

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): June 11, 2004

AUDIOVOX CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of Incorporation)	0-28839 (Commission File Number)	13-1964841 (IRS Employer Identification Number)
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150 Marcus Boulevard, Hauppauge, New York (Address of principal executive offices)	11788 (Zip Code)
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Registrant's telephone number, including area code: (631) 231-7750

NONE  
(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS

On June 14, 2004 Audiovox Corporation (the "Company") announced that its majority owned subsidiary, Audiovox Communications Corp. ("ACC") had entered into a definitive agreement to sell selected assets and liabilities to UTStarcom, Inc. (the "Asset Purchase Agreement"). Annexed to the Asset Purchase Agreement as Exhibits were forms of, among other documents, an Escrow Agreement, a Transition Services Agreement and a Trademark License Agreement, all of which are attached as an exhibit to this report (the "Agreements"). At the closing of the Asset Purchase Agreement, Seller and Purchaser shall enter into the Agreements substantially in the form attached hereto.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits.

Exhibit No.	Description
Exhibit 99.1	Form of Escrow Agreement
Exhibit 99.2	Form of Transition Services Agreement
Exhibit 99.3	Form of Trademark License Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AUDIOVOX CORPORATION

Dated: August 10, 2004

By: /s/ Charles M. Stoehr

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Charles M. Stoehr  
Senior Vice President and  
Chief Financial Officer

## FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT, dated as of June \_\_, 2004 (this "Agreement"), among AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation ("ACC") and UTSTARCOM, INC., a Delaware corporation (the "Purchaser"), and JPMorgan Chase Bank, a New York banking corporation, in its capacity as escrow agent hereunder (the "Escrow Agent").

W I T N E S S E T H :

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WHEREAS, the Purchaser, its wholly owned subsidiary UTStarcom Canada Company, a Nova Scotia company, ACC, Quintex Mobile Communications Corporation, a Delaware corporation and a wholly owned subsidiary of ACC ("Quintex"), Audiovox Communications Canada Co., a Nova Scotia company ("ACCC"; and, together with ACC and Quintex, collectively, the "Seller"), and, for certain sections only, Audiovox Corporation, a Delaware corporation ("Audiovox"), have entered into an Asset Purchase Agreement, dated as of June \_\_, 2004 (the "Purchase Agreement"; terms defined in the Purchase Agreement and not otherwise defined herein are used herein as therein defined), pursuant to which, among other things, the Purchaser has agreed to purchase from the Seller, and the Seller has agreed to sell to the Purchaser, the Purchased Assets;

WHEREAS, it is contemplated under Section 2.08 of the Purchase Agreement that the Purchaser shall deposit or cause to be deposited into escrow the sum of \$[\_\_\_\_\_] in cash at the Closing (the "Escrow Amount") to be held and disbursed by the Escrow Agent in accordance with Sections 4 and 5 of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and in the Purchase Agreement, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Appointment and Agreement of Escrow Agent. The Purchaser and ACC hereby appoint the Escrow Agent to serve as, and the Escrow Agent hereby agrees to act as, escrow agent upon the terms and conditions of this Agreement.

2. Establishment of the Escrow Fund. (a) Pursuant to Section 2.08 of the Purchase Agreement, the Purchaser shall deliver to the Escrow Agent on the date hereof the Escrow Amount. The Purchaser shall deposit the Escrow Amount in Account No. 507953312 at 4 New York Plaza, NY, NY 10004, ABA No. 021000021, FFC: 10207868 Audiovox/UTStar Attn: Vicky Caldas (the "Escrow Account"). The Escrow Agent shall hold the Escrow Amount and all interest and other amounts earned thereon (the "Escrow Fund") in escrow pursuant to this Agreement, in the Escrow Account.

(b) Each of the Purchaser and ACC confirms to the Escrow Agent and to each other that the Escrow Fund is free and clear of all Encumbrances except as may be created by this Agreement and the Purchase Agreement.

Exhibit 99.1

3. Purpose of the Escrow Fund. The Escrow Agent shall hold the Escrow Amount to secure (i) the indemnification obligations of the Seller and Audiovox contained in Article VIII of the Purchase Agreement and (ii) the obligations of the Seller pursuant to Sections 2.07(c)(i) and (ii) of the Purchase Agreement regarding any payment of a downward adjustment of the Purchase Price (each a "Purchase Price Adjustment Amount") as determined in accordance with Section 2.07(c) of the Purchase Agreement.

4. Payments from the Escrow Fund; Indemnification. (a) If, at any time on or prior to the date that is five (5) Business Days after the Closing Statement of Net Assets and the Closing Statement of Inventories are determined finally in accordance with Section 2.07(c) of the Purchase Agreement (the "Expiration Date"), the Purchaser shall deliver to the Escrow Agent and to ACC a certificate of the Purchaser, executed by an authorized officer of the Purchaser (a "Purchaser's Certificate"), which Purchaser's Certificate shall:

(i) state that the Purchaser has paid or incurred a Loss and is entitled to indemnification under Article VIII of the Purchase Agreement (an "Indemnification Item");

(ii) state the aggregate amount of each such Indemnification Items; and

(iii) specify in reasonable detail the nature and amount of each individual Indemnification Item.

