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14 Lead Counsel for Plaintiffs

15 UNITED STATES DISTRICT COURT  
16 NORTHERN DISTRICT OF CALIFORNIA  
17 SAN JOSE DIVISION

18 In re UTSTARCOM, INC. SECURITIES ) Master File No. C-04-4908-JW(PVT)  
LITIGATION )  
19 \_\_\_\_\_ ) CLASS ACTION  
20 This Document Relates To: ) STIPULATION OF SETTLEMENT  
21 ALL ACTIONS. )  
22 \_\_\_\_\_ )

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1 This Stipulation of Settlement dated as of January 13, 2010 (the “Stipulation”), is made and  
2 entered into by and among the following Settling Parties (as defined further in §IV hereof) to the  
3 above-entitled Litigation: (i) the Lead Plaintiffs (on behalf of themselves and each of the Class  
4 Members), by and through their counsel of record in the Litigation; and (ii) the UTStarcom  
5 Defendants, by and through their counsel of record in the Litigation. The Stipulation is intended by  
6 the Settling Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims (as  
7 defined herein), upon and subject to the terms and conditions hereof.

8 **I. THE LITIGATION**

9 On October 26, 2004, an action entitled *Smith v. Sophie, et al.*, CW04-541-EIL was filed in  
10 the United States District Court for the District of Idaho. That action was transferred to the United  
11 States District Court for the Northern District of California (the “Court”) on April 21, 2005.

12 On and after November 17, 2004, the following actions were filed in the Court as securities  
13 class actions on behalf of purchasers of UTStarcom, Inc. (“UTStarcom”) publicly traded securities  
14 during defined periods of time.

| <i>CASE NAME</i>                            | <i>CASE NUMBER/<br/>DATE FILED</i> |
|---|------------------------------------|
| <i>Joseph v. UTStarcom, Inc., et al.</i>    | C-04-4908-JW<br>November 17, 2004  |
| <i>Schwanz v. UTStarcom, Inc., et al.</i>   | C-04-4991-JW<br>November 24, 2004  |
| <i>Lebzetter v. UTStarcom, Inc., et al.</i> | C-04-5136<br>December 2, 2004      |
| <i>Tiemann v. UTStarcom, Inc., et al.</i>   | C-04-5132<br>December 3, 2004      |

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21 These actions were consolidated under case number C-04-4908-JW(PVT) for all purposes by  
22 an order filed March 15, 2005. The consolidated actions are referred to herein collectively as the  
23 “Litigation.” On March 15, 2005, the Court appointed Locals 302 and 612 of the International  
24 Union of Operating Engineers-Employers Construction Industry Retirement Trust and Erwin  
25 DeBruycker as Lead Plaintiffs.

26 The operative complaint in the Litigation is the Fourth Amended Consolidated Complaint for  
27 Violations of the Federal Securities Laws (the “Complaint”), filed May 14, 2008. The Complaint  
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1 alleges violations of §§10(b), 14(a), and 20(a) of the Securities Exchange Act of 1934 and Rule  
2 10b-5 promulgated thereunder on behalf of a class of purchasers of UTStarcom publicly traded  
3 securities.

4 **II. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

5 The UTStarcom Defendants have denied and continue to deny each and all of the claims  
6 alleged by the Lead Plaintiffs in the Litigation. The UTStarcom Defendants expressly have denied  
7 and continue to deny all charges of wrongdoing or liability against them arising out of any of the  
8 conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation.  
9 The UTStarcom Defendants also have denied and continue to deny, *inter alia*, the allegations that the  
10 Lead Plaintiffs or the Class have suffered damage, that the prices of UTStarcom publicly traded  
11 securities were artificially inflated by reasons of alleged misrepresentations, non-disclosures or  
12 otherwise, or that the Lead Plaintiffs or the Class were harmed by the conduct alleged in the  
13 Complaint and the UTStarcom Defendants believe that the evidence developed to date supports their  
14 positions.

15 Nonetheless, the UTStarcom Defendants have concluded that further conduct of the  
16 Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and  
17 finally settled in the manner and upon the terms and conditions set forth in this Stipulation. The  
18 UTStarcom Defendants also have taken into account the uncertainty and risks inherent in any  
19 litigation, especially in complex cases like the Litigation. The UTStarcom Defendants have,  
20 therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the  
21 manner and upon the terms and conditions set forth in this Stipulation.

22 **III. CLAIMS OF THE LEAD PLAINTIFFS AND BENEFITS OF SETTLEMENT**

23 The Lead Plaintiffs believe that the claims asserted in the Litigation have merit and that the  
24 evidence developed to date supports the claims. However, the Lead Plaintiffs and their counsel  
25 recognize and acknowledge the expense and length of continued proceedings necessary to prosecute  
26 the Litigation against the UTStarcom Defendants through trial and through appeals. The Lead  
27 Plaintiffs and their counsel also have taken into account the uncertain outcome and the risk of any  
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1 litigation, especially in complex actions such as the Litigation, as well as the difficulties and delays  
2 inherent in such litigation. The Lead Plaintiffs and their counsel also are mindful of the inherent  
3 problems of proof under and possible defenses to the securities law violations asserted in the  
4 Litigation. The Lead Plaintiffs and their counsel believe that the settlement set forth in the  
5 Stipulation confers substantial benefits upon the Class. Based on their evaluation, the Lead Plaintiffs  
6 and their counsel have determined that the settlement set forth in the Stipulation is in the best  
7 interests of the Lead Plaintiffs and the Class.

