



Stock Selection Guide[®]

The most widely used aid to good investment judgment

Company UTSTARCOM INC Date 12/17/04

Prepared by jah Data taken from NAIC Data

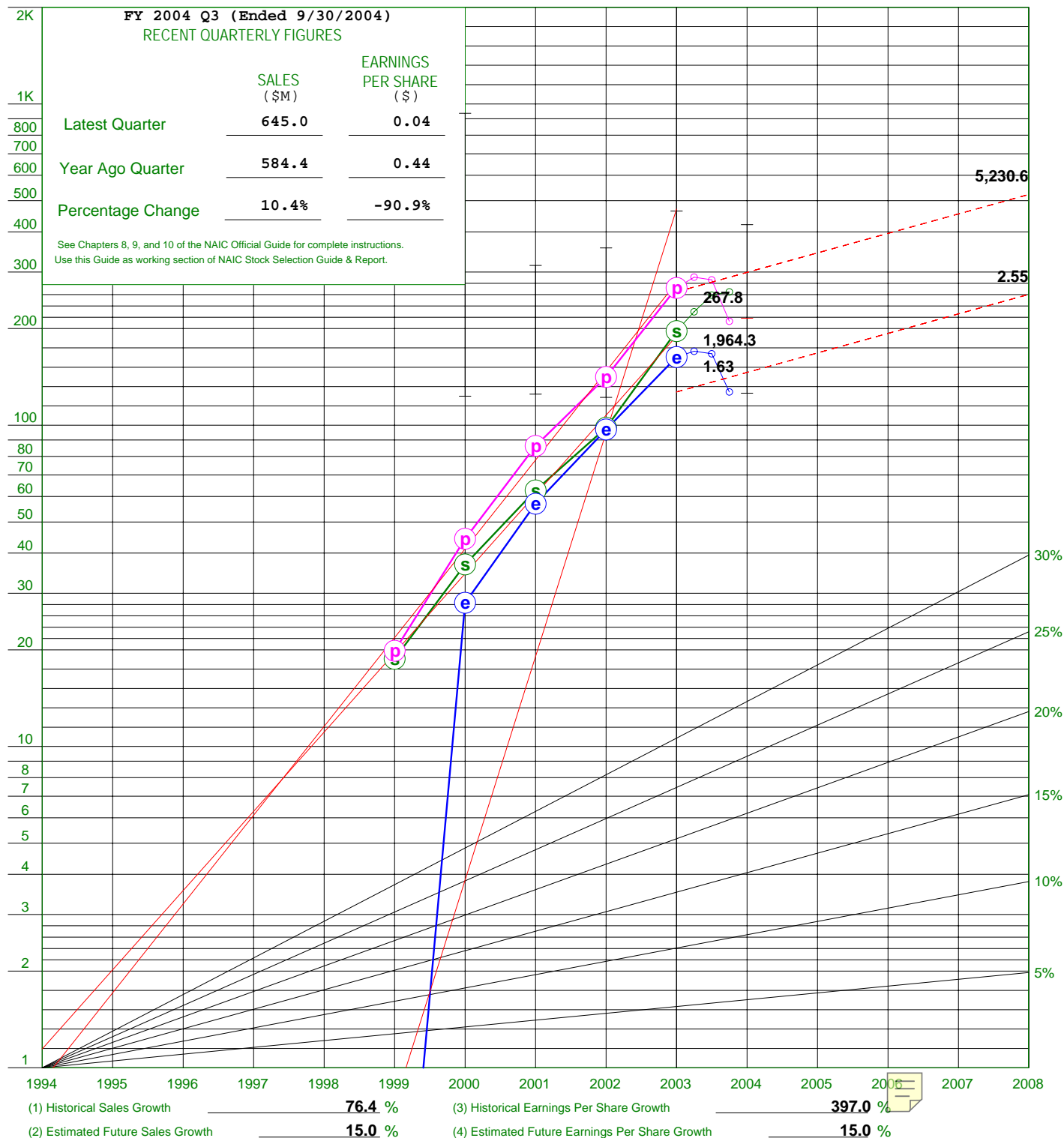
Where traded NASDAQ Major product/service Communicati