(b) If ACC shall object to any amount claimed in connection with any Indemnification Item specified in any Purchaser's Certificate, ACC shall, within 15 Business Days after receipt of such Purchaser's Certificate, deliver to the Escrow Agent and the Purchaser a certificate of ACC, executed by an authorized officer of ACC (a "ACC's Certificate"), (i) specifying each such amount to which ACC objects and (ii) specifying in reasonable detail the nature and basis for each such objection. If the Escrow Agent shall not have received an ACC's Certificate objecting to the amount claimed with respect to an Indemnification Item within 15 Business Days after delivery to ACC of a Purchaser's Certificate specifying such Indemnification Item, ACC shall be deemed to have acknowledged the correctness of the amount claimed on such Purchaser's Certificate with respect to such Indemnification Item, and the Escrow Agent shall promptly thereafter transfer to the Purchaser, by wire transfer in immediately available funds, out of the Escrow Account an amount in cash equal to the amount claimed in the Purchaser's Certificate with respect to such Indemnification Item.

(c) If the Escrow Agent shall receive, within 15 Business Days after delivery to ACC of a Purchaser's Certificate, an ACC's Certificate objecting to the amount claimed with respect to any Indemnification Item specified in such Purchaser's Certificate, the amount so objected to shall be held by the Escrow Agent and shall not be released from the Escrow Account except in accordance with either (i) written instructions executed by an authorized officer of each of the Purchaser and ACC or (ii) the final and binding award of the arbitrator conducting an arbitration of the matter relating to the claim in accordance with Section 10.09 of the Purchase Agreement, promptly after which time the Escrow Agent shall transfer to the Purchaser, by wire transfer in immediately available

funds, out of the Escrow Account, an amount in cash equal to the portion of such amount set forth in such joint written instructions or in such judgment, as the case may be.

(d) Notwithstanding the limitations set forth in Section 4(a), following the Expiration Date, the Purchaser shall be entitled to assert claims against the Escrow Fund under this Section 4 in respect of all Losses that were included in determining the Reserved Amount (as defined below).

(e) On the Expiration Date, the Escrow Agent shall transfer to the Seller, by wire transfer in immediately available funds, an amount in cash equal to the then remaining balance of the Escrow Fund less the sum of (the "Reserved Amount"):

(i) the aggregate of the amounts claimed in all Purchaser's Certificates delivered to the Escrow Agent prior to the Expiration Date (which claims shall not have been resolved on or prior to the Expiration Date); and

(ii) the aggregate of the estimated total Losses incurred or anticipated to be incurred by the Purchaser that could reasonably be expected to give rise to a right of indemnification under Article VIII of the Purchase Agreement, which shall have been specified in one or more notices (a "Notice of Loss") delivered to the Seller and the Escrow Agent by the Purchaser pursuant to Section 8.05 of the Purchase Agreement which notice shall include a reasonably detailed description of the Losses and which shall not have been resolved (or been superseded by a Purchaser's Certificate) on or prior to the Expiration Date.

(f) Upon the termination of this Agreement in accordance with Section 10, the Escrow Agent shall promptly liquidate all investments of the Escrow Fund and transfer to the Seller, by wire transfer in immediately available funds, the amount in cash then remaining in the Escrow Fund.

(g) In the event fund transfer instructions are given (other than in writing at the time of the execution of the Agreement), whether in writing, by telecopier or otherwise the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated on the call-back schedule attached hereto, and the Escrow Agent may rely upon the confirmations of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by the Escrow Agent. If the Escrow Agent is unable to contact any of the authorized representatives identified in the Call-Back Schedule, the Escrow Agent is hereby authorized to seek confirmation of such instructions by telephone call-back to any one or more of your executive officers, ("Executive Officers"), which shall include the title of General Counsel, as the Escrow Agent may select. Such "Executive Officer" shall deliver to the Escrow Agent a fully executed Incumbency Certificate, and the Escrow Agent may rely upon the confirmation of anyone purporting to be any such officer. The Escrow Agent and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the Purchaser or ACC to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of escrowed funds for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an

intermediary bank designated. The parties to this Agreement acknowledge that such security procedure is commercially reasonable.

5. Payments from the Escrow Fund; Purchase Price Adjustment. If, at any time on or prior to the Expiration Date, the Purchaser shall, pursuant to Section 2.07(c)(i) or Section 2.07(c)(ii) of the Purchase Agreement, deliver to the Escrow Agent a written notice certified by an officer of the Purchaser and specifying the Purchase Price Adjustment Amount, the Escrow Agent shall, within three Business Days of its receipt of such notice, transfer to the Purchaser by wire transfer in immediately available funds, out of the Escrow Account, an amount in cash equal to the Purchase Price Adjustment Amount.