8 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

9 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the  
10 Lead Plaintiffs (for themselves and the Class Members) and the UTStarcom Defendants, by and  
11 through their respective counsel or attorneys of record, that, subject to the approval of the Court, the  
12 Litigation and the Released Claims shall be finally and fully compromised, settled, and released, and  
13 the Litigation shall be dismissed with prejudice, as to all Settling Parties, upon and subject to the  
14 terms and conditions of the Stipulation, as follows.

15 **1. Definitions**

16 As used in the Stipulation the following terms have the meanings specified below:

17 1.1 “Authorized Claimant” means any Class Member whose claim for recovery has been  
18 allowed pursuant to the terms of the Stipulation.

19 1.2 “Claims Administrator” means the firm of Gilardi & Co. LLC.

20 1.3 “Class” means all Persons (other than those Persons who timely and validly request  
21 exclusion from the Class) who purchased UTStarcom publicly traded securities on the open market  
22 between February 21, 2003 through and including October 12, 2007, and were damaged thereby.  
23 Excluded from the Class are the Defendants and officers and directors of UTStarcom, SoftBank  
24 Corporation, SoftBank America, Inc. or SoftBank Holdings, Inc., as well as their families and  
25 affiliates.

26 1.4 “Class Member” or “Member of the Class” mean a Person who falls within the  
27 definition of the Class as set forth in ¶1.3 above.

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1           1.5     “Class Period” means the period commencing on February 21, 2003 through and  
2 including October 12, 2007.

3           1.6     “Defendants” means the UTStarcom Defendants and the SoftBank Defendants.

4           1.7     “Effective Date,” or the date upon which this settlement becomes “effective,” means  
5 three (3) business days after the date by which all of the events and conditions specified in ¶7.1 of  
6 the Stipulation have been met and have occurred.

7           1.8     “Escrow Agent” means the law firm of Robbins Geller Rudman & Dowd LLP or its  
8 successor(s).

9           1.9     “Final” means when the last of the following with respect to the Judgment approving  
10 the Stipulation, substantially in the form of Exhibit B attached hereto, shall occur: (i) the expiration  
11 of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure  
12 59(e) without any such motion having been filed; (ii) the time in which to appeal the Judgment has  
13 passed without any appeal having been taken; and (iii) if a motion to alter or amend is filed or if an  
14 appeal is taken, immediately after the determination of that motion or appeal so that it is no longer  
15 subject to any further judicial review or appeal whatsoever, whether by reason of affirmance by a  
16 court of last resort, lapse of time, voluntary dismissal of the appeal or otherwise in such a manner as  
17 to permit the consummation of the settlement substantially in accordance with the terms and  
18 conditions of this Stipulation. For purposes of this paragraph, an “appeal” shall include any petition  
19 for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of  
20 this settlement, but shall not include any appeal which concerns only the issue of attorneys’ fees and  
21 expenses, the Plan of Allocation of the Settlement Fund, as hereinafter defined, or the procedures for  
22 determining Authorized Claimants’ recognized claims.

23           1.10    “Individual Defendants” means Hong Liang Lu, Michael J. Sophie, Ying Wu, and  
24 Thomas J. Toy.

25           1.11    “Judgment” means the Final Judgment and Order of Dismissal With Prejudice to be  
26 rendered by the Court, substantially in the form attached hereto as Exhibit B.

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1           1.12   “Lead Counsel” means: Robbins Geller Rudman & Dowd LLP, Patrick J. Coughlin,  
2 Keith F. Park, 655 W. Broadway, Suite 1900, San Diego, CA 92101; and Robbins Geller Rudman &  
3 Dowd LLP, Shawn Williams, Shirley Huang, 100 Pine Street, Suite 2600, San Francisco, CA 94111.

4           1.13   “Lead Plaintiffs” means Locals 302 and 612 of the International Union of Operating  
5 Engineers-Employers Construction Industry Retirement Trust and Erwin DeBruycker.

6           1.14   “Litigation” means the consolidated actions under case number C-04-4908-JW.

7           1.15   “Net Settlement Fund” means the Settlement Fund less any attorneys’ fees, costs, and  
8 expenses, and any awards to Plaintiffs, provided for herein or approved by the Court and less notice  
9 and administration costs, Taxes and Tax Expenses, and other Court-approved deductions.

10          1.16   “Non-Settling Defendants” means the SoftBank Defendants.

11          1.17   “Person” means an individual, corporation, partnership, limited partnership,  
12 association, joint stock company, estate, legal representative, trust, unincorporated association,  
13 government or any political subdivision or agency thereof, and any business or legal entity and their  
14 spouses, heirs, predecessors, successors, representatives, or assignees.

15          1.18   “Plaintiffs” means the Lead Plaintiffs and Robert Lee Weese.

16          1.19   “Plan of Allocation” means a plan or formula of allocation of the Settlement Fund  
17 whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses  
18 of notice and administration of the settlement, Taxes and Tax Expenses, and such attorneys’ fees,  
19 costs, expenses, and interest, as well as Plaintiffs’ expenses, if any, as may be awarded by the Court.  
20 Any Plan of Allocation is not part of the Stipulation and neither the UTStarcom Defendants nor their  
21 Related Parties shall have any responsibility or liability with respect thereto.

