

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 and oversight responsibilities relating to senior management succession and overall management development.
- Establish a compensation philosophy and attendant policies for the Company.
- Formulate, evaluate and approve the Direct and Indirect compensation of the Company’s officers, including the use of cash 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 directors for serving on the Board and its committees.
- Produce an annual report on executive compensation 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 listing standards of Nasdaq.

The Committee may form, and delegate its authority to, subcommittees, as it deems appropriate. Any member of the Committee may be removed by the full Board, upon the recommendation of any director, and upon a determination by the full Board that such member is not fulfilling his or her duties under this Charter.

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 annually 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 sole authority 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. 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 Chief Executive Officer (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 and approve the goals and objectives of the Company with respect to the compensation of the CEO and the other officers of the Company, evaluate the performance of the CEO and the other officers relative to these goals and objectives, and establish their respective levels of compensation. On an annual basis, report to the full Board of Directors with the Committee's evaluation of the CEO's performance.
- Review and approve employment contracts, severance arrangements, change of control provisions, and any other compensatory arrangements with the Company's officers.
- Review and approve the Company's incentive compensation plans and equity based compensation plans that are in effect from time to time and monitor the performance criteria and funding for such plans.
- Review and approve any inducement grants to new employees, ensuring that such grants are in accordance with the Company's stock option plans that are in effect from time to time.
- 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.
- 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, prepare a report on executive compensation for inclusion in the Company's annual proxy statement 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.
- Perform such other responsibilities and duties as may be assigned to the Committee, from time to time, by the Board.