

## UTStarcom wraps up \$240M sale of unit to AIG, exec gets \$1.5M bonus

by Biz-Journal-SF

UTStarcom Inc. completed the sale of its "personal communications" division, which sells phone handsets, to a unit of AIG Investments for about \$240 million.

The \$240 million price is "subject to certain adjustments," the company said. In a regulatory filing, UTStarcom said \$24.3 million of the price is subject to escrow.

The division will be renamed Personal Communications Devices LLC and will be run by the managers who led it at UTStarcom -- they will own part of the company.

Philip Christopher, who ran the operation for UTStarcom, will be paid a bonus of \$1.5 million as he leaves the company to take his new job at Personal Communications Devices, and UTStarcom will pay a premium in the amount of \$52,221 on his life insurance policy.

The buyer was a new entity controlled by AIG Vantage Capital, part of AIG Investments. American International Group Inc. (NYSE: AIG) is based in New York.

The deal means Alameda-based UTStarcom (NASDAQ: UTSI) could be paid up to \$50 million more over three years.

Selling off the 193-employee division was part of the company's strategy, adopted last year, of focusing on Internet protocol technology sales to developing countries. In a Securities and Exchange Commission filing, the company said the strategy "will provide sufficient liquidity" to pay for company operations over the next year.

Though it made a profit of \$25.4 million in the quarter ended March, UTStarcom lost \$195.6 million in 2007, on top of losses of \$117.3 million in 2006 and \$532.6 million in 2005. Its accumulated deficit as of March 31 -- how much money it has lost since it started -- was \$665.8 million.

Peter Blackmore is president and CEO of UTStarcom.

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