGRESS

In the second quarter of 2001, the Company recorded a restructuring charge of $460,000 associated with actions taken to reduce the Company's breakeven point and realign the Company with growth activities. This operational repositioning was mandated by the impact which the economic slowdown and decline in capital spending across a high number of customer groups had on general demand for programming equipment.

The Company's second quarter repositioning included the following four components: a reduction in the Company's global workforce of approximately 40 persons or 20% of the workforce; discontinuance or reallocation of numerous projects and activities not essential to the Company's long-term goals; streamlining of activities to decrease discretionary marketing, distribution and promotional expenses; and consolidation of numerous functions across the organization to create a team which was more productive and able to respond faster to global customer needs.

On July 12, 2001, during its third quarter, the Company announced that it would take further strategic actions to reduce its breakeven point, which included the following actions: closure of a facility in Germany moving its operations to other locations within the Company; combining the Company's four product families into two business groups; consolidating service groups across the organization to create a team more responsive to global customer needs; and targeting certain other expense reductions for the third quarter, including a closure of the company's Redmond facility for one week. A restructuring charge of $499,000 was recorded in the third quarter.

In the fourth quarter of 2001, the Company reduced its staff by 29 persons. The actions taken were meant to reduce the Company's breakeven point and bring it closer to forecasted revenues, and to maintain the cash position of the Company. The Company incurred restructuring costs of $252,000 during the fourth quarter.

At March 31, 2002 all restructuring expenses associated with the activities detailed above had been paid except for approximately $63,000.

An analysis of the restructuring is as follows (in thousands):
<TABLE>
<CAPTION>

Description	Reserve Balance at Dec. 31, 2001	. 2002 Expenses	2002 Payments/ Write-offs	Reserve Balance at Mar. 31, 2002

<S> <C> <C> <C> <C> <C> <C>

Downsizing U.S. Operations:				
Employee severance	$ 4	$ -	$ -	$ 4
Redmond facility consolidation	46	-	14	32
Consulting and legal expenses	19	-	-	19
Downsizing Foreign Operations	19	-	11	8
Total	$ 88	$ -	$ 25	$ 63

</TABLE>

NOTE 5 - EARNINGS PER SHARE

Basic earnings/(loss) per share exclude any dilutive effects of stock options. Basic earnings/(loss) per share are computed using the weighted-average number of common shares outstanding during the period. Diluted earnings/(loss) per share are computed using the weighted-average number of common shares and common stock equivalent shares outstanding during the period. Common stock equivalent shares are excluded from the computation if their effect is antidilutive.

The following table sets forth the computation of basic and diluted earnings per share (in thousands except per share data):
<TABLE>
<CAPTION>

	For the first quarter 2002	2001
<S>	<C>	<C>
Numerator for basic and diluted earnings (loss) per share:		
Net loss	($1,155)	($2,149)
Denominator:		
Denominator for basic earnings per share - weighted-average shares	7,649	7,560
Employee stock options (1)	-	-
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversion of stock options	7,649	7,560
Basic and diluted earnings (loss) per share		
Total basic and diluted earnings (loss) per share	($0.15)	($0.28)

(1) Excludes 1,590 and 73,258 employee stock options which were antidilutive in the first quarter of 2002 and 2001.
</TABLE>

NOTE 6 - ACCOUNTING FOR INCOME TAXES

The Company's effective tax rate for the first quarter of 2002 and 2001 differed from the statutory 34% tax rate primarily due to operating losses for which no tax benefit was recorded. The tax valuation allowance increased by approximately $498,000 during the quarter ended March 31, 2002. As of March 31, 2002 the Company has a valuation allowance of $9,465,000.

NOTE 7 - COMPREHENSIVE INCOME (LOSS)

During the first quarter of 2002 and 2001 total comprehensive income (loss) was comprised of the following (in thousands):

	For the first quarter 2002	2001
Net loss	($1,155)	($2,149)
Foreign currency translation gain (loss)	11	(2)
Total comprehensive loss	($1,144)	($2,151)

NOTE 8 - CHANGE IN FISCAL YEAR

Prior to 2001, the Company reported on a fifty-two, fifty-three week basis. The last reporting period using this fiscal period was the year ended December 28, 2000. The Company's Board Of Directors approved a resolution on March 12, 2001 to change the Company's reporting period to a calendar year and calendar quarter basis effective for the then current fiscal year. The first quarter of 2001 covered the period December 29, 2000 to March 31, 2001.