6. Maintenance of the Escrow Fund; Termination of the Escrow Fund. (a) The Escrow Agent shall continue to maintain the Escrow Fund until the earlier of (i) the time at which there shall be no funds in such Escrow Fund and (ii) the termination of this Agreement.

(b) Notwithstanding any other provision of this Agreement to the contrary, at any time prior to the termination of the Escrow Fund, the Escrow Agent shall, if so instructed in a joint writing signed by the Purchaser and ACC, pay from the Escrow Fund, as instructed, to the Seller or the Purchaser, as directed in such writing, the amount of cash so instructed (and if such cash is not available, shall liquidate such investments of the relevant Escrow Fund as are necessary to make such payment).

7. Investment of the Escrow Fund. (a) The Escrow Agent shall invest and reinvest moneys on deposit in the Escrow Fund in the Money Market Account with the JPMorgan Chase Bank.

(b) The Escrow Agent shall have the power to sell or liquidate the foregoing investments whenever the Escrow Agent shall be required to distribute the Escrow Fund pursuant to the terms of this Agreement or as otherwise contemplated in this Agreement.

8. Interest on the Escrow Fund. (a) Notwithstanding anything herein to the contrary, all amounts paid by the Escrow Agent out of the Escrow Fund in accordance with this Agreement shall include, on a pro rata basis, the interest earned on the portion of the Escrow Amount relating to such amount paid.

(b) For Tax purposes, all income earned on or with respect to the investment of the Escrow Fund shall be allocable between the Purchaser and ACC in accordance with the payment of interest pursuant to this Section 8.

9. Assignment of Rights to the Escrow Fund; Assignment of Obligations; Successors. Each of the Purchaser and ACC may assign, transfer, pledge or otherwise dispose of its rights to any portion of the Escrow Fund. Except as provided in the immediately preceding sentence, this Agreement may not be assigned by operation of Law or otherwise without the express written consent of the other parties hereto (which consent may be granted or withheld in the sole discretion of such other parties); provided, however, that each of the Purchaser and ACC may assign this Agreement to its Affiliate without the consent of the other parties. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns.

10. Escrow Agent. (a) Except as expressly contemplated by this Agreement or by joint written instructions from the Purchaser and ACC, the Escrow Agent shall not sell, transfer or otherwise dispose of in any manner all or any portion of the Escrow Fund, except pursuant to an order of a court of competent jurisdiction.

(b) The duties and obligations of the Escrow Agent shall be determined solely by this Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement.

(c) In the performance of its duties hereunder, the Escrow Agent shall be entitled to rely upon any document, instrument or signature believed by it in good faith to be genuine and signed by any party hereto or an authorized officer or agent thereof, and shall not be required to investigate the truth or accuracy of any statement contained in any such document or instrument. The Escrow Agent may assume that any person purporting to give any notice in accordance with the provisions of this Agreement has been duly authorized to do so.

(d) The Escrow Agent shall not be liable for any error of judgment, or any action taken, suffered or omitted to be taken, hereunder except in the case of its gross negligence, bad faith or willful misconduct. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(e) The Escrow Agent shall have no duty as to the collection or protection of the Escrow Fund or income thereon, nor as to the preservation of any rights pertaining thereto, beyond the safe custody of any such funds actually in its possession.

(f) As compensation for its services to be rendered under this Agreement, for each year or any portion thereof, the Escrow Agent shall receive a fee in the amount specified in Schedule A to this Agreement and shall be reimbursed upon request for all expenses, disbursements and advances, including reasonable fees of outside counsel, if any, incurred or made by it in connection with the preparation of this Agreement and the carrying out of its duties under this Agreement. ACC and the Purchaser shall each pay 50% of all such fees and expenses, including any fees, costs and expenses, associated with liquidating investments in anticipation of a transfer contemplated in Section 4(e) or Section 4(f) hereof.

(g) ACC and the Purchaser shall jointly and severally reimburse and indemnify the Escrow Agent for, and hold it harmless against, any loss, liability or expense, including, without limitation, reasonable attorneys' fees, incurred without gross negligence, bad faith or willful misconduct on the part of the Escrow Agent arising out of, or in connection with the acceptance of, or the performance of, its duties and obligations under this Agreement.

(h) Anything in this agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect or consequential damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood for such loss or damage and regardless of the form of action.

(i) The Escrow Agent may at any time resign by giving 20 Business Days' prior written notice of resignation to ACC and the Purchaser. ACC and the

Purchaser may at any time jointly remove the Escrow Agent by giving ten Business Days' written notice signed by each of them to the Escrow Agent. If the Escrow Agent shall resign or be removed, a successor Escrow Agent, which shall be a bank or trust company having its principal executive offices in [state location] and assets in excess of \$[2 billion], and which shall be reasonably acceptable to ACC, shall be appointed by the Purchaser by written instrument executed by ACC and the Purchaser and delivered to the Escrow Agent and to such successor Escrow Agent and, thereupon, the resignation or removal of the predecessor Escrow Agent shall become effective and such successor Escrow Agent, without any further act, deed or conveyance, shall become vested with all right, title and interest to all cash and property held hereunder of such predecessor Escrow Agent, and such predecessor Escrow Agent shall, on the written request of ACC, the Purchaser or the successor Escrow Agent, execute and deliver to such successor Escrow Agent all the right, title and interest hereunder in and to the Escrow Fund of such predecessor Escrow Agent and all other rights hereunder of such predecessor Escrow Agent. If no successor Escrow Agent shall have been appointed within 20 Business Days of a notice of resignation by the Escrow Agent, the Escrow Agent's sole responsibility shall thereafter be to hold the Escrow Fund until the earlier of receipt of designation of a successor Escrow Agent, a joint written instruction by ACC and the Purchaser and termination of this Agreement in accordance with its terms.

