

## **UTSTARCOM HOLDINGS CORP.**

### **AUDIT COMMITTEE CHARTER**

(Adopted as of April 25, 2012)

#### ***Purpose***

The Committee is established by the Board of Directors of UTStarcom Holdings Corp. (the “**Company**”) primarily for the purpose of providing oversight of the Company’s accounting and financial reporting processes and the audit of the financial statements of the Company and the Company’s internal audit functions.

The Committee is responsible for assisting the Board’s oversight of (1) the quality and integrity of the Company’s financial statements and related disclosure, (2) the Company’s compliance with legal and regulatory requirements related to financial affairs and reporting, (3) the independent auditor’s qualifications, independence and performance, (4) the organization and performance of the Company’s internal audit function, (5) the Company’s system of internal accounting and financial controls, and (6) related-party transactions.

#### ***Composition***

1. **Members.** The Committee shall consist of as many members as the Board shall determine, but in any event not fewer than three members. The members of the Committee shall be appointed annually by the Board.

2. **Qualifications.** Each member of the Committee shall meet all applicable independence, financial literacy and other requirements of law and the rules of the Nasdaq Stock Market (“**Nasdaq**”) and Securities and Exchange Commission (“**SEC**”). At least one member of the Committee must meet both the applicable SEC and Nasdaq definition of audit committee financial expert. No member of the Committee may serve simultaneously on the audit committee of more than two other public companies.

3. **Chair.** The Chair of the Committee shall be appointed by the Board, and must be independent as defined by Nasdaq and the SEC.

4. **Removal and Replacement.** The members of the Committee may be removed or replaced, and any vacancies on the Committee shall be filled, by the Board in its discretion. In addition, membership on the Committee shall automatically end at such time as the Board determines that a member ceases to meet the independence requirements of Nasdaq and applicable law.

#### ***Operations***

1. **Meetings.** The Chair of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee

shall meet at least four (4) times each year. The Committee shall meet separately, and periodically, with management, the general counsel, the internal auditors and the independent auditor. The Committee shall also meet separately with the independent auditor of the Company, at such times as it deems appropriate. The Committee may request any officer or employee of the Company or the Company's external counsel or independent auditor to attend a meeting of the Audit Committee or to meet any members of, or consultants or advisers to, the Audit Committee. The Committee may meet with any person in executive session.

2. Agenda. The Chair of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

3. Report to Board. The Committee shall report regularly to the entire Board and shall submit to the Board the minutes of its meetings.

4. Self-Evaluation; Assessment of Charter. The Committee shall conduct an annual performance self-evaluation and shall report to the Board the results of the self-evaluation. The Committee shall assess the adequacy of this Charter annually and recommend any changes to the Board.

5. Compensation. Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board and such fees may be in form of cash or equity compensation, or both, as determined by the Board. Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.

### ***Authority and Duties***

#### Independent Auditor's Qualifications and Independence

1. The Committee shall be directly responsible for the appointment, retention, evaluation, compensation, oversight and termination of the work of the independent auditor or any other registered public accounting firm employed by the Company (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work for the Company. The independent auditor shall report directly to the Committee.

2. The Committee shall have the sole authority to pre-approve audit and permissible non-audit services provided to the Company by the independent auditor, except where pre-approval of audit and permissible non-audit services is not required under applicable SEC rules. The Committee may delegate to one (1) or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Committee at its scheduled meetings.

3. The Committee shall obtain and review with the lead audit partner and a more senior representative of the independent auditor, annually or more frequently as the Committee considers appropriate, a report by the independent auditor describing: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, peer review, or Public Company Accounting Oversight Board ("**PCAOB**") review, of the independent auditor, or by any inquiry, review or investigation by governmental, professional or other regulatory authorities, within the preceding five years, with respect to independent audits carried out by the independent auditor, and any steps taken to deal with these issues; and a formal written statement delineating all relationships between the auditor and the Company or any of its subsidiaries, consistent with applicable requirements of PCAOB. The Committee will actively engage with the auditors with respect to any disclosed relationships or services that could impact the objectivity or independence of the auditors and take further action to ensure the auditor's independence as necessary. The Committee shall discuss with the auditors the matters required by the applicable requirements of the PCAOB. The Committee shall, in addition to assuring the regular rotation of the lead audit partner, consider whether there should be regular rotation of the audit firm serving as Company's independent auditor.

4. The Committee shall review the experience, qualifications, independence and performance of the senior members of the independent auditor team.

5. The Committee shall preapprove the hiring of any employee or former employee of the independent auditor who was a member of the Company's audit team during the preceding three fiscal years. In addition, the Committee shall preapprove the hiring of any employee or former employee of the independent auditor (within the preceding three fiscal years) for senior positions within the Company, regardless of whether that person was a member of the Company's audit team. No such approval may be granted with respect to any individual who served on the Company's independent audit team during the prior 12 months.