NOTE 9 - FOREIGN CURRENCY TRANSLATION AND DERIVATIVES

Assets and liabilities of foreign subsidiaries are translated at the exchange rate on the balance sheet date. Revenues, costs and expenses of foreign subsidiaries are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process are charged or credited to stockholders' equity, net of taxes. Realized and unrealized gains and losses resulting from the effects of changes in exchange rates on assets and liabilities denominated in foreign currencies are included in non-operating expense as foreign currency transaction gains and losses.

In June 1998, the Company adopted SFAS No. 133, Accounting for Derivatives and Hedging Activities. This statement establishes accounting and reporting standards for derivative instruments and requires recognition of derivatives as assets or liabilities in the statement of financial position and measurement of those instruments at fair value. The adoption of this standard by the Company did not materially impact its consolidated financial statements.

The Company utilizes forward foreign exchange contracts to reduce the impact of foreign currency exchange rate risks where natural hedging strategies cannot be effectively employed. All hedging instruments held by the Company are fair value hedges. Generally, these contracts have maturities less than one year and require the Company to exchange foreign currencies for U.S. dollars at maturity. The change in fair value of the open hedge contracts as of March 31, 2002 is an unrealized loss of $12,000 and is included in accounts payable on the balance sheet.

The Company does not hold or issue derivative financial instruments for trading purposes. The purpose of the Company's hedging activities is to reduce the risk that the valuation of the underlying assets, liabilities and firm commitments will be adversely affected by changes in exchange rates. The Company's derivative activities do not create foreign currency exchange rate risk because fluctuations in the value of the instruments used for hedging purposes are offset by fluctuations in the value of the underlying exposures being hedged.

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 (SFAS 142), Goodwill and Other Intangible Assets. The provisions of SFAS 142 are required to be applied starting with fiscal years beginning after December 15, 2001, with earlier application permitted for entities with fiscal years beginning after March 15, 2001 provided that the first interim financial statements have not been previously issued. The statement is required to be applied at the beginning of the entity's fiscal year and to be applied to all goodwill and other intangible assets recognized in its financial statements to that date. The Company has evaluated the potential effect of the initial application of the SFAS 142 on its consolidated financial statements and its implementation did not have a material impact on the Company's consolidated financial statements.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 144 (SFAS 144), Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS 144 supersedes SFAS 121, Accounting for the Impairment of Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of APB Opinion 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for segments of a business to be disposed of. SFAS is effective for fiscal years beginning after December 15, 2001. The Company has evaluated the effect of the initial application of the SFAS 144 on its consolidated financial statements and its implementation did not have a material impact on the Company's consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This Act provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about themselves as long as they identify these statements as forward looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. All statements other than statements of historical fact made in this Quarterly Report on Form 10-Q are forward looking. In particular, statements herein regarding industry prospects; future results of operations or financial position; integration of acquired products and operations; market acceptance of the Company's newly introduced or upgraded products; development, introduction and shipment of new products; and any other guidance on future periods are forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. The Company's actual results may differ significantly from management's expectations. The following discussion and discussion under the caption "Business - Cautionary Factors That May Affect Future Results" in Item 1 in the Company's Annual report on Form 10-K for the year ended December 31, 2001, describe some, but not all, of the factors that could cause these differences.

Results of Operations

Net Sales

(in thousands)	First Quarter		First Quarter
Net Sales by Product Line:	2002	Change	2001
Non-automated programming systems	$2,635	(43.8)%	$4,690
Automated programming systems	2,755	(13.7)%	3,193
Total Net Sales	$5,390	(31.6)%	$7,883
Net Sales by location:			
United States	$1,789	(38.7)%	$2,920
% of total	33.2%		37.0%
International	$3,601	(27.4)%	$4,963
% of total	66.8%		63.0%

Revenues for the first quarter of 2002 decreased $2.5 million or 31.6% compared to the first quarter of 2001. Sales were lower for both automated and non-automated programming systems. The decline in revenues is due to a reduction in orders for programming equipment that the Company believes is due to the continued general economic sluggishness of the electronics industry and the capital equipment market in particular. The Company believes its largest customer group, the wireless handset manufacturers, as well as contract manufacturers and other sectors of the electronics industry, continue to defer capital equipment purchases.

The Company released its new FlashPAK product and began shipping it at the end of the first quarter. This is a desk top programmer designed to program flash memory chips. This is an element of the Company's "connected strategy". This strategy focuses on simplifying the movement of the customers intellectual property all through the design and production process.

GROSS MARGIN

Gross Margin	$2,503	(8.5)%	$2,736
Percentage of net sales	46.4%		34.7%

Gross margin dollars only decreased 8.5% on a 31.6% revenue decline during the first quarter of 2002 versus the same quarter in 2001. Gross Margin as a percentage of sales actually increased 11.7 percent. This increase in gross margin percentage reflects the restructuring efforts of the past year and the effects of the Company's lean manufacturing efforts.

