

KULICKE AND SOFFA INDUSTRIES, INC.

Management Development and Compensation Committee Charter

Kulicke and Soffa Industries, Inc. (the “Company”), has established a committee of the Board of Directors (the “Board”) to be known as the Management Development and Compensation Committee (the “Committee”). This charter (the “Charter”) has been adopted to set forth the purpose, composition, procedures, and duties and responsibilities of the Committee.

I. Purpose

The Committee has been appointed by the Board to:

- Assist the Board in its selection of the Chief Executive Officer (the “CEO”) and oversight responsibilities relating to senior management succession and overall management development.
- Establish a compensation philosophy and attendant policies for the Company.
- Review and recommend for Board approval the annual performance goals and performance ratings for the CEO
- Review and oversee annual performance goals, and performance ratings, for (i) executive officers who report directly to the CEO; (ii) all officers subject to Section 16 of the Exchange Acts; (iii) any other employee of the Company or any of its subsidiaries who, due to the nature of his or her role or responsibilities the Committee deems appropriate to include within its purview (collectively, including the CEO, the “Executives”).
- Formulate and recommend for Board approval the direct and indirect compensation of the CEO, including the use of cash and equity incentives and deferred compensation plans.
- Formulate, evaluate and approve the direct and indirect compensation of the Executives (excluding the CEO), including the use of cash and equity incentives and deferred compensation plans.
- Review and approve the Company’s incentive compensation plans and equity based compensation plans and oversee the performance objectives and funding for such plans.

- Determine the Company’s policy with respect to the application of Section 162(m) of the Internal Revenue Code and Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).
- Review and recommend to the Board the amount and form of compensation to be paid to non-employee directors for serving on the Board and its committees.
- Review and approve management’s draft of the annual report on executive compensation, the Compensation Discussion & Analysis report, for inclusion in the Company’s annual proxy statement in accordance with applicable rules and regulations.

II. Composition

The Committee shall consist of at least three members of the Board, appointed annually by the Board. Except as otherwise permitted under the applicable listing standards of the Nasdaq Stock Market, Inc. (“Nasdaq”), all members of the Committee shall, in the judgment of the Board, satisfy the applicable independence requirements under the Exchange Act (including Rule 10C-1(b)(1)) and the listing standards of Nasdaq. Members of the Committee shall also meet the definition of "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, and "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (provided, that if it is determined that a director failed to satisfy any of these standards at the time the Committee approved any action, that fact shall nonetheless not invalidate the action unless required by law or unless the remaining members of the Committee determine that satisfaction of such standard was necessary to achieve the fundamental purpose of the action).

The Committee may form, and delegate its authority to, subcommittees, as it deems appropriate. Any member of the Committee may be removed at any time by the full Board, upon the recommendation of any director.

III. Procedures

The Committee is authorized to fix its own rules of procedure, which shall be consistent with the Company’s Bylaws, this Charter and the laws of the Commonwealth of Pennsylvania.

The Committee shall meet at least quarterly and more frequently as circumstances require.

The Committee may conduct or authorize investigations into or studies of matters within the scope of its duties and responsibilities and shall have the authority, in its sole discretion, to retain (and terminate), at the Company’s expense, such experts and other professionals as it deems necessary or appropriate in carrying out its duties, including, without limitation, any compensation consultant or outside legal counsel. The Committee shall set the compensation, and oversee the work, of any compensation consultant, outside legal counsel or other adviser. The Committee shall receive appropriate funding from the Company, as determined by the Committee, for the reasonable compensation of its compensation consultants, outside legal

counsel and other advisers and to pay any other ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

In using compensation consultants, outside legal counsel and other advisers (other than the Company's in-house legal counsel), the Committee shall take into consideration the factors specified in the applicable Nasdaq listing standards (including Section 5605(d)(3)(D) thereof); provided, that the Committee may retain, or receive advice from, any compensation adviser it chooses, including advisers that are not independent, after considering the specified factors. The Committee is not required to consider such factors or otherwise assess the independence of any compensation consultant or other adviser that acts in a role limited to (i) consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and is generally available to all salaried employees or (ii) providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or adviser and about which the consultant or adviser does not provide advice.

