

UTSTARCOM HOLDINGS CORP.

CORPORATE GOVERNANCE PRINCIPLES

The principles set forth below have been approved by the Board of Directors (the “**Board**”) of UTStarcom Holdings Corp. (“**UTStarcom**” or the “**Company**”) and, together with the Charters of Board committees and the UTStarcom Code of Business Conduct and Ethics, constitute the primary structure for the governance of UTStarcom. These principles and other governance policies of UTStarcom are subject to periodic review and possible change by the Board in its effort to meet evolving regulatory, key stakeholder, business and other requirements in the interest of the shareholders of the Company.

1. **Role**: The Board provides oversight to the Chief Executive Officer (“**CEO**”) and other Company executives in their conduct of business with the goal of building long-term shareholder value. UTStarcom’s Board and executives recognize the importance of UTStarcom’s relationships with key stakeholders such as employees, customers, vendors and other parties and have expressed this through **UTStarcom’s Principles of Business Conduct and Ethics**.
2. **Board Functions**: The Board holds regularly scheduled meetings at least quarterly and otherwise as appropriate to consider corporate decisions requiring its attention, review, deliberation and action. It is the responsibility of each director to attend all scheduled Board and committee meetings, including the annual shareholders’ meeting and all special meetings of these bodies, when possible in person, or by telephone or videoconference. The Board, assisted by the work of its committees, performs a variety of functions including: evaluation, compensation and, when appropriate, selection of the Chairman and CEO; working with the CEO on succession planning and the selection, compensation and development of executive management; providing guidance, review and, when appropriate, approval of corporate strategy and key business decisions; assessing key risks and risk mitigation steps available to UTStarcom; and establishing and maintaining processes to preserve the integrity of the Company in its relations with shareholders and other key stakeholders.
3. **Director Qualifications**: Qualities sought in directors include: (i) high ethical standards, (ii) sound integrity, (iii) an inquisitive nature, (iv) a strong commitment to make decisions and take actions guarding the long term interests of shareholders, (v) seasoned judgment, (vi) a record of outstanding skills and accomplishments in their personal careers, and (vii) the ability and desire to communicate and participate actively in board and committee sessions. The Board seeks in its members a broad range of diverse skills including: business analysis, strategic planning, marketing, management of financial reporting and internal controls, corporate financings, acquisitions and divestitures, supply chain management, product marketing and management, information technology, global business trend assessment, and other skills relevant to UTStarcom’s business. Directors must be willing to devote the time necessary to learn and remain current on the Company’s business and trends affecting its activities and to prepare for and actively participate in board and committee sessions. A director will submit a letter of resignation for consideration by the Chairman of the Board and remaining Board members upon a material change in the director’s

employment responsibilities or change in employer. Without the prior approval of the Board, no director may serve on more than four boards of companies, other than UTStarcom, that are publicly traded on any US stock exchange.

4. **Independence of Board Members; Size of Board**: At least a majority of the members of the Board should be independent, as “independence” is defined by applicable regulations, including the rules of the Securities and Exchange Commission and the NASDAQ Stock Market. It is permissible for the Company to have management representatives on the Board. The Board does not believe term limits are appropriate for its members. The Board does evaluate its members as a basis for determining continuation of Board membership. The Board believes that the arrangement of staggered three-year terms of office for directors is in the shareholders’ best interest for continuity of strategic direction and critical decision-making. The Nominating and Corporate Governance Committee considers nominees to the Board to be voted on by the Board and UTStarcom’s shareholders. The Board shall consist of up to eight (8) directors.

5. **Board Committees; Independence of Committee Members**: The Board has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each of which has a written charter that has been approved by the Board, and each of which are comprised solely of independent directors. These committees meet regularly. The committee chairs keep the Board informed of committee activities. Assisted by recommendations of the Nominating and Corporate Governance Committee, the Board annually appoints committee chairs and members.

6. **Meetings of Independent Directors**: At each regular board meeting, the Audit Committee meets separately in private session with the Company’s outside independent auditors. Additionally, at each regular board meeting and when otherwise determined by the independent directors, the Board holds a session at which only independent directors are present. These private meetings between and among the independent Board members cover topics of current concern to them. Topics may include direction of corporate strategy, management performance and succession, agenda requests for Board meetings, and other subjects of relevance to the directors.

7. **Board Self-Evaluation**: The Board and its Audit, Compensation and Nominating and Corporate Governance Committees each perform self-evaluations on an annual basis.

8. **Board Agenda**: The Board is responsible for the agenda of its meetings with input from executive members of management. Independent directors are encouraged to request and suggest agenda topics and material to be covered at board or committee meetings as appropriate.