Research and Development

(in thousands) First Quarter First Quarter

	2002	Change	2001
Research and development	$1,308	(32.5)%	$1,939
Percentage of net sales	24.3%		24.6%

The decrease in research and development spending for the first quarter of 2002 as compared to the first quarter of 2001 reflects lower headcount and lower development spending.

Selling, General and Administrative

(in thousands)	First Quarter 2002	Change	First Quarter 2001
Selling, general & administrative	$2,295	(23.4)%	$2,996
Percentage of net sales	42.6%		38.0%

The decrease in Selling, General and Administrative expense reflects the restructure related spending reductions that the Company has made over the last 12 months. This reflects lower costs for salaries and benefits, advertising, commissions, supplies and outside services.

Interest

(in thousands)	First Quarter 2002	Change	First Quarter 2001
Interest income	$26	(60.0)%	$65
Interest expense	$ 3	(57.1)%	$ 7

The decrease in interest income for the first quarter of 2002 as compared to the first quarter of 2001 is due to the decrease in cash, cash equivalents and marketable securities, due primarily to the funding of operating losses during the past year and the effect of lower interest rates.

Income Taxes

(in thousands)	First Quarter 2002	First Quarter 2001
Income tax expense	$23	$2
Effective tax rate	NA	0.1%

Tax expense recorded for the first quarter of 2002 and 2001 was due to foreign taxes. Tax valuation reserves increased by approximately $498,000 during the quarter. As of March 31, 2002 the Company has valuation reserves of $9,465,000.

Financial Condition

Liquidity and Capital Resources

(in thousands)	Mar. 31 2002	Change	Dec. 31, 2001
Working capital	$11,046	($964)	$12,010

Working capital decreased during the first quarter of 2002 due to funding of the loss for the quarter. Cash, cash equivalents and marketable securities, decreased $715,000 during the quarter. Accounts receivable decreased by $396,000 and the inventory balance declined $313,000. As of March 31, 2002 and 2001, the Company had no debt outstanding.

The Company estimates that capital expenditures for property and equipment during the remainder of 2002 will be between $500,000 and $1.0 million. The Company's future capital requirements will depend on a number of factors including; costs associated with R&D, successful launch of new products and the potential use of funds for strategic purposes. Capital expenditures are expected to be funded from existing and internally generated funds or may be leased. Management believes that the Company has sufficient working capital available under its operating plan to fund its operations and capital requirements for at least 12 months. The Company established a foreign line of credit for 50,000 Euros in February 2002.

RESTRUCTURING

In the second quarter of 2001, the Company recorded a restructuring charge of $460,000 associated with actions taken to reduce the Company's breakeven point and realign the Company with its growth activities. This operational repositioning was mandated by the impact of the economic slowdown and the decline in capital spending across a high number of customer groups had on general demand for programming equipment.

The Company's second quarter repositioning included the following four components: a reduction in the Company's global workforce of approximately 40 persons or 20% of the workforce; discontinuance or reallocation of numerous projects and activities not essential to the Company's long-term goals; streamlining of activities to decrease discretionary marketing, distribution and promotional expenses; and consolidation of numerous functions across the organization to create a team which was more productive and able to respond faster to global customer needs.

On July 12, 2001, during its third quarter, the Company announced that it would take further strategic actions to reduce its breakeven point, which included the following actions: closure of a facility in Germany and moving its operations to other locations within the Company; combining the Company's four product families into two business groups; consolidating service groups across the organization to create a team more responsive to global customer needs; and targeting certain other expense reductions for the third quarter, including a closure of the Company's Redmond facility for one week. A restructuring charge of $499,000 was recorded in the third quarter.

In the fourth quarter of 2001, the Company reduced its staff by an additional 29 persons. The actions taken were meant to further reduce the Company's breakeven point and bring it closer to forecasted revenues, and to maintain the cash position of the Company. The Company incurred restructuring costs of $252,000 during the fourth quarter.

At March 31, 2002, all restructuring expenses associated with the activities detailed above were paid except for approximately $63,000, which was primarily associated with facility consolidation, and consulting and legal fees.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company currently uses only foreign currency hedge derivative instruments, which, at a given date, are not material. However, the Company is exposed to interest rate risks. The Company generally invests in high-grade commercial paper with original maturity dates of twelve months or less and conservative money market funds to minimize its exposure to interest rate risk on its marketable securities, which are classified as available-for-sale as of March 31, 2002 and December 31, 2001. The Company believes that the market risk arising from holdings of its financial instruments is not material.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following list is a subset of the list of exhibits described below and contains all compensatory plans, contracts or arrangements in which any director or executive officer of the Company is a participant, unless the method of allocation of benefits thereunder is the same for management and non-management participants:

(1) Amended and Restated 1982 Employee Stock Purchase Plan. See Exhibit 10.7.