In addition, the Committee may request that any director, officer or employee of the Company, or any other person whose advice and counsel are sought by the Committee, attend any meeting of the Committee and/or provide such pertinent information as the Committee may request, provided that the CEO of the Company may not be present during any deliberations of, or voting on, the CEO's compensation.

The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company, and shall regularly report its actions to the Board.

IV. Duties and Responsibilities

Consistent with its purposes as set forth above, the Committee shall:

- Review, with the CEO, the Company's organizational concepts, senior management's development and potential for promotion, the availability of replacements for senior management positions, and the Company's succession plan.
- Review, with the CEO, the Company's long term personnel needs as mandated by the Company's long-term strategic plan and the programs in place to meet such needs.
- On an annual basis, review and determine the Company's compensation philosophy and attendant policies.
- On an annual basis, review the goals and objectives of the CEO and make a recommendation on same to the Board for their approval, conduct an annual review of the CEO's performance and report same to the Board and consider and recommend the CEO's compensation to the Board for their approval.

- On an annual basis, review and approve the goals and objectives of Company’s Executives (other than the CEO) with respect to the compensation of the Executives, evaluate the performance of those Executives relative to these goals and objectives, and establish their respective levels of compensation.
- Review and recommend to the Board for its consideration any incentive compensation plans and equity-based plans that are subject to Board approval, subject to any approvals required by the shareholders of the Company, and administer such plans with such authority and powers as are set forth in the respective plans’ instruments, including granting equity awards, establishing performance criteria, monitoring funding and determining payouts.
- Review and approve any inducement grants to new Executive, ensuring that such grants are either (i) in accordance with the Company’s stock option plans that are in effect from time to time or (ii) in compliance with the special “inducement award” exception under the Nasdaq listing rules and any other applicable requirements.
- On a periodic basis, review and recommend to the Board the amount and form of compensation to be paid to directors for serving on the Board and its committees. The Committee will consider the cash and equity compensation and benefits payable to directors for companies of comparable size and complexity. Directors who are Company employees shall not be compensated for their services as directors.
- Review and recommend to the Board the Company’s submissions to shareholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes. In addition, consider the results of shareholder advisory votes on executive compensation matters and the changes, if any, to the Company’s executive compensation policies, practices and plans that may be warranted as a result of any such vote.
- On a periodic basis, examine the Company’s overall compensation structure to determine whether the Company is properly rewarding its personnel.
- On an annual basis, review the Company’s compensation programs to ensure that the policies do not create risks that are reasonably likely to have a material adverse effect on the Company.
- On an annual basis, review and approve management’s draft report on executive compensation, the Compensation Discussion & Analysis report, for inclusion in the Company’s annual proxy statement in accordance with applicable rules and regulations. As appropriate, review and discuss with management any disclosures related to executive compensation not contained in the Compensation Discussion and Analysis. Produce a Committee report for inclusion in the Company’s annual proxy statement or Form 10-K, as applicable, in accordance with applicable rules and regulations.

- Review and approve employment contracts, severance arrangements, change of control provisions, and any other compensatory arrangements for the Company's officers and ensure that such arrangements comply with legal prohibitions on loans to officers of the Company.
- On an annual basis, review and reassess the adequacy of this Charter and recommend to the Board any appropriate changes.
- On an annual basis, perform an annual Committee self-assessment
- Perform such other responsibilities and duties as may be assigned to the Committee, from time to time, by the Board, including but not limited to:
 - Stock Ownership Guidelines: Establish and periodically review stock ownership and retention guidelines for the Executives and non-employee directors and confirm that such guidelines are being adhered to by the Executives and non-employee directors
 - Clawback/Recoupment: Review and approve the creation or revision of any clawback policy allowing the Company to recoup compensation paid to employees
 - Hedging/Pledging: Review and approve anti-hedging and pledging policies applicable to the Executives and non-employee directors