(j) Any corporation into which the Escrow Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent in its individual capacity shall be a party, or any corporation to which substantially all the corporate trust business of the Escrow Agent in its individual capacity may be transferred, shall be the Escrow Agent under this Escrow Agreement without further act.

11. Termination. This Escrow Agreement shall terminate on the earlier of: (a) the date on which there are no funds remaining in the Escrow Fund and (b) the Expiration Date, unless on such date claims made in Purchaser's Certificates or Notices of Loss delivered to the Escrow Agent and the Seller prior to such date have not been resolved and any amounts owing therein paid from the Escrow Fund, in which case, the date under this clause (b) shall be [10] Business Days following the date after the Expiration Date on which all such claims shall have been resolved and any amounts owing thereon paid from the Escrow Fund.

12. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11):

(a) if to ACC:  
  
Audiovox Communications Corp.  
555 Wireless Blvd.  
Hauppauge, NY 11788  
Attention: Philip Christopher



with a copy to:

Levy, Stopol & Camelo, LLP  
190 EAB Plaza  
East Tower-14th fl.  
Uniondale, NY 11556  
Attention: Robert S. Levy

(b)

if to Audiovox:  
Audiovox Corporation  
150 Marcus Blvd.  
Hauppauge, NY 11788  
Attention: Charles M. Stoehr

with a copy to:

Levy, Stopol & Camelo, LLP  
190 EAB Plaza  
East Tower-14th fl.  
Uniondale, NY 11556  
Attention: Robert S. Levy

(c)

if to the Purchaser:

UTStarcom Inc.  
1275 Harbor Bay Parkway  
Alameda, CA 94502  
USA  
Telecopy: (510) 864-8802  
Attention: General Counsel

with a copy to:

Shearman & Sterling LLP  
1080 Marsh Road  
Menlo Park, CA 94025  
USA  
Telecopy: (650) 838-3699  
Attention: Carmen Chang, Esq.

(d)

if to the Escrow Agent, to:

JPMorgan Chase Bank  
4 New York Plaza - 21st Floor  
NY, NY 10004

Telecopy: (212) 623-6168  
Attention: Vicky Caldas

13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and to be performed entirely within that State.

14. Amendments. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, ACC, the Purchaser and the Escrow Agent or (b) by a waiver in accordance with Section 15 of this Agreement.

15. Waiver. Any term or condition to this Agreement may be waived, or the time for the performance of any of the obligations may be extended, at any time by the party that is entitled to the benefit thereof. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of any party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights. Except as otherwise set forth in this Agreement, all rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

16. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

17. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

18. Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

19. Counterparts. This Agreement may be executed in one or more counterparts, and by different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement.

20. TAX Ids. Upon execution of this agreement, each party shall provide the Escrow Agent with a fully executed W-8 or W-9 Internal Revenue Service form, which shall include their Tax Identification Number (TIN) as assigned by the Internal Revenue Service. All interest or other income earned under the Escrow Agreement shall be allocated and paid as provided herein and reported by the recipient to the Internal Revenue Service as having been so allocated and paid.

21. Force Majeure. In the event that any party the Escrow Agent is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, equipment or transmission failure or damage reasonably beyond its control, or other cause reasonably beyond its control, the Escrow Agent shall not be liable for damages to the other parties for any damages resulting from such failure to perform otherwise from such causes. Performance under this Agreement shall resume when the Escrow Agent is able to perform substantially.

Remainder of page left blank intentionally

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

AUDIOVOX COMMUNICATIONS CORP.

By -----  
Title:

UTSTARCOM, INC.

By -----  
Title:

[ESCROW AGENT]

By -----  
Title:

SCHEDULE A

(a) \$5,000 per annum without pro-ration for partial years. Fees are payable upon execution of the agreement.

Call-Back  
Schedule

Telephone Number(s) for Call-backs and  
Person(s) Designated to Confirm Funds Transfer Instructions

If to the Purchaser:  
Address:

Wire Instructions:

Name	Telephone Number
1. Michael Sophie, Chief Financial Officer	(510) 749-1510
2. Russell Boltwood, General Counsel	(510) 749-1530

If to ACC:  
Address:

Wire Instructions

Name	Telephone Number
1.	
2.	
3.	

If to Seller:  
Address:

Wire Instructions

Name	Telephone Number
1.	
2.	
3.	