(2) Retirement Plan and Trust Agreement. See Exhibit 10.2, 10.3, 10.4, 10.11, 10.14, 10.15, and 10.16.

(3) Summary of Management Incentive Compensation Plan. See Exhibit 10.12.

(4) Amended and Restated 1983 Stock Appreciation Rights Plan. See Exhibit 10.1.

(5) Amended and Restated 1986 Stock Option Plan. See Exhibit 10.19.

(6) Form of Change in Control Agreements. See Exhibit 10.5.

(7) 1996 Director Fee Plan. See Exhibit 10.6 and 10.17.

(8) Letter Agreement with Frederick R. Hume. See Exhibit 10.21.

(9) Letter Agreement with Irene Bjorklund. See Exhibit 10.25.

3 Articles of Incorporation:

3.1 The Company's restated Articles of Incorporation filed November 2, 1987 (Incorporated by reference to Exhibit 3.1 of the Company's 1987 Annual Report on Form 10-K (File No. 0-10394)).

3.2 The Company's Bylaws as amended and restated as of March 2001. (Incorporated by reference to the Company's 2001 Annual Report on Form 10-K (File No. 0-10394)).

3.3 Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock (Incorporated by reference to Exhibit 1 of the Company's Registration Statement on Form 8-A filed March 13, 1998 (File No. 0-10394)).

4 Instruments Defining the Rights of Security Holders, Including Indentures:

4.1 Rights Agreement, dated as of April 4, 1998, between Data I/O Corporation and ChaseMellon Shareholder Services, L.L.C. as Rights Agent, which includes: as Exhibit A thereto, the Form of Right Certificate; and, as Exhibit B thereto, the Summary of Rights to Purchase Series A Junior Participating Preferred Stock (Incorporated by reference to the Company's Current Report on Form 8-K filed on March 13, 1998).

4.2 Rights Agreement, dated as of March 31, 1988, between Data I/O Corporation and First Jersey National Bank, as Rights Agent, as amended by Amendment No. 1 thereto, dated as of May 28, 1992 and Amendment No. 2 thereto, dated as of July 16, 1997 (Incorporated by reference to the Company's Report on Form 8-K filed on March 13, 1998).

4.3 Amendment No. 1, dated as of February 10, 1999, to Rights Agreement, dated as of April 4, 1998, between Data I/O Corporation and ChaseMellon Shareholder Services, L.L.C. as Rights Agent (Incorporated by reference to Exhibit 4.1 of the Company's Form 8-A/A dated February 10, 1999).

10 Material Contracts:

10.1 Amended and Restated 1983 Stock Appreciation Rights Plan dated February 3, 1993 (Incorporated by reference to Exhibit 10.23 of the Company's 1992 Annual Report on Form 10-K (File No. 0-10394)).

10.2 Amended and Restated Retirement Plan and Trust Agreement. (Incorporated by reference to Exhibit 10.26 of the Company's 1993 Annual Report on Form 10-K (File No. 0-10394)).

10.3 First Amendment to the Data I/O Tax Deferred Retirement Plan (Incorporated by reference to Exhibit 10.21 of the Company's 1994 Annual Report on Form 10-K (File No. 0-10394)).

10.4 Second Amendment to the Data I/O Tax Deferred Retirement Plan (Incorporated by reference to Exhibit 10.26 of the Company's 1995 Annual Report on Form 10-K (File No. 0-10394)).

10.5 Form of Change in Control Agreements (Incorporated by reference to Exhibit 10.20 of the Company's 1994 Annual Report on Form 10-K (File No. 0-10394)).

10.6 Data I/O Corporation 1996 Director Fee Plan (Incorporated by reference to Exhibit 10.27 of the Company's 1995 Annual Report on Form 10K (File No. 0-10394)).

10.7 Data I/O Corporation 1982 Employee Stock Purchase Plan Amended and Restated December 11, 1996 (Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement of Form S-8 (File No. 333-20657, filed January 29, 1997)).

10.8 Purchase and Sale Agreement dated as of July 9, 1996 (Relating to the sale of Data I/O Corporation's headquarters property in Redmond, Washington consisting of approximately 79 acres of land and an approximately 96,000 square foot building. (Portions of this exhibit have been omitted pursuant to an application for an order granting confidential treatment. The omitted portions have been separately filed with the Commission) (Incorporated by reference to Exhibit 10.32 of the Company's 1996 Annual Report on Form 10-K (File No. 0-10394)).