#### Related-Party Transactions

6. The Committee shall review and approve policies and procedures with respect to proposed transactions between the Company and related parties.

7. The Committee shall review and approve (including by ratification, if applicable) all such related-party transactions that would require disclosure pursuant to the rules of the SEC, and other related-party transactions required by Company policy to be reviewed and approved.

#### Financial Statements and Related Disclosure

8. The Committee shall review the annual audited financial statements with management and the independent auditor and recommend to the Board for inclusion in the Company's annual report, including the Company's disclosures under "Operating and Financial Review and Prospects," before the filing of the Company's reports with the SEC.

9. The Committee shall review with management earnings press releases before they are issued. The Committee shall review generally with management the nature of the financial information and earnings guidance provided to analysts and rating agencies.

10. The Committee shall obtain and review a report from the independent auditor on: (a) all critical accounting policies and practices to be used by the Company in preparing its financial statements, (b) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (c) other material communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences. In addition, the Committee shall review with the independent auditor any audit problems or difficulties encountered by the independent auditors during their audit work, any significant disagreements with management and management's response to these problems.

11. The Committee shall review with management and the Company's independent auditors (a) any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, (b) any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods, and (c) the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

12. The Committee shall review with management, and any outside advisers or professionals as the Committee considers appropriate, the effectiveness of the Company's disclosure controls and procedures.

13. The Committee shall review with management, and any outside advisers or professionals as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements.

#### Performance of the Internal Audit Function and Independent Auditors

14. The Committee shall review with management, the internal auditor and the independent auditor the scope, planning and staffing of the proposed audit for the current year. The Committee shall also review the internal audit function's organization, responsibilities, plans, results, budget and staffing. In addition, management shall consult with the Committee on the appointment, replacement, reassignment or dismissal of the principal internal auditor.

15. The Committee shall review with management, the internal auditor and the independent auditor the quality, adequacy and effectiveness of the Company's internal controls and any significant deficiencies or material weaknesses in internal controls and any special audit steps adopted in light of any material control deficiencies and any fraud involving management or other employees with a significant role in the Company's internal controls.

16. The Committee shall review the Company's policies with respect to risk assessment and risk management.

### Compliance with Legal and Regulatory Requirements

17. The Committee shall review with management, and any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Company and any material reports or inquiries from regulatory or governmental agencies.

18. The Committee shall review with the general counsel the adequacy and effectiveness of the Company's procedures to ensure compliance with its legal and regulatory responsibilities. The Committee shall also review the legal and compliance function's organization, responsibilities, plans, results, budget and staffing.

19. The Committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Board or the Company regarding accounting, internal accounting controls, auditing matters or potential violations of law or Company policy, including the Code of Business Conduct and Ethics and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters or potential violations of law or Company policy, including the Code of Business Conduct and Ethics.

20. The Committee shall obtain the appropriate reports from management, the internal auditor, the independent auditor and/or compliance function, regarding compliance with all applicable legal and regulatory requirements, including the United States Foreign Corrupt Practices Act.

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its oversight function. The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee, as it deems appropriate. In discharging its oversight role, the Committee shall have full access to all Company books, records, facilities and personnel. The Committee may retain, as appropriate, external counsel, accounting or other advisors, in its sole discretion to advise or assist the Committee in the performance of any of its responsibilities and duties. The Committee shall set the compensation and oversee the work of any external counsel and other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of: (a) compensation to the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (b) compensation to any advisers retained by the Committee and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall have the authority, at the Company's expense, to investigate any matter brought to its attention in the course of its duties.

### Clarification of Audit Committee's Role

The Committee's responsibility is one of oversight. The members of the Committee are not employees of the Company, and they do not perform, or represent that they perform, the functions of management, the internal auditor or the independent auditor. The Committee relies on the expertise and knowledge of management, the internal auditor and the independent auditor in carrying out its

oversight responsibilities. The management of the Company is responsible for establishing and maintaining internal control over financial reporting and for preparing the Company's consolidated financial statements. The independent auditor is responsible for auditing the Company's annual consolidated financial statements and the effectiveness of the Company's internal control over financial reporting. Based on their audit, the independent auditor is also responsible for expressing an opinion on the Company's annual financial statements and the effectiveness of the Company's internal control over financial reporting. In addition, the independent auditor is responsible for reviewing the Company's quarterly financial statements. It is not the responsibility of the Committee to prepare or certify the Company's financial statements or guarantee the audits or reports of the independent auditor, nor is it the duty of the Committee to certify that the independent auditor is "independent" under applicable rules. These are the fundamental responsibilities of management and the independent auditor.