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement ("Agreement") is made and entered into this \_\_\_ day of \_\_\_\_\_, 2004, by and among AUDIOVOX CORPORATION, ("Audiovox"), UTSTARCOM, INC. ("UTStarcom") and UTSTARCOM CANADA COMPANY ("UTStarcom Canada" and, together with UTStarcom, "UTSI").

RECITALS:

- (a) Audiovox and UTSI, among other parties, have entered into that certain Asset Purchase Agreement dated \_\_\_\_\_, 2004 (the "Purchase Agreement") pursuant to which UTSI will purchase the Business (as defined in the Purchase Agreement) and associated assets of Audiovox Communications Corp., Quintex Mobile Communications Corporation and Audiovox Communications Canada Co. (collectively, the "Seller") from the Seller.
- (b) Audiovox has heretofore provided certain administrative, information technology, display and corporate services to the Seller.
- (c) As a condition to its agreement to enter into the Purchase Agreement, UTSI and Audiovox have agreed that for a limited period of time following the Closing (as defined in the Purchase Agreement), Audiovox continue to provide the services set forth on Schedule "A" (the "Services") to UTSI in a manner consistent with the manner in which such Services have heretofore been provided by Audiovox to the Company.
- (d) Audiovox is willing to enter into this Agreement and to provide the Services to UTSI upon the terms and conditions hereinafter set forth.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated with and made a part of this Agreement, and in further consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

1. Services and Term. Audiovox agrees to provide the Services set forth on Schedule "A" of this Agreement during the initial term commencing on the date of the Closing and ending on the six month anniversary of the date of the Closing (the "Initial Term"). The Initial Term shall be automatically extended for successive one-month periods (not to exceed six additional months) (the "Further Term" and, together with the Initial Term, the "Term"); provided, however, that notwithstanding any other provision of this Agreement, UTSI may terminate any or all Services, either in whole or in part, under this Agreement upon

Exhibit 99.2

fifteen (15) business days' written notice. Audiovox may terminate the Services hereunder effective upon not less than thirty (30) days after the receipt of written notice of default from Audiovox to UTSI if UTSI has failed to pay any amounts owing to Audiovox under Section 2 hereof or if UTSI has failed to pay any amounts finally determined to be owing to Audiovox under any other agreement between UTSI and Audiovox. In the event that there is a dispute in any such amounts owing, the parties shall negotiate in good faith to resolve such dispute as soon as possible. Upon the termination of any Service pursuant to this Section 1, Audiovox will have no further obligation to provide the terminated Service (or any Service, in the case of termination of this Agreement) and UTSI will remain liable to Audiovox for any amounts owed to Audiovox under this Agreement prior to the effective date of such termination; provided, however, that the monthly or weekly service fee for such terminated Service (or any Service, in the case of termination of this Agreement) set forth in Schedule B shall be prorated. The provisions of Sections 4, 5 and 6 of this Agreement shall not be terminated or affected by the termination of any Service or this Agreement.

2. Consideration. As consideration for the performance of the Services hereunder, UTSI shall pay Audiovox the amounts set forth on Schedule "B". Payments for the Services will be made thirty (30) days from receipt of invoice. In addition, UTSI shall pay all sales, use or similar taxes payable with respect to the performance of the Services.
3. Cooperation. Audiovox and UTSI will cooperate with each other in good faith in the request for, and the provision of, the Services hereunder so as to minimize the disruption to, or additional record keeping

required by, Audiovox. Subject to applicable Law (as defined in the Purchase Agreement), each party hereto covenants and agrees to provide the other party with all information regarding itself and transactions under this Agreement that the other party reasonably believes are required to perform its obligations under this Agreement and to comply with all applicable Law.

4. Standard of Services Provided. The parties hereby acknowledge that the intent of this Agreement is to enable UTSI to receive the Services on an interim basis in order to (i) permit UTSI to continue the uninterrupted operation of the Business, (ii) permit Audiovox to continue the uninterrupted operation of Audiovox's other businesses and operations, (iii) assist in an orderly transfer of the Business from the Seller to UTSI, and (iv) permit UTSI the opportunity to obtain alternate sources of supply of such services within a reasonable time after the date hereof. Audiovox shall provide, or cause to be provided, the Services pursuant to this Agreement with reasonable skill and care consistent with industry standards. Notwithstanding the immediately preceding sentence, the standard of care for the provision of the Services shall be no less than the level of care, skill and quality as are currently being provided to and by the Business and have been provided in the preceding twelve (12) months (the "Service Level"). During the Term, UTSI and Audiovox shall



conduct formal monthly reviews to ensure that the Services are being provided in accordance with the Service Level and, to the extent that the Service Level is not being met for a particular Service, the parties shall negotiate in good faith the amount that the fees (as set forth in Schedule B) payable in respect of such Service shall be adjusted downward. During the Term, to the extent permitted by contract or applicable Law, Audiovox shall assist UTSI in the transfer of responsibility for, and the knowledge relating to, the Services to UTSI (including, without limitation, providing UTSI with all necessary documentation and descriptions of the current process, procedures and data definition that are required to perform daily operations using the existing Audiovox system environment (including, without limitation, JDEdwards, Cell Track, and any other application systems)), and UTSI shall use all reasonable commercial efforts to assume the responsibility for the Services as promptly as practicable. The parties expressly agree that no warranty shall be implied under this Agreement, whether warranties of utility or fitness for any particular purpose or of merchantability or of any other type and no warranties of any sort are made herein.