9. **Ethics; Confidentiality; Conflicts of Interests**: The Board, executives and employees of UTStarcom will act ethically at all times and will adhere to the Company’s Code of Business Conduct and Ethics. If an actual or potential conflict of interest with UTStarcom is determined to exist for any director, including as a result of any relationship the director may have with an entity that the director knows to be a supplier, vendor, competitor or consultant to UTStarcom, or a subject of investment consideration by UTStarcom, the director will inform the CEO and the Nominating and Corporate Governance Committee Chair in writing. At a minimum,

such conflicted directors will recuse themselves from any Board decisions relative to the conflict, pending resolution of such conflict.

10. **Reporting of Ethics Concerns:** Any person with a good faith belief that a violation of UTStarcom's Code of Business Conduct and Ethics has occurred may report such concerns to the Company's Chief Financial Officer, Vice President of Internal Audit, General Counsel, or Chairman of the Audit Committee. Such reports will be treated confidentially. Anonymous reports may also be submitted through the **UTStarcom Whistleblower Hotline**. Depending on the nature of the alleged violation, such reports will be considered by the Audit Committee to determine the appropriate investigation and action. Company policy proscribes any retaliatory action by any employee, executive or board member against any person reporting in good faith alleged violations.

11. **Compensation Matters:** The Compensation Committee annually approves the goals and objectives for compensating the CEO and determines the compensation structure for the CEO. The CEO's performance is evaluated in light of these goals and objectives, similar compensation practices of comparable companies, and other relevant factors before approving the CEO's bonus and other incentive compensation. This committee also approves the compensation structure of the Company's senior executives and evaluates the performance of the senior executives before approving their bonus and other incentive compensation. The Nominating and Corporate Governance Committee studies and recommends to the Board compensation for non-employee directors based on such factors as the work required of particular roles, legal considerations, similar practices of comparable companies and other relevant factors.

12. **Succession Planning:** The independent directors and the CEO will conduct a continuing dialogue concerning succession plans for key senior executives, including the CEO and Chief Financial Officer ("CFO").

13. **Access to Management and Advisors:** Independent directors and all board committees are encouraged to conduct discussions concerning UTStarcom's business with senior executives and other key management without the CEO or his direct reports present. Informal meetings of the Board with senior executives are held periodically to facilitate such communications. The Board and its committees shall have the right at any time to retain independent outside financial, legal or other advisors.

14. **Director Orientation and Continuing Education:** The CEO, CFO and General Counsel are responsible for providing orientation meetings for new and existing independent directors and for providing appropriate material and briefing sessions for all directors on key aspects of the Company, its markets, competition and other major topics pertinent to the independent director's execution of their duties. Complementary to such management involvement, the Nominating and Corporate Governance Committee is responsible for planning and implementing a continuing education program for all directors. This program includes: coordination of management orientation meetings, identification of written materials, seminars, educational programs and other information and activities to assist directors in performing their roles.

15. **Shareholder Communications with Board**: Shareholders that wish to communicate with a member of the Board may do so by sending an e-mail via the link entitled “Email Board of Directors” at <http://investorrelations.utstar.com/governance.cfm>. All substantive and appropriate communications received from shareholders will be received and reviewed by one or more independent directors, or officers acting under their direction, who will forward such communications to the Board or particular Board committees, as appropriate.

16. **Ordinary Share Ownership by Directors and Executive Officers**: The Board believes that it is important for members of the Board and the executive officers of UTStarcom to be committed to the long term retention and creation of value for shareholders. In order to support this commitment to shareholder value, during their tenure as a member of the Board or executive officer of UTStarcom, independent directors and executive officers are expected to acquire and own ordinary shares in UTStarcom. The Nominating and Corporate Governance Committee of the Board has adopted certain ordinary share ownership requirements related to the independent members of the Board and certain executive officers (the “**Guidelines**”). Under the policy, each officer and independent director is expected to acquire the number of ordinary shares as set forth below by the Guidelines before 4 years after an officer’s appointment to such office or an independent director’s appointment to the Board, as the case may be.

<u>Position</u>	<u>Minimum Share Ownership Requirements</u>
Chief Executive Officer and President	50,000
Executive Vice Presidents	25,000
Senior Vice Presidents/Division Presidents	10,000
Non-Employee Directors	10,000

The Company reviews compliance with the Guidelines annually. Failure to comply with these guidelines may result in a reduction in future long-term incentive grants and/or payment of future annual and/or long-term incentive payouts in the form of ordinary shares. The Nominating and Corporate Governance Committee has the discretion to waive the guidelines, if compliance would create severe personal hardship for an officer or independent director or prevent an officer or independent director from complying with a court order. The Nominating and Corporate Governance Committee expects that such instances will be rare.