22          1.20   “Related Parties” means each of a UTStarcom Defendant’s past or present directors,  
23 officers, employees, partners, insurers, co-insurers, reinsurers, controlling shareholders, attorneys,  
24 accountants or auditors, personal or legal representatives, predecessors, successors, parents,  
25 subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity  
26 in which a UTStarcom Defendant has a controlling interest, any members of any Individual  
27 Defendant’s immediate family, or any trust of which any Individual Defendant is the settlor or which  
28 is for the benefit of any Individual Defendant’s family.

1           1.21   “Released Claims” shall collectively mean any and all claims arising from the  
2 purchase of any UTStarcom publicly traded securities during the Class Period and the acts, facts,  
3 statements or omissions that were or could have been alleged in the Litigation. “Released Claims”  
4 includes “Unknown Claims” as defined in ¶1.27 hereof. Released Claims does not include any  
5 claims against the SoftBank Defendants.

6           1.22   “Released Persons” means each and all of the UTStarcom Defendants and their  
7 Related Parties. Released Persons does not include the SoftBank Defendants.

8           1.23   “Settlement Amount” means Thirty Million Dollars (\$30,000,000) in cash to be paid  
9 by wire transfer to the Escrow Agent pursuant to ¶2.1 of this Stipulation.

10          1.24   “Settlement Fund” means the Settlement Amount plus all interest and accretions  
11 thereto and which may be reduced by payments on deductions as provided herein or by Court order.

12          1.25   “Settling Parties” means, collectively, the UTStarcom Defendants and the Plaintiffs  
13 on behalf of themselves and the Members of the Class.

14          1.26   “SoftBank Defendants” means SoftBank Corporation, SoftBank America, Inc., and  
15 SoftBank Holdings, Inc.

16          1.27   “Unknown Claims” means any Released Claims which any Plaintiff or Class Member  
17 does not know or suspect to exist in his, her or its favor at the time of the release of the Released  
18 Persons which, if known by him, her or it, might have affected his, her or its settlement with and  
19 release of the Released Persons, or might have affected his, her or its decision not to object to this  
20 settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that,  
21 upon the Effective Date, the Plaintiffs shall expressly and each of the Class Members shall be  
22 deemed to have, and by operation of the Judgment shall have, expressly waived the provisions,  
23 rights, and benefits of California Civil Code §1542, which provides:

24                   **A general release does not extend to claims which the creditor does not**  
25                   **know or suspect to exist in his or her favor at the time of executing the release,**  
26                   **which if known by him or her must have materially affected his or her**  
27                   **settlement with the debtor.**

28          The Plaintiffs shall expressly and each of the Class Members shall be deemed to have, and by  
operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits

1 conferred by any law of any state or territory of the United States, or principle of common law,  
2 which is similar, comparable or equivalent to California Civil Code §1542. The Plaintiffs and Class  
3 Members may hereafter discover facts in addition to or different from those which he, she or it now  
4 knows or believes to be true with respect to the subject matter of the Released Claims, but each  
5 Plaintiff shall expressly and each Class Member, upon the Effective Date, shall be deemed to have,  
6 and by operation of the Judgment shall have, fully, finally, and forever settled and released any and  
7 all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent,  
8 whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of  
9 law or equity now existing or coming into existence in the future, including, but not limited to,  
10 conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule,  
11 without regard to the subsequent discovery or existence of such different or additional facts. The  
12 Plaintiffs acknowledge, and the Class Members shall be deemed by operation of the Judgment to  
13 have acknowledged, that the foregoing waiver was separately bargained for and a key element of the  
14 settlement of which this release is a part.

15 1.28 “UTStarcom” means UTStarcom, Inc.

16 1.29 “UTStarcom Defendants” means UTStarcom, Inc. and the Individual Defendants.

17 1.30 “UTStarcom Defendants’ Insurers” means Continental Casualty Co., Hudson  
18 Insurance Co., National Union Fire Insurance Co. of Pittsburgh, PA., and Old Republic Insurance  
19 Co.

20 **2. The Settlement**

21 **a. The Settlement Fund**

22 2.1 UTStarcom Defendants or their counsel shall cause the UTStarcom Defendants’  
23 Insurers to transfer the principal amount of \$30,000,000 in cash to the Escrow Agent within 30  
24 calendar days after preliminary approval of the settlement by the Court, provided that if Lead  
25 Counsel have not provided the necessary payment information before the Court grants preliminary  
26 approval, the 30 days shall not begin to run until Lead Counsel provides the necessary payment  
27 information. It is understood that the transfer will be made by the UTStarcom Defendants’ Insurers  
28 on the UTStarcom Defendants’ behalf. If the entire Settlement Amount is not timely transferred to

1 the Escrow Agent, Lead Counsel may terminate the settlement by providing written notice to counsel  
2 for the UTStarcom Defendants.

3 **b. The Escrow Agent**

4 2.2 The Escrow Agent shall invest the Settlement Amount deposited pursuant to ¶2.1  
5 hereof in short term United States Agency or Treasury Securities or other instruments backed by the  
6 Full Faith & Credit of the United States Government or an Agency thereof, or fully insured by the  
7 United States Government or an Agency thereof and shall reinvest the proceeds of these instruments  
8 as they mature in similar instruments at their then-current market rates. All risks related to the  
9 investment of the Settlement Fund shall be borne by the Settlement Fund.