5. Indemnity.

5.1 Indemnity by UTSI. During the course of, and upon and after termination of this Agreement for any reason whatsoever, UTSI hereby agrees to indemnify and hold Audiovox harmless from and against any loss, liability, damage or expense whatsoever (including court costs and reasonable attorneys' fees) incident to any claim, action or proceeding against Audiovox or any director, officer, employee, subsidiary, or affiliates thereof which arise out of or relate to the performance of the Services, except acts of gross negligence, willful misconduct or bad faith of, or the violation of any Law by, any such persons, or willful breach of any of Audiovox's obligations under this Agreement.

5.2 Indemnity by Audiovox. During the course of, and upon and after termination of this Agreement for any reason whatsoever, Audiovox hereby agrees to indemnify and hold UTSI harmless from and against any loss, liability, damage or expense whatsoever (including court costs and reasonable attorneys' fees) incident to any claim, action or proceeding against UTSI or any director, officer, employee, subsidiary, or affiliates thereof which arise out of or relate to the performance of the Services, and which constitute acts of gross negligence, willful misconduct or bad faith of, or the violation of any Law by, Audiovox or any of its directors, officers, employees, subsidiaries, or affiliates, or willful breach of any of Audiovox's obligations under this Agreement.

6. Miscellaneous.

6.1 Non-Assignability. Neither party shall assign its rights or delegate its duties under this Agreement without the prior written consent of the other party. Any attempted assignment or designation in

contravention of this provision shall be void. Subject to the foregoing, this Agreement shall be binding on, and insure to the benefit of, the parties and their respective affiliates, successors and assigns.

- 6.2 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, irrespective of the choice of laws principles of the State of New York.
- 6.3 Third Party Beneficiaries; Compliance with Law. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement are for the benefit of the parties hereto and not for any other person. This Agreement shall not provide any third person with any remedy, claim, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement. The parties agree that the Services shall be provided in accordance with the Seller's past practices and only with respect to the Business as it was operated immediately prior to the Closing or as mutually agreed by the parties. UTSI represents and agrees that it will use the Services only in accordance with all applicable Law. Audiovox reserves the right to take all actions, including termination of any particular Service, that Audiovox reasonably believes to be necessary to assure compliance with applicable Law and such actions will not constitute a breach of this Agreement. Audiovox will notify UTSI promptly of any decision to terminate such Services and the reasons for any such termination of such Services.
- 6.4 No Partnership. Nothing contained in this Agreement shall be deemed or construed to create a partnership or a joint venture between the parties hereto or to cause Audiovox to be responsible in any way for the debts or obligations of UTSI or any other party. The parties acknowledge that Audiovox shall be an independent contractor in the performance of the Services and shall maintain control over its employees, its subcontractors and their employees and comply with all withholding of income at source requirements, whether federal, state, local or foreign. Furthermore, Audiovox shall not subcontract any of the Services unless UTSI has pre-screened and pre-qualified such subcontractor, which pre-screening and pre-qualification shall not be unreasonably withheld.
- 6.5. Notices. All notices or other communications under this Agreement (other than day-to-day communications between the parties by authorized persons concerning the provision and performance of the Services) shall be in writing and shall be deemed to be duly given when delivered or mailed in accordance with Section 10.01 of the Purchase Agreement.
- 6.6 Severability and Invalidity. Any provision of this Agreement which is invalid or unenforceable in any jurisdiction, shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining provisions of this Agreement or affecting the validity or

enforceability of any of the provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

- 6.7 Force Majeure. Audiovox shall not be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligation under Agreement results from any cause beyond its reasonable control, such as power failures, computer equipment or system failures, acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, or unusually severe weather conditions or labor problems.
- 6.8 Captions. The paragraph headings and captions contained in this Agreement are for reference purposes only and shall not affect in any way the meaning of interpretation of this Agreement.
- 6.9 Authority. Each party represents and warrants that the officer executing this Agreement on its behalf is duly authorized to so execute this Agreement, and this Agreement, when executed and delivered by such party, shall constitute the valid and binding agreement of such party, enforceable in accordance with its terms.
- 6.10 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by either party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.
- 6.11 Entire Agreement. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements, writings, communications, negotiations, discussions and undertakings between the parties pertaining to the subject matter hereof.
- 6.12 Omitted
- 6.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which is to be deemed an original, and all of which constitute, collectively, one agreement.
- 6.14 Arbitration. All disputes arising out of this Agreement shall be subject to the arbitration provisions of the Purchase Agreement.
- 6.15 Confidentiality. Each of Audiovox and UTSI hereby acknowledges that each party's confidential information (the "Information") may be exposed to the other party's employees, subsidiaries, affiliates and

agents as a result of the activities contemplated by this Agreement. Each party agrees that such party's obligation to keep confidential the other parties' Information shall be governed by Section 5.03 of the Purchase Agreement.