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution	
Common (M Shares)	114.0	0.0	0.0	
Debt (\$M)	579.1	% to Tot.Cap.	37.6 % Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

UTSI



2 EVALUATING MANAGEMENT

Company **UTSTARCOM INC**

(UTSI)

12/17/04

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	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	13.6	12.9	UP	
B % Earned on Equity (E/S ÷ Book Value)						15.6	6.5	9.1	13.5	19.3	12.8	UP	

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		21.530	HIGH THIS YEAR		42.120	LOW THIS YEAR		12.590	
Year	A	PRICE		B	C	D		E	F	G	H
		HIGH	LOW			Earnings Per Share	Earnings Ratio				
						HIGH A ÷ C	LOW B ÷ C			F ÷ C X 100	F ÷ B X 100
1	1999	0.0	0.0	-1.64	0.0	0.0	0.0	0.000	0.0	0.0	0.0
2	2000	93.5	12.3	0.28	333.9	44.0		0.000	0.0	0.0	0.0
3	2001	31.4	12.5	0.57	55.1	21.9		0.000	0.0	0.0	0.0
4	2002	35.7	12.2	0.97	36.8	12.6		0.000	0.0	0.0	0.0
5	2003	46.5	16.6	1.63	28.5	10.2		0.000	0.0	0.0	0.0
6	TOTAL		53.6		65.3	22.8			0.0		
7	AVERAGE		13.4		32.7	11.4			0.0		
8	AVERAGE PRICE EARNINGS RATIO				22.1	9	CURRENT PRICE EARNINGS RATIO				17.0

4 PROJ. P/E [14.74] Based on Next 4 qtr. EPS [1.46]

Current P/E Based on Last 4 qtr. EPS [1.27]

EVALUATING RISK AND REWARD over the next 5 years

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 ~~32.7~~ **22.5** X Estimate High Earnings/Share **2.55** = Forecast High Price \$ **57.4** (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~11.4~~ **12.0** X Estimated Low Earnings/Share ~~1.63~~ **1.27** = \$ **15.2**

(b) Avg. Low Price of Last 5 Years = **13.4** (3B7 as adj.)

(c) Recent Severe Market Low Price = **12.2** (3B7)

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}}$ = $\frac{0.000}{0.000}$ = **0.0**

Selected Estimate Low Price = \$ **12.2** (4B1)

C ZONING

57.4 (4A1) High Forecast Price Minus **12.2** (4B1) Low Forecast Price Equals **45.2** (C) Range. 1/3 of Range = **11.3** (4CD)

(4C2) Lower 1/3 = **12.2** (4B1) to **23.5** (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = **23.5** to **46.1** (Maybe)

(4C4) Upper 1/3 = **46.1** to **57.4** (4A1) (Sell)

Present Market Price of **21.530** is in the **Buy** (4C5) Range

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

High Price (4A1) **57.4** Minus Present Price **21.530** = **35.9** = **3.8** To 1 (4D)

Present Price **21.530** Minus Low Price (4B1) **12.2** = **9.3**

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

High Price (4A1) **57.4** = (**2.666**) X 100 = (**266.6**) - 100 = **166.6** % Appreciation (4E)

Present Market Price **21.530**

Relative Value: 76.9% Proj. Relative Value: 66.7%

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.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ **0.000**
Present Price of Stock \$ **21.530** = $\frac{0.000}{21.530} \times 100 = \frac{0.0}{21.530}$ Present Yield or % Returned on Purchase Price (5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years **1.93** X Avg. % Payout (3G7) **0.0** = **0.0** = **0.0** % (5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E)		P.A.R.	Tot. Ret.
5	166.6	33.3 %	0.0%	0.0%
Average Yield (5B)	0.0	0.0 %	15.4%	21.7%
Average Total Annual Return Over the Next 5 Years (5C)	33.3	33.3 %	15.4%	21.7%