10 2.3 The Escrow Agent shall not disburse the Settlement Fund except as provided in the  
11 Stipulation, by an order of the Court, or with the written agreement of counsel for UTStarcom  
12 Defendants.

13 2.4 Subject to further order(s) and/or directions as may be made by the Court, or as  
14 provided in the Stipulation, the Escrow Agent is authorized to execute such transactions as are  
15 consistent with the terms of the Stipulation.

16 2.5 All funds held by the Escrow Agent shall be deemed and considered to be in *custodia*  
17 *legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such  
18 funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

19 2.6 Without further order of the Court, the Settlement Fund may be used by Lead Counsel  
20 to pay reasonable costs and expenses actually incurred in connection with providing notice to the  
21 Class, locating Class Members, soliciting claims, assisting with the filing of claims, administering  
22 and distributing the Settlement Fund to Authorized Claimants, processing Proof of Claim and  
23 Release forms, and paying escrow fees and costs, if any.

24 **c. Taxes**

25 2.7 (a) The Settling Parties and the Escrow Agent agree to treat the Settlement Fund  
26 as being at all times a “qualified settlement fund” within the meaning of Treas. Reg. §1.468B-1. In  
27 addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out  
28 the provisions of this ¶2.7, including the “relation-back election” (as defined in Treas. Reg. §1.468B-

1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(b) For the purpose of §1.468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in ¶2.7(a) hereof) shall be consistent with this ¶2.7 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶2.7(c) hereof.

(c) All (a) Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon the Defendants or their counsel with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes (“Taxes”), and (b) expenses and costs incurred in connection with the operation and implementation of this ¶2.7 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this ¶2.7 (“Tax Expenses”), shall be paid out of the Settlement Fund; in all events the Defendants and their counsel shall have no liability or responsibility for the Taxes or the Tax Expenses. The Settlement Fund shall indemnify and hold each of the Defendants and their counsel harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court and the Escrow Agent shall be authorized (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such

1 amounts including the establishment of adequate reserves for any Taxes and Tax Expenses (as well  
2 as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(l)(2)); neither the  
3 Defendants nor their counsel are responsible nor shall they have any liability therefor. The parties  
4 hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants  
5 to the extent reasonably necessary to carry out the provisions of this ¶2.7.

6 (d) For the purpose of this ¶2.7, references to the Settlement Fund shall include  
7 both the Settlement Fund and any earnings thereon.

8 **d. Termination of Settlement**

9 2.8 In the event that the Stipulation is not approved or the Stipulation is terminated,  
10 canceled, or fails to become effective for any reason, the Settlement Fund (including accrued  
11 interest) less expenses paid, incurred or due and owing in connection with the settlement provided  
12 for herein, shall be refunded pursuant to written instructions from counsel to the UTStarcom  
13 Defendants (in accordance with ¶7.4 herein).

14 **e. Additional Consideration**

15 2.9 The UTStarcom Defendants agree to continue to produce non-privileged documents  
16 relevant to Plaintiffs' claims, or proof thereof, against the Softbank Defendants (as sought by  
17 Plaintiffs' discovery requests) and to comply with other discovery requests, *i.e.*, depositions,  
18 interrogatories, requests for admissions, etc., as if a party in order for Plaintiffs to continue their  
19 effort to pursue this action against the SoftBank Defendants. Nothing in this Stipulation is intended  
20 to prevent the UTStarcom Defendants from objecting to the scope of Plaintiffs' discovery requests,  
21 nor to prevent Plaintiffs from moving to compel the production of documents and other discovery  
22 responses from the UTStarcom Defendants. Plaintiffs and Plaintiffs' counsel shall not be  
23 responsible for any costs, expenses or attorneys' fees associated with such discovery, except to the  
24 extent, if any, that Plaintiffs would be required to do so by law, if the UTStarcom Defendants were  
25 still parties. Plaintiffs, however, will endeavor to work with UTStarcom Defendants to minimize  
26 any costs and expenses going forward.

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1           **3. Preliminary Approval Order and Settlement Hearing**

2           3.1 Promptly after execution of the Stipulation, the Settling Parties shall submit the  
3 Stipulation together with its Exhibits to the Court and shall apply for entry of an order (the  
4 “Preliminary Approval Order”), substantially in the form of Exhibit A attached hereto, requesting,  
5 *inter alia*, the preliminary approval of the settlement set forth in the Stipulation, and approval for the  
6 mailing of a settlement notice (the “Notice”) and publication of a summary notice, substantially in  
7 the forms of Exhibits A-1 and A-3 attached hereto. The Notice shall include the general terms of the  
8 settlement set forth in the Stipulation, the proposed Plan of Allocation, the general terms of the Fee  
9 and Expense Application, as defined in ¶6.2 hereof, and the date of the Settlement Hearing as  
10 defined below.

11           3.2 Lead Counsel shall request that after notice is given, the Court hold a hearing (the  
12 “Settlement Hearing”) and approve the settlement of the Litigation as set forth herein. At or after the  
13 Settlement Hearing, Lead Counsel also will request that the Court approve the proposed Plan of  
14 Allocation and the Fee and Expense Application and the Plaintiffs’ request for reimbursement of  
15 expenses, if any.