6.16 Specific Performance. The parties acknowledge and agree that remedies at law would be an inadequate remedy for the breach of any agreement contained herein and that in addition thereto, the parties shall be entitled to specific performance of the terms hereof or other equitable remedies in the event of any such breach.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

AUDIOVOX CORPORATION

By: \_\_\_\_\_

UTSTARCOM, INC.

By: \_\_\_\_\_

UTSTARCOM CANADA COMPANY

By: \_\_\_\_\_

SCHEDULE A

1. IT Services (as defined in Section 1.1 of Schedule B)
2. Data Telecommunications Services
3. EDI Services
4. Internet Services
5. Project Services

## SCHEDULE B

### 1. IT Services

1.1 IT Services shall comprise of the following services:

(a) System Administration: Provide operational support which includes all required tasks performed to ensure uptime, reasonable performance and functionality of hardware systems, which support the daily business operations of the Business.

(b) Network Administration: Provide operational support which includes all required tasks performed to ensure uptime, reasonable performance of the LAN and WAN operations as well as the functionality of network equipment, as required by the daily business operations of the Business.

(c) Database Administration: Provide operational support which includes all required tasks performed to ensure uptime, reasonable performance and functionality of the various database systems that house the corporate data of the Business for support of the daily business operations of the Business.

(d) Applications Management: Provide operational support which includes all required tasks performed to ensure uptime, reasonable performance and functionality of the various business systems that support all the business processes and operations for the Business. The business systems include, without limitation: JDEdwards, EDI, ACC Website, CellTrack, etc.

(e) Email Support: Provide operational support which includes all required tasks performed to ensure uptime, reasonable performance and functionality of the email systems and associated communication that support all the Business' email usage.

(f) Helpdesk & Desktop Support: Provide first line troubleshooting and support which includes all required tasks performed for all office automation systems (hardware and software) as well as provide the necessary first line fielding of any other IT Services related inquiries.

(g) Voice Communications Support: Interface with external service providers to provide troubleshooting and support which includes all required tasks performed for all telecommunications equipment for all the voice usage.

(h) Knowledge Transfer/On-the-job Training and Data Migration

- o Provide documentation and walk through of business procedures to familiarize the business operations of ACC

- o Provide data definition documentation of current data usage of the systems
- o Provide data migration service to UTSI in the effort to migrate current business systems onto the UTSI's standard platform. Audiovox's responsibilities will include only the scope of the current business systems and associated infrastructure. Examples of such tasks may include data extract from current systems and the associated documentation of data mapping, business flows and applications setups, business and code logic, etc.

(i) Period End Processing Support:

- o Troubleshoot any application functionality which may be required for Period End processing
- o Support account reconciliation process, include interfacing with external entities such as banks, logistics firms, etc. o Support subledger close process
- o Support Consolidation process
- o Perform data fixes to help in the above reconciliation and consolidation processes
- o Provide support in financial audits
- o Support all business operations set forth in Section 1.1(j) of this Schedule B

(j) Support all business operations by performing all required tasks that encompass support of business flows as follows:

- o Order to Cash (a.k.a. Quote to Collect)
- o Procure to Pay
- o Accounting to Reporting
- o Call to Resolution (a.k.a. Services and Call Center Operations)
- o Service Logistics (a.k.a. Depot Repair, RMA processing, etc.)
- o Retail Stores operations and associated synchronization with central processing
- o Warehouse Management
- o Demand to Build
- o Forecast and Planning
- o Commissions & Sales compensation
- o Business to Business or Business to Consumer interaction in the form of system transactions

(k) Provide support to the SOX 404 compliance initiative which includes attendance of all required meetings, provide all required documentation and participate in internal controls walk-throughs.

1.2 The IT Services shall be performed on software and hardware systems including, without limitation: Peoplesoft/JDEdwards, IBM Websphere, IBM

Lotus Notes, Microsoft software, EDI, Novell, NT, IBM I-Series and any other services required to provide full operation to support the normal business functions of the Business.

1.3 The weekly charges for IT Services shall be as follows:

Option 1:	24 x 5 Operations Support:	\$9,750 per week
Option 2:	24 x 7 Operations Support:	\$11,430 per week

The fees for IT Services shall be billed on a monthly basis based on the weekly rate, and will be pro-rated based on per actual week service usage (number of business days in a calendar month).

Option 1 (24 x 5 Operations Support) shall be in effect upon the signing of this Agreement; provided, however, that, at any time during the Term, UTSI may change the weekly charge option set forth in this Section 1.3 by written notice to Audiovox and, upon receipt by Audiovox of such notification, the fees shall be adjusted accordingly on a pro-rata basis.

