

UTSTARCOM, INC.
May 7, 2009 Conference Call

RECONCILIATION OF GAAP REVENUE TO PRO FORMA NON-GAAP REVENUE
(\$ in millions)
(Unaudited)

To supplement our condensed consolidated financial statements presented on a GAAP basis, UTStarcom uses certain pro forma non-GAAP measures which are adjusted to present those metrics as if both PCD had been divested and the Korea handsets business had been wound down prior to each time period reflected below. We believe this enables year over year comparisons to our recent financial results. These adjustments to our GAAP results are made with the intent of providing both management and investors a more complete understanding of UTStarcom's underlying results and trends. In addition, these adjusted pro forma non-GAAP results are among the information management uses as a basis for our planning and forecasting of future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with generally accepted accounting principles in the United States.

	Qtr ended 31-Mar-08	Qtr ended 30-Jun-08	Qtr ended 30-Sep-08	Qtr ended 31-Dec-08	Year ended 31-Dec-08	Qtr ended 31-Mar-09
GAAP Revenue (a)	\$586	\$633	\$181	\$241	\$1,641	\$119
Less: PCD Segment Revenue (b)	431	449	-	-	880	-
Less: Korea Handset Sales to PCD (c)	-	-	35	92	127	39
Non-GAAP Revenue	\$155	\$184	\$146	\$149	\$634	\$80

(a) GAAP Revenue for each period is the consolidated revenue as reported on Form 10-Q or Form 10-K, as applicable, for such period, except for the consolidated revenue for the quarter ended December 31, 2008, which is derived from the revenue reported in the Form 10-Qs and Form 10-K with respect to fiscal year 2008.

(b) Effective July 1, 2008 the PCD segment was divested by the Company.

(c) Prior to the July 1, 2008 divestiture of PCD, Korea handset did not record revenue for units shipped to PCD as this activity was an intercompany transfer. After July 1, 2008 this activity was recorded as a third party sale in the Handset segment.

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RECONCILIATION OF GAAP GROSS PROFIT TO PRO FORMA NON-GAAP GROSS PROFIT
(\$ in millions)
(Unaudited)

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	Qtr ended 31-Mar-08	Qtr ended 30-Jun-08	Qtr ended 30-Sep-08	Qtr ended 31-Dec-08	Year ended 31-Dec-08	Qtr ended 31-Mar-09
GAAP Gross Profit (a)	\$92	\$82	\$57	\$30	\$261	\$22
GAAP Gross Margin %	16%	13%	31%	12%	16%	18%
Less: PCD Segment Gross Profit (b)	33	36	-	-	69	-
Less: Korea Handset Gross Profit from Sales to PCD (c)	2	0	6	(4)	4	3
Non-GAAP Gross Profit	\$57	\$46	\$51	\$34	\$188	\$19
Non-GAAP Gross Margin %	37%	25%	35%	23%	30%	24%

(a) GAAP Gross Profit and GAAP Gross Margin % for each period is the consolidated gross profit and gross margin % as reported on Form 10-Q or Form 10-K, as applicable, for such period, except for the consolidated gross profit and gross margin % for the quarter ended December 31, 2008, which is derived from the gross profit and gross margin % reported in the Form 10-Qs and Form 10-K with respect to fiscal year 2008.

(b) Effective July 1, 2008 the PCD segment was divested by the Company.

(c) Prior to the July 1, 2008 divestiture of PCD, Korea handset earned a gross profit on the intercompany transfer of inventory to PCD. This gross profit was recorded in the Handset segment. After July 1, 2008 this activity was recorded as a third party transaction.

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RECONCILIATION OF GAAP OPERATING EXPENSE TO PRO FORMA NON-GAAP OPERATING EXPENSE
(\$ in millions)
(Unaudited)

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	Qtr ended 31-Mar-08	Qtr ended 30-Jun-08	Qtr ended 30-Sep-08	Qtr ended 31-Dec-08	Year ended 31-Dec-08	Qtr ended 31-Mar-09
GAAP Operating Expense (a)	\$123	\$113	\$92	\$109	\$437	\$81
Less: PCD Operating Expense (b)	8	7	-	-	15	-
Less: Korea Handset Operating Expense (c)	9	10	10	5	34	3
Non-GAAP Operating Expense	\$106	\$96	\$82	\$104	\$388	\$78

(a) GAAP Operating Expense for each period is the consolidated operating expense as reported on Form 10-Q or Form 10-K, as applicable, for such period, except for the consolidated operating expense for the quarter ended December 31, 2008, which is derived from the operating expenses reported in the Form 10-Qs and Form 10-K with respect to the fiscal year 2008.

(b) Effective July 1, 2008 the PCD segment was divested by the Company.

(c) Both prior to and after the July 1, 2008 divestiture of PCD, all direct operating expense relating to Korea handset has been recorded in the Handset segment.

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RECONCILIATION OF GAAP OPERATING LOSS TO PRO FORMA NON-GAAP OPERATING LOSS
(\$ in millions)
(Unaudited)

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	Qtr ended 31-Mar-08	Qtr ended 30-Jun-08	Qtr ended 30-Sep-08	Qtr ended 31-Dec-08	Year ended 31-Dec-08	Qtr ended 31-Mar-09
GAAP Operating Loss (a)	(\$31)	(\$31)	(\$35)	(\$79)	(\$176)	(\$59)
Less: PCD Operating Profit (b)	25	28	-	-	53	-
Less: Korea Handset Operating Loss (c)	(7)	(10)	(4)	(9)	(30)	-
Non-GAAP Operating Loss	(\$49)	(\$49)	(\$31)	(\$70)	(\$199)	(\$59)

(a) GAAP Operating Loss for each period is the consolidated operating loss as reported on Form 10-Q or Form 10-K, as applicable, for such period, except for the consolidated operating loss for the quarter ended December 31, 2008, which is derived from the operating loss reported in the Form 10-Qs and Form 10-K with respect to fiscal year 2008.

(b) Effective July 1, 2008 the PCD segment was divested by the Company.

(c) Both prior to and after the July 1, 2008 divestiture of PCD, the operating loss relating to Korea handset has been recorded in the Handset segment.

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ABBREVIATED PRO FORMA NON-GAAP P&L STATEMENT (a)
(\$ in millions)
(Unaudited)

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	Qtr ended 31-Mar-08	Qtr ended 30-Jun-08	Qtr ended 30-Sep-08	Qtr ended 31-Dec-08	Year ended 31-Dec-08	Qtr ended 31-Mar-09
Non-GAAP Revenue	\$155	\$184	\$146	\$149	\$634	\$80
Non-GAAP Gross Profit	57	46	51	34	188	19
<i>Non-GAAP Gross Margin %</i>	37%	25%	35%	23%	30%	24%
Non-GAAP Operating Expense	106	96	82	104	388	78
Non-GAAP Operating Loss	(\$49)	(\$49)	(\$31)	(\$70)	(\$199)	(\$59)

(a) Please refer to the preceding reconciliation tables for the adjustments to GAAP Revenue, Gross Profit, Operating Expense and Operating Loss.