16           **4. Releases**

17           4.1 Upon the Effective Date, as defined in ¶1.7 hereof, the Plaintiffs and each of the Class  
18 Members shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and  
19 forever released, relinquished, and discharged all Released Claims against the Released Persons,  
20 whether or not such Class Member executes and delivers the Proof of Claim and Release or shares in  
21 the Settlement Fund. No claims against the Non-Settling Defendants shall be released.

22           4.2 The Proof of Claim and Release to be executed by Class Members shall release all  
23 Released Claims against the Released Persons and shall be substantially in the form contained in  
24 Exhibit A-2 attached hereto.

25           4.3 Upon the Effective Date, all Class Members and anyone claiming through or on  
26 behalf of any of them, will be forever barred and enjoined from commencing, instituting, prosecuting  
27 or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration  
28 tribunal, or administrative forum, asserting the Released Claims against any of the Released Persons.

1           4.4     Upon the Effective Date, as defined in ¶1.7 hereof, each of the Released Persons shall  
2 be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released,  
3 relinquished, and discharged each and all of the Plaintiffs, Class Members, and Lead Counsel from  
4 all claims (including Unknown Claims) arising out of, relating to, or in connection with the  
5 institution, prosecution, assertion, settlement or resolution of the Litigation or the Released Claims.  
6 Notwithstanding the foregoing, neither this Stipulation nor the Judgment shall be deemed a waiver or  
7 release of, and shall not preclude the Released Persons from asserting, any claims not barred by ¶4.5  
8 herein, and otherwise permitted by any applicable federal or state statute or common law, against  
9 any person or entity, including claims against the Non-Settling Defendants, their present or former  
10 officers, directors, partners and employees, either in the form of a cross-claim, counterclaim, third-  
11 party complaint, or other form, filed in the Litigation or by a separately-filed action; provided,  
12 however, that the finality of the settlement shall not be conditioned on any ruling by the Court on  
13 any claims asserted by the Released Persons against the Non-Settling Defendants.

14           4.5     To the extent permitted by applicable laws, including Section 21D(f)(7)(A) of the  
15 Securities Exchange Act of 1934, codified at 15 U.S.C. §78u-4(f)(7)(A), all Persons shall be  
16 enjoined and barred from commencing or continuing any action against the UTStarcom Defendants,  
17 seeking, as damages, indemnity, contribution, or otherwise, the recovery of all or part of any liability  
18 or settlement which such persons (i) paid, (ii) were obligated to pay or agreed to pay, or (iii) may  
19 become obligated to pay to the Class, as a result of such persons' liability for or participation in any  
20 acts, facts, statements or omissions that were or could have been alleged in the Litigation. Any  
21 Person whose claims are so barred shall be entitled to appropriate judgment credits or reductions.  
22 Furthermore, notwithstanding the foregoing, nothing in this Stipulation shall apply to, bar or  
23 otherwise affect any claim of right to indemnification between UTStarcom and any present or former  
24 officer or director of UTStarcom, or any claim for insurance coverage by any UTStarcom Defendant.

25           4.6     The UTStarcom Defendants agree that they will, as part of any later settlement by  
26 Plaintiffs with any such Non-Settling Defendant(s) and so long as such Non-Settling Defendant(s)  
27 provide a release with the same scope, provide a full and complete release of all claims against such  
28 Non-Settling Defendant(s) and any of its/their partners, principals, officers or directors, to the extent

1 they arise out of the claims in the Complaint, including but not limited to, claims for contribution,  
2 indemnity, malpractice, negligence or otherwise arising under federal or state laws.

3 **5. Administration and Calculation of Claims, Final Awards and**  
4 **Supervision and Distribution of the Settlement Fund**

5 5.1 The Claims Administrator, subject to such supervision and direction of the Court as  
6 may be necessary or as circumstances may require, shall administer and calculate the claims  
7 submitted by Class Members and shall oversee distribution of the Net Settlement Fund to Authorized  
8 Claimants.

9 5.2 The Settlement Fund shall be applied as follows:

10 (a) to pay all the costs and expenses reasonably and actually incurred in  
11 connection with providing notice, locating Class Members, soliciting Class claims, assisting with the  
12 filing of claims, administering and distributing the Settlement Fund to Authorized Claimants,  
13 processing Proof of Claim and Release forms, and paying escrow fees and costs, if any;

14 (b) to pay the Taxes and Tax Expenses described in ¶2.7 hereof;

15 (c) after entry of the Judgment, to pay counsel to the plaintiffs attorneys' fees and  
16 expenses (the "Fee and Expense Award"), and to reimburse the Plaintiffs for their expenses, if and to  
17 the extent allowed by the Court; and

18 (d) after the Effective Date, to distribute the balance of the Settlement Fund (the  
19 "Net Settlement Fund") to Authorized Claimants as allowed by the Stipulation, the Plan of  
20 Allocation, or the Court.

21 5.3 After the Effective Date, and in accordance with the terms of the Stipulation, the Plan  
22 of Allocation, or such further approval and further order(s) of the Court as may be necessary or as  
23 circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants,  
24 subject to and in accordance with the following.

25 5.4 Within ninety (90) days after the mailing of the Notice or such other time as may be  
26 set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to  
27 the Claims Administrator a completed Proof of Claim and Release, substantially in the form of  
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1 Exhibit A-2 attached hereto, signed under penalty of perjury and supported by such documents as are  
2 specified in the Proof of Claim and Release.