In the case of termination by UTSI of any IT Service under this Agreement, the parties shall negotiate in good faith the amount that the weekly charges payable in respect of the IT Services shall be adjusted downward to take account of such termination. Notwithstanding the immediately preceding sentence, the weekly charges for IT Services shall automatically be adjusted downward upon termination by UTSI of the following IT Services as follows:

Terminated IT Service	Decrease in Charges (\$ per week)
Lotus Notes	1,000
Cell Track	1,500
Web Services	375
ERP System	5,000
Desk Top Support	2,125

2. Data Telecommunications Services

Frame Relay Remote and Host Locations and Dial Up Networking for the Business: The monthly charges shall be based on actual usage, but not to exceed \$8,500 per month.



3. EDI Services

Based on actual usage, includes volume discount,	Annually	Monthly
but not to exceed:	-----	-----
	\$ 84,000.	\$ 7,000.

4. Internet Services

The monthly charge shall be \$1,500 per month.

5. Project Services

For any services other than services covered in Sections 1 to 4 (inclusive) of this Schedule B, such services shall be charged on a project basis and the labor effort shall be negotiated per project; provided, however, that the hourly rate for labor shall be as follows:

Labor Rates (\$ per hour):

A. Programming Services:

o	Programmers	\$50
o	Senior Programmers	\$60
o	Managers	\$65

B. Network Services:

o	Analyst	\$50
o	System Analyst	\$60
o	Manager	\$65

C. Operations Services:

o	Desktop Support	\$35
o	Operations Support	\$35

## FORM OF TRADEMARKS AND DOMAIN NAME ASSIGNMENT

This TRADEMARK ASSIGNMENT (this "Assignment") is made and entered into this \_\_\_ day of \_\_\_\_\_, 2004 by and between AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation ("ACC"), QUINTEX MOBILE COMMUNICATIONS CORPORATION, a Delaware corporation and AUDIOVOX COMMUNICATIONS CANADA CO., a Nova Scotia company ("ACCC"; and, together with ACC and Quintex, collectively, the "Assignor"), to UTSTARCOM, INC., a Delaware corporation having a place of business at 1275 Harbor Way Parkway, Suite 100, Alameda, CA 94502 ("UTStarcom") and UTSTARCOM CANADA COMPANY, a Nova Scotia company ("UTStarcom Canada"; and, together with UTStarcom, the "Assignee") (each a "Party," and collectively, the "Parties").

WHEREAS, the Assignors are the owners of the domain names, trademarks, trademark registrations and trademark applications set forth on Schedule A hereto (the "Trademarks");

WHEREAS, the Assignors, the Assignee and Audiovox Corporation, a Delaware corporation have entered an Asset Purchase Agreement dated June \_\_, 2004 (the "Asset Purchase Agreement") (capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the Asset Purchase Agreement);

WHEREAS, pursuant to the Asset Purchase Agreement, Assignee agreed to purchase the Purchased Assets from Assignors, including all of Assignors' right, title and interest in and to the Trademarks and any and all goodwill of the business symbolized by the Trademarks;

WHEREAS, ACCC and UTStarcom Canada are parties to this Assignment solely for purposes of the transfer of any Canadian assets of the Business; and

WHEREAS, the execution and delivery of this Assignment is a condition to Closing.

NOW THEREFORE, for the consideration set forth in the Purchase Agreement, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Assignment. Effective upon the Closing, each Assignor hereby assigns to Assignee [note: the entities constituting the Assignee shall determine which Trademarks are assigned to each of them] all of such Assignor's right, title and interest in and to the Trademarks, and any and all goodwill of the business symbolized by the Trademarks, and all rights to sue and recover damages for past, present and future infringement, dilution, misappropriation, violation, unlawful imitation or breach thereof.

2. No Warranties. Except as expressly provided in the Asset Purchase Agreement, no Assignor makes any warranties, express or implied, with respect to the Trademarks.

Exhibi 99.3

3. Further Assurances. Each Assignor shall, at the cost and expense of Assignee and without incurring any legal liability not contemplated by the Asset Purchase Agreement, take all actions and execute all documents necessary or desirable to record and perfect the interest of Assignee in and to the Trademarks, and shall not enter into any agreement in conflict with this Assignment.

IN WITNESS WHEREOF, each Party has caused this Assignment to be executed as of the date first written above by its duly authorized officer.

AUDIOVOX COMMUNICATIONS CORP.

By: \_\_\_\_\_  
Name:  
Title:

QUINTEX MOBILE COMMUNICATIONS CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

AUDIOVOX COMMUNICATIONS CANADA CO.

By: \_\_\_\_\_  
Name:  
Title:

UTSTARCOM, INC.

By: \_\_\_\_\_  
Name:  
Title:

UTSTARCOM CANADA COMPANY

By: \_\_\_\_\_  
Name:  
Title:

SCHEDULE A

U.S. Trademarks

Mark	Registration No.	Application No.	Filing Date	Registration Date
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Foreign Trademarks

Jurisdiction	Mark	Serial No.	Filing Date	Registration Date
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## Domain Names