



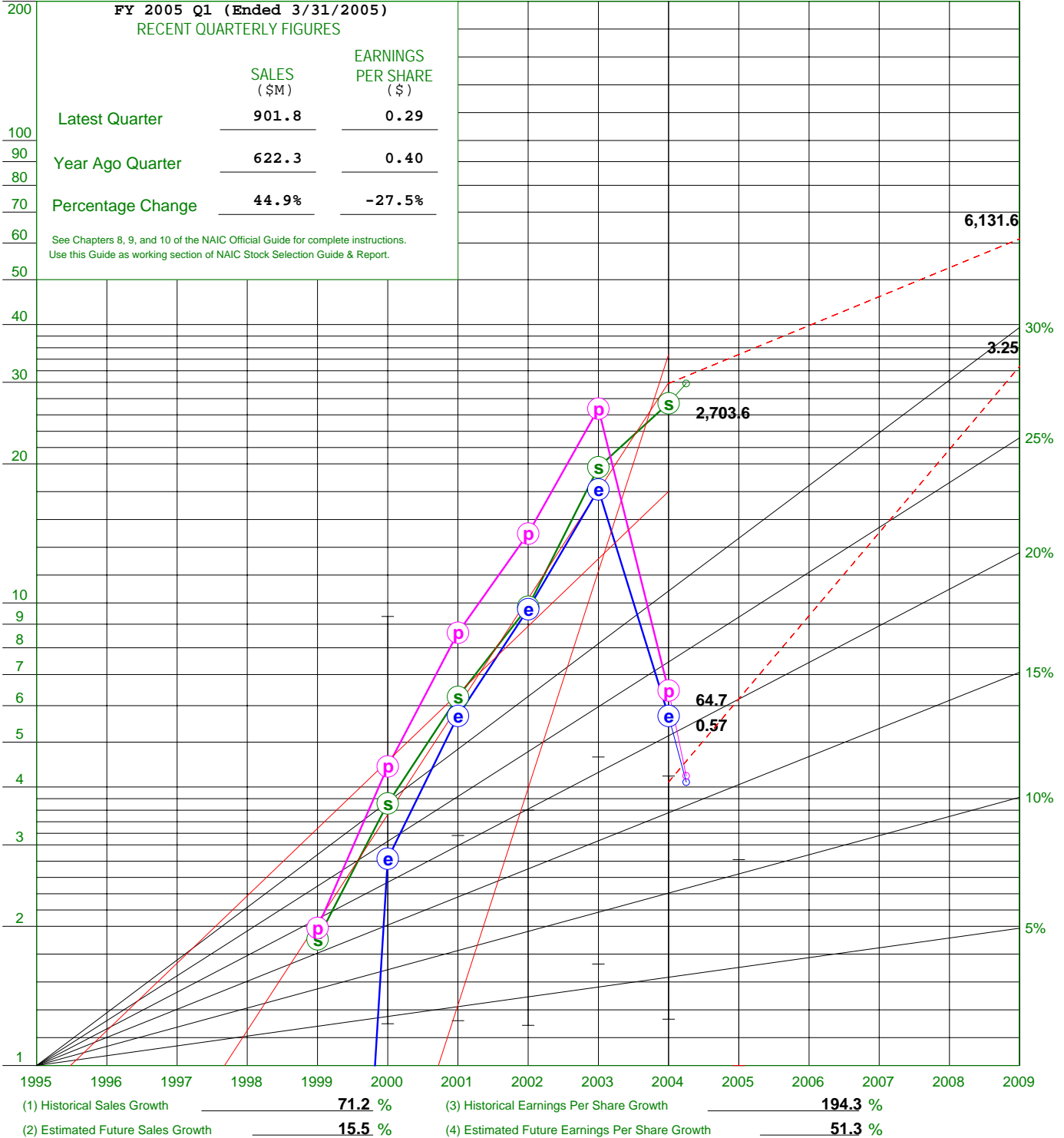
Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company	UTSTARCOM INC		Date	07/08/05	
Prepared by	jah		Data taken from	NAIC Data	
Where traded	NASDAQ		Major product/service	Communicati	
CAPITALIZATION --- Outstanding Amounts			Reference		
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	114.8	0.0	0.0		
Debt (\$M)	678.0	% to Tot.Cap.	33.1	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