3           5.5     Except as otherwise ordered by the Court, all Class Members who fail to timely  
4 submit a valid Proof of Claim and Release within such period, or such other period as may be  
5 ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments  
6 pursuant to the Stipulation and the settlement set forth herein, but will in all other respects be subject  
7 to and bound by the provisions of the Stipulation, the releases contained herein, and the Judgment.  
8 Notwithstanding the foregoing, Lead Counsel shall have the discretion to accept late-submitted  
9 claims for processing by the Claims Administrator so long as the distribution of the Settlement Fund  
10 is not materially delayed thereby.

11           5.6     The Net Settlement Fund shall be distributed to the Authorized Claimants  
12 substantially in accordance with the Plan of Allocation set forth in the Notice and approved by the  
13 Court. If there is any balance remaining in the Net Settlement Fund after six (6) months from the  
14 initial date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed  
15 checks or otherwise), Lead Counsel shall, if feasible, reallocate such balance among Authorized  
16 Claimants in an equitable and economic fashion. Thereafter, any balance which still remains in the  
17 Net Settlement Fund shall be donated to an appropriate non-profit organization.

18           5.7     The UTStarcom Defendants and their Related Parties shall have no responsibility for,  
19 interest in, or liability whatsoever with respect to the distribution of the Net Settlement Fund, the  
20 Plan of Allocation, the determination, administration, or calculation of claims, the payment or  
21 withholding of Taxes, or any losses incurred in connection therewith. No person shall have any  
22 claim of any kind against the UTStarcom Defendants or their Related Parties with respect to the  
23 matters set forth in ¶5 hereof; and the Class Members, the Plaintiffs, and Lead Counsel release the  
24 UTStarcom Defendants and their Related Parties from any and all liability and claims arising from or  
25 with respect to the investment or distribution of the Settlement Fund.

26           5.8     No Person shall have any claim against the Plaintiffs, Lead Counsel or the Claims  
27 Administrator, or any other Person designated by Lead Counsel based on the distributions made  
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1 substantially in accordance with the Stipulation and the settlement contained herein, the Plan of  
2 Allocation, or further order(s) of the Court.

3         5.9 It is understood and agreed by the Settling Parties that any proposed Plan of  
4 Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an  
5 Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered  
6 by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy  
7 of the settlement set forth in the Stipulation, and any order or proceeding relating to the Plan of  
8 Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's  
9 Judgment approving the Stipulation and the settlement set forth therein, or any other orders entered  
10 pursuant to the Stipulation.

11         **6. Lead Plaintiffs' Counsel's Attorneys' Fees and Expenses**

12         6.1 If so ordered by the Court upon preliminary approval, Lead Counsel shall be entitled  
13 to the provisional payment of 75% of their expenses, subject to Lead Counsel's obligation to make  
14 appropriate refunds or repayments to the Settlement Fund plus interest at the same rate as earned on  
15 the Settlement Fund if, and when, as a result of any order, the final fee or expense award is lower  
16 than that amount.

17         6.2 Lead Counsel may submit an application or applications (the "Fee and Expense  
18 Application") for distributions to Lead Counsel from the Settlement Fund for: (a) an award of  
19 attorneys' fees; plus (b) expenses incurred in connection with prosecuting the Litigation, plus any  
20 interest on such attorneys' fees and expenses at the same rate and for the same periods as earned by  
21 the Settlement Fund (until paid) as may be awarded by the Court. Lead Counsel reserve the right to  
22 make additional applications for fees and expenses incurred.

23         6.3 The fees and expenses, as awarded by the Court, shall be paid to Lead Counsel, as  
24 ordered, immediately after the Court executes an order awarding such fees and expenses and enters  
25 the Judgment. Lead Counsel may thereafter allocate the attorneys' fees among other plaintiffs'  
26 counsel in a manner in which they in good faith believe reflects the contributions of such counsel to  
27 the initiation, prosecution, and resolution of the Litigation.

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1           6.4     In the event that the Effective Date does not occur, or the Judgment or the order  
2 making the Fee and Expense Award is reversed or modified, or the Stipulation is canceled or  
3 terminated for any other reason, and in the event that the provisional reimbursement described in  
4 ¶6.1 or the Fee and Expense Award has been paid to any extent, then such of plaintiffs' counsel who  
5 have received any portion of the provisional reimbursement as described in ¶6.1 or the Fee and  
6 Expense Award shall within five (5) business days from receiving notice from the UTStarcom  
7 Defendants' counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund such  
8 fees and expenses previously paid to them from the Settlement Fund plus interest thereon at the same  
9 rate as earned on the Settlement Fund in an amount consistent with such reversal or modification.  
10 Each such plaintiffs' counsel's law firm receiving fees and expenses, as a condition of receiving  
11 such fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the  
12 law firm and its partners and/or shareholders are subject to the jurisdiction of the Court for the  
13 purpose of enforcing the provisions of this paragraph. Without limitation, plaintiffs' counsel agree  
14 that the Court may, upon application of UTStarcom Defendants and notice to Lead Counsel,  
15 summarily issue orders including, but not limited to, judgments and attachment orders, and may  
16 make appropriate findings of or sanctions for contempt, should such law firm fail timely to repay  
17 fees and expenses pursuant to this ¶6.4.