10.9 Letter dated as of December 20, 1996, First Amendment and extension of the Closing Date under that certain Purchase and Sale Agreement dated as of July 9, 1996. (Portions of this exhibit have been omitted pursuant to an application for an order granting confidential treatment. The omitted portions have been separately filed with the Commission) (Incorporated by reference to Exhibit 10.33 of the Company's 1996 Annual Report on Form 10-K (File No. 0-10394)).

10.10 Letter dated as of February 17, 1997, Second Amendment and extension of the Closing Date under that certain Purchase and Sale Agreement dated as of July 9, 1996. (Portions of this exhibit have been omitted pursuant to an application for an order granting confidential treatment. The omitted portions have been separately filed with the Commission) (Incorporated by reference to Exhibit 10.34 of the Company's 1996 Annual Report on Form 10-K (File No. 0-10394)).

10.11 Third Amendment to the Data I/O Tax Deferred Retirement Plan (Incorporated by reference to Exhibit 10.35 of the Company's 1996 Annual Report on Form 10-K (File No. 0-10394)).

10.12 Amended and Restated Management Incentive Compensation Plan dated January 1, 1997 (Incorporated by reference to Exhibit 10.25 of the Company's 1997 Annual Report on Form 10-K (File No. 0-10394)).

10.13 Amended and Restated Performance Bonus Plan dated January 1, 1997 (Incorporated by reference to Exhibit 10.26 of the Company's 1997 Annual Report on Form 10-K (File No. 0-10394)).

10.14 Fourth Amendment to the Data I/O Tax Deferred Retirement Plan (Incorporated by reference to Exhibit 10.27 of the Company's 1997 Annual Report on Form 10-K (File No. 0-10394)).

10.15 Fifth Amendment to the Data I/O Tax Deferred Retirement Plan

(Incorporated by reference to Exhibit 10.28 of the Company's 1997 Annual Report on Form 10-K (File No. 0-10394)).

10.16 Sixth Amendment to the Data I/O Tax Deferred Retirement Plan (Incorporated by reference to Exhibit 10.29 of the Company's 1997 Annual Report on Form 10-K (File No. 0-10394)).

10.17 Amended and Restated Data I/O Corporation 1996 Director Fee Plan (Incorporated by reference to Exhibit 10.32 of the Company's 1997 Annual Report on Form 10-K (File No. 0-10394)).

10.18 Amended and Restated Data I/O Corporation 1996 Director Fee Plan (Incorporated by reference to Exhibit 10.32 of the Company's 1997 Annual Report on 10-K (File No. 0-10394)).

10.19 Amended and Restated 1986 Stock Option Plan dated May 12, 1998 (Incorporated by reference to Exhibit 10.37 of the Company's 1998 Annual Report on Form 10-K (File No. 0-10394)).

10.20 Sublease dated December 22, 1999 between Data I/O Corporation and Imandi.com, Inc. (Incorporated by reference to Exhibit 10.34 of the Company's 1999 Annual Report on Form 10-K (File No. 0-10394)).

10.21 Letter Agreement with Fred R. Hume dated January 29, 1999. (Incorporated by reference to Exhibit 10.35 of the Company's 1999 Annual Report on Form 10-K (File 0-10394)).

10.22 Letter Agreement dated May 28, 1999, among Data I/O Corporation, JTAG Technologies B.V., and JTAG Holding B.V. (Incorporated by referece to Exhibit 10.36 of the Company's 1999 Annual Report on Form 10-K (File No. 0-10394)).

10.23 Amended and Restated 2000 Stock Compensation Incentive Plan dated May 19, 2000. (Incorporated by reference to the Company's 2000 Proxy Statement dated March 27, 2000.)

10.24 Amended and Restated 1982 Employee Stock Purchase Plan dated May 16,2001 (Incorporated by reference to the Company's 2001 Proxy Statement dated March 28, 2001.)

10.25 Letter Agreement with Irene Bjorklund dated March 13, 2001 (Incorporated by reference to Exhibit 10.25 of the Company's 2001 Annual Report on Form 10-K (File No. 0-10394)

16.1 Letter regarding change in certifying accountant (Incorporated by reference to Exhibit 16.1 of the Company's Form 8-K filed on November 21, 2001.)

(b) Reports on Form 8-K
None

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATA I/O CORPORATION
(REGISTRANT)

DATED: May 10, 2002

By://S//Joel S. Hatlen
Joel S. Hatlen
Vice President - Finance
Chief Financial Officer
Secretary and Treasurer