UTSI



2 EVALUATING MANAGEMENT

Company **UTSTARCOM INC (UTSI)**

07/08/05

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)					10.6	12.0	13.8	14.4	13.4	2.4	11.2		DOWN
B % Earned on Equity (E/S ÷ Book Value)					15.6	6.5	9.1	13.5	20.5	4.8	10.9		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		7.420	HIGH THIS YEAR		27.870	LOW THIS YEAR		6.700	
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100		
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C					
1	2000	93.5	12.3	0.28	333.9	43.9	0.000	0.0	0.0		
2	2001	31.4	12.5	0.57	55.1	21.9	0.000	0.0	0.0		
3	2002	35.7	12.2	0.97	36.8	12.6	0.000	0.0	0.0		
4	2003	46.5	16.6	1.76	26.4	9.4	0.000	0.0	0.0		
5	2004	42.3	12.6	0.57	74.2	22.1	0.000	0.0	0.0		
6	TOTAL		66.2		526.4	109.9		0.0			
7	AVERAGE		13.2		105.3	22.0		0.0			
8	AVERAGE PRICE EARNINGS RATIO				63.7	9	CURRENT PRICE EARNINGS RATIO				18.1

4 Proj. P/E [11.96] Based on Next 4 qtr. EPS [0.62] Current P/E Based on Last 4 qtr. EPS [0.41] PEG=35

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E $\frac{105.3}{(3D7 \text{ as adj.})} = 22.5$ X Estimate High Earnings/Share 3.25 = Forecast High Price \$ 73.1 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E $\frac{22.0}{(3E7 \text{ as adj.})} = 12.0$ X Estimated Low Earnings/Share 0.57 = \$ 6.8
 (b) Avg. Low Price of Last 5 Years = 13.2 (3B7)
 (c) Recent Severe Market Low Price = 6.7
 (d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.000}{0.000} = 0.0$
 Selected Estimate Low Price = 6.7 (4B1)

C ZONING

$\frac{73.1}{(4A1)}$ High Forecast Price Minus $\frac{6.7}{(4B1)}$ Low Forecast Price Equals $\frac{66.4}{(C)}$ Range. 1/3 of Range = $\frac{16.6}{(4CD)}$
 (4C2) Lower 1/3 = $\frac{6.7}{(4B1)}$ to $\frac{23.3}{(Buy)}$ Note: Ranges changed to 25%/50%/25%
 (4C3) Middle 1/3 = $\frac{23.3}{(Buy)}$ to $\frac{56.5}{(Maybe)}$
 (4C4) Upper 1/3 = $\frac{56.5}{(Buy)}$ to $\frac{73.1}{(4A1) (Sell)}$

Present Market Price of 7.420 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 73.1 Minus Present Price 7.420 = $\frac{65.7}{0.7} = \frac{91.2}{(4D)}$ To 1
 Present Price 7.420 Minus Low Price (4B1) 6.7

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 73.1 = $(\frac{9.852}{(4E)}) \times 100 = (\frac{985.2}{(4E)}) - 100 = \frac{885.2}{(4E)}$ % Appreciation
 Present Market Price 7.420

Relative Value: 28.4% Proj. Relative Value: 18.8%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A Present Full Year's Dividend \$ 0.000
 Present Price of Stock \$ 7.420 = $\frac{0.000}{(5A)} \times 100 = 0.0$ Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS
 Avg. Earnings Per Share Next 5 Years 1.42 X Avg. % Payout (3G7) 0.0 = 0.0 = 0.0 %
 Present Price \$ 7.420 (5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E)	P.A.R.	Tot. Ret.
5	885.2	0.0%	0.0%
Average Yield (5B)	0.0	49.8%	58.0%
Average Total Annual Return Over the Next 5 Years (5C)	177.0	49.8%	58.0%