18           6.5     Plaintiffs may submit an application for reimbursement of their time and expenses  
19 incurred in the prosecution of the Litigation. However, in the event that the Effective Date does not  
20 occur, or the judgment or the order approving Plaintiffs' application for reimbursement of their time  
21 and expenses is reversed or modified, or the Stipulation is canceled or terminated for any other  
22 reason, then such of the Plaintiffs who have received any portion of the reimbursement as described  
23 in this paragraph shall within five (5) business days from receiving notice from Defendants' counsel  
24 or from a court of appropriate jurisdiction, refund to the Settlement Fund such reimbursement for  
25 time and expenses previously paid to them from the Settlement Fund plus interest thereon at the  
26 same rate as earned on the Settlement Fund in an amount consistent with such reversal or  
27 modification. Each such Plaintiff receiving reimbursement under this paragraph, as a condition of  
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1 receiving such reimbursement, agrees that he or it is subject to the jurisdiction of the Court for the  
2 purpose of enforcing the provisions of this paragraph.

3           6.6     The procedure for and the allowance or disallowance by the Court of any applications  
4 by any plaintiffs' counsel for attorneys' fees and expenses, or the expenses of the Plaintiffs, to be  
5 paid out of the Settlement Fund, are not part of the settlement set forth in the Stipulation, and are to  
6 be considered by the Court separately from the Court's consideration of the fairness, reasonableness,  
7 and adequacy of the settlement set forth in the Stipulation, and any order or proceeding relating to  
8 the Fee and Expense Application, or the Plaintiffs' expense application, or any appeal from any  
9 order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the  
10 Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the  
11 settlement of the Litigation set forth therein.

12           6.7     The UTStarcom Defendants and their Related Parties shall have no responsibility for  
13 any payment of attorneys' fees and expenses to plaintiffs' counsel over and above payment out of  
14 the Settlement Fund.

15           6.8     The UTStarcom Defendants and their Related Parties shall have no responsibility for  
16 the allocation among plaintiffs' counsel, and/or any other Person who may assert some claim thereto,  
17 of any Fee and Expense Award that the Court may make in the Litigation, and the UTStarcom  
18 Defendants and their Related Parties take no position with respect to such matters.

19           **7.     Conditions of Settlement, Effect of Disapproval, Cancellation or**  
20           **Termination**

21           7.1     The Effective Date of the Stipulation shall be conditioned on the occurrence of all of  
22 the following events:

23                   (a)     the UTStarcom Defendants' Insurers have timely made or caused to be made  
24 their contributions to the Settlement Fund, as required by ¶2.1 hereof;

25                   (b)     the Court has entered the Preliminary Approval Order, as required by ¶3.1  
26 hereof;

27                   (c)     UTStarcom has not exercised its option to terminate the Stipulation pursuant  
28 to ¶7.3;

1 (d) the Court has entered the Judgment, or a judgment substantially in the form of  
2 Exhibit B attached hereto; and

3 (e) the Judgment has become Final, as defined in ¶1.9 hereof.

4 7.2 Upon the occurrence of all of the events referenced in ¶7.1 hereof, any and all  
5 remaining interest or right of the UTStarcom Defendants or the UTStarcom Defendants’ Insurers in  
6 or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If it becomes clear  
7 that all of the conditions specified in ¶7.1 hereof cannot or will not be met, then the Stipulation shall  
8 be canceled and terminated subject to ¶7.4 hereof unless Lead Counsel and counsel for the  
9 UTStarcom Defendants mutually agree in writing to proceed with the Stipulation.

10 7.3 UTStarcom shall have the option to terminate the settlement in the event that Class  
11 Members who purchased in the aggregate more than a certain number of shares of UTStarcom  
12 common stock during the Class Period choose to exclude themselves from the Class, as set forth in a  
13 separate agreement (the “Supplemental Agreement”) executed between Lead Counsel and the  
14 UTStarcom Defendants’ counsel. The Supplemental Agreement will not be filed with the Court  
15 unless a dispute among the Settling Parties concerning its interpretation or application arises and in  
16 that event, the Supplemental Agreement shall be filed and maintained by the Court under seal.

17 7.4 Unless otherwise ordered by the Court, in the event the Stipulation shall terminate, or  
18 be canceled, or shall not become effective for any reason, within five (5) business days after written  
19 notification of such event is sent by counsel for the UTStarcom Defendants or Lead Counsel to the  
20 Escrow Agent, the Settlement Fund (including accrued interest), less expenses which have either  
21 been disbursed pursuant to ¶¶2.6 and 2.7 hereof, or are determined to be chargeable to the Settlement  
22 Fund, shall be refunded by the Escrow Agent pursuant to written instructions from the UTStarcom  
23 Defendants’ counsel. At the request of counsel for the UTStarcom Defendants, the Escrow Agent or  
24 its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds, after  
25 deduction of any fees or expenses incurred in connection with such application(s) for refund, at the  
26 written direction of counsel to the UTStarcom Defendants.

27 7.5 In the event that the Stipulation is not approved by the Court or the settlement set  
28 forth in the Stipulation is terminated or fails to become effective in accordance with its terms, the

1 Settling Parties shall be restored to their respective positions in the Litigation as of January 12, 2010.  
2 In such event, the terms and provisions of the Stipulation, with the exception of ¶¶1.1-1.30, 2.6, 2.7,  
3 6.4, 6.5, 7.4-7.6, and 8.3 hereof, shall have no further force and effect with respect to the Settling  
4 Parties and shall not be used in this Litigation or in any other proceeding for any purpose, and any  
5 judgment or order entered by the Court in accordance with the terms of the Stipulation shall be  
6 treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any  
7 order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs,  
8 expenses, and interest awarded by the Court to any of plaintiffs' counsel or expenses to the Plaintiffs  
9 shall constitute grounds for cancellation or termination of the Stipulation.

10 7.6 If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its  
11 terms, neither the Plaintiffs nor any of their counsel shall have any obligation to repay any amounts  
12 actually and properly disbursed pursuant to ¶2.6. In addition, any expenses already incurred  
13 pursuant to ¶2.6 hereof at the time of such termination or cancellation but which have not been paid,  
14 shall be paid by the Escrow Agent in accordance with the terms of the Stipulation prior to the  
15 balance being refunded in accordance with ¶¶2.8 and 7.4 hereof.

16 **8. Miscellaneous Provisions**

17 8.1 The Settling Parties (a) acknowledge that it is their intent to consummate this  
18 agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement  
19 all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the  
20 foregoing terms and conditions of the Stipulation.

21 8.2 The Settling Parties intend this settlement to be a final and complete resolution of all  
22 disputes between them with respect to the Litigation. The settlement compromises claims which are  
23 contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or  
24 defense. The Final Judgment will contain a finding that, during the course of the Litigation, the  
25 parties and their respective counsel at all times complied with the requirements of Federal Rule of  
26 Civil Procedure 11. The Settling Parties agree that the amount paid to the Settlement Fund and the  
27 other terms of the settlement were negotiated in good faith by the Settling Parties, and reflect a  
28 settlement that was reached voluntarily after consultation with competent legal counsel. The Settling

1 Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any  
2 contention made in any public forum that the Litigation was brought or defended in bad faith or  
3 without a reasonable basis.

4           8.3     Neither the Stipulation nor the settlement contained therein, nor any act performed or  
5 document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be  
6 deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim,  
7 or of any wrongdoing or liability of the UTStarcom Defendants; or (b) is or may be deemed to be or  
8 may be used as an admission of, or evidence of, any fault or omission of any of the UTStarcom  
9 Defendants in any civil, criminal or administrative proceeding in any court, administrative agency or  
10 other tribunal. The UTStarcom Defendants may file the Stipulation and/or the Judgment in any  
11 action that may be brought against them in order to support a defense or counterclaim based on  
12 principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or  
13 reduction or any other theory of claim preclusion or issue preclusion or similar defense or  
14 counterclaim.

15           8.4     All agreements made and orders entered during the course of the Litigation relating to  
16 the confidentiality of information shall survive this Stipulation.

17           8.5     All of the Exhibits to the Stipulation are material and integral parts hereof and are  
18 fully incorporated herein by this reference.

19           8.6     The Stipulation may be amended or modified only by a written instrument signed by  
20 or on behalf of all Settling Parties or their respective successors-in-interest.

21           8.7     The Stipulation and the Exhibits attached hereto and the Supplemental Agreement  
22 constitute the entire agreement among the parties hereto and no representations, warranties or  
23 inducements have been made to any party concerning the Stipulation or its Exhibits other than the  
24 representations, warranties and covenants contained and memorialized in such documents. Except  
25 as otherwise provided herein, each party shall bear its own costs.

26           8.8     Lead Counsel, on behalf of the Class, is expressly authorized by the Lead Plaintiffs to  
27 take all appropriate action required or permitted to be taken by the Class pursuant to the Stipulation  
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1 to effectuate its terms and also are expressly authorized to enter into any modifications or  
2 amendments to the Stipulation on behalf of the Class which they deem appropriate.

3           8.9     Each counsel or other Person executing the Stipulation or any of its Exhibits on  
4 behalf of any party hereto hereby warrants that such Person has the full authority to do so.

5           8.10    The Stipulation may be executed in one or more counterparts. All executed  
6 counterparts and each of them shall be deemed to be one and the same instrument. A complete set of  
7 original executed counterparts shall be filed with the Court.

8           8.11    The Stipulation shall be binding upon, and inure to the benefit of, the successors and  
9 assigns of the parties hereto.

10          8.12    The Court shall retain jurisdiction with respect to implementation and enforcement of  
11 the terms of the Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes  
12 of implementing and enforcing the settlement embodied in the Stipulation.

13          8.13    This Stipulation and the Exhibits hereto shall be considered to have been negotiated,  
14 executed and delivered, and to be wholly performed, in the State of California, and the rights and  
15 obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and  
16 governed by, the internal, substantive laws of the State of California without giving effect to that  
17 State's choice-of-law principles.

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1 IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by  
2 their duly authorized attorneys, dated as of January 13, 2010.

3 ROBBINS GELLER RUDMAN  
4 & DOWD LLP  
5 PATRICK J. COUGHLIN  
6 KEITH F. PARK

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Attorneys for Defendants UTStarcom, Inc., Hong  
Liang Lu, Michael J. Sophie, Ying Wu and  
Thomas J. Toy

1 I, KEITH F. PARK, am the ECF User whose ID and password are being used to file this  
2 Stipulation of Settlement. In compliance with General Order 45, X.B., I hereby attest that Terry T.  
3 Johnson has concurred in this filing.

4 I certify under penalty of perjury under the laws of the United States of America that the  
5 foregoing is true and correct. Executed on April 1, 2010.

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s/ Keith F. Park  
KEITH F. PARK

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