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BRIGHTPOINT INC  
Form 10-Q  
August 14, 2001

1

UNITED STATES  
SECURITIES & EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2001  
-----

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-23494  
-----

BRIGHTPOINT, INC.

-----  
(Exact name of registrant as specified in its charter)

DELAWARE

35-1778566

-----  
State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization

6402 CORPORATE DRIVE, INDIANAPOLIS, INDIANA

46278

-----  
(Address of principal executive offices)

(Zip Code)

(317) 297-6100

-----  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Number of shares of common stock outstanding at August 10, 2001: 55,823,050 shares

2

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INDEX

Page No.

PART I. FINANCIAL INFORMATION	
ITEM 1	
Consolidated Statements of Operations	
Three and Six Months Ended June 30, 2000 and 2001.....	3
Consolidated Balance Sheets	
December 31, 2000 and June 30, 2001.....	4
Consolidated Statements of Cash Flows	
Six Months Ended June 30, 2000 and 2001.....	5
Notes to Consolidated Financial Statements.....	6
ITEM 2	
Management's Discussion and Analysis of	
Financial Condition and Results of Operations.....	14
ITEM 3	
Quantitative and Qualitative Disclosures	
About Market Risk.....	21
PART II. OTHER INFORMATION	
ITEM 1	
Legal Proceedings.....	22
ITEM 4	
Submission of Matters to a Vote of Security Holders.....	22
ITEM 6	
Exhibits.....	22
Signatures.....	23

3

BRIGHTPOINT, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

	Three Months Ended June 30	
	2000	2001
	-----	-----
Revenue	\$ 461,810	\$ 452,334

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Cost of revenue	417,294	436,999
Gross profit	44,516	15,335
Selling, general and administrative expenses	26,398	23,115
Unusual charges	517	-
Income (loss) from operations	17,601	(7,780)
Interest expense	3,241	2,652
Other (income) expenses	27	696
Income (loss) before income taxes, minority interest and extraordinary gain	14,333	(11,128)
Income taxes	4,986	(3,757)
Income (loss) before minority interest and extraordinary gain	9,347	(7,371)
Minority interest	94	(13)
Income (loss) before extraordinary gain	9,253	(7,358)
Extraordinary gain on debt extinguishment, net of tax	-	-
Net income (loss)	\$ 9,253	\$ (7,358)
Basic per share:		
Income (loss) before extraordinary gain	\$ 0.17	\$ (0.13)
Extraordinary gain on debt extinguishment, net of tax	-	-
Net income (loss)	\$ 0.17	\$ (0.13)
Diluted per share:		
Income (loss) before extraordinary gain	\$ 0.16	\$ (0.13)
Extraordinary gain on debt extinguishment, net of tax	-	-
Net income (loss)	\$ 0.16	\$ (0.13)
Weighted average common shares outstanding:		
Basic	55,543	55,804
Diluted	63,601	55,804

See accompanying notes.

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(UNAUDITED)

	December 31, 2000	June 30, 2001
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 79,718	\$ 36,350
Pledged cash	-	6,185
Accounts receivable (less allowance for doubtful accounts of \$6,548 in 2000 and \$6,639 in 2001)	208,116	187,974
Inventories	226,785	162,884
Other current assets	52,059	54,900
	566,678	448,293
Property and equipment	36,763	44,226
Goodwill and other intangibles	72,390	68,264
Other assets	15,828	15,174
	\$ 691,659	\$ 575,957
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 232,264	\$ 192,429
Accrued expenses	61,354	51,865
Current portion of long-term debt	-	11,735
	293,618	256,029
Long-term debt:		
Line of credit	53,685	-
Convertible notes	144,756	129,065
	198,441	129,065
	=====	=====
Stockholders' equity:		
Preferred stock, \$0.01 par value: 1,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.01 par value: 100,000 shares authorized; 55,763 and 55,813, issued and outstanding in 2000 and 2001, respectively	558	558
Additional paid-in capital	213,714	213,852
Retained earnings	11,759	10,468
Accumulated other comprehensive loss	(26,431)	(34,015)
	199,600	190,863
	=====	=====
Total liabilities and stockholders' equity	\$ 691,659	\$ 575,957
	=====	=====

See accompanying notes.

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4

5

BRIGHTPOINT, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(AMOUNTS IN THOUSANDS)  
(UNAUDITED)

	Six Months Ended June 30 2000	2001
	-----	-----
OPERATING ACTIVITIES		
Net income (loss)	\$ 15,752	\$ (1,291)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	7,256	8,445
Amortization of debt discount	3,697	2,710
Income tax benefits from exercise of stock options	2,773	-
Extraordinary gain on debt extinguishment, net of tax	-	(4,623)
Unusual charges	5,331	-
Minority interest and deferred taxes	130	(152)
Pledged cash requirements	-	(6,185)
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	32,676	13,328
Inventories	(66,572)	60,013
Other operating assets	(3,553)	4,165
Accounts payable and accrued expenses	1,934	(42,396)
	-----	-----
Net cash provided (used) by operating activities	(576)	34,014
INVESTING ACTIVITIES		
Capital expenditures	(6,975)	(16,139)
Purchase acquisitions, net of cash acquired	(4,550)	-
Decrease (increase) in funded contract financing receivables	2,054	(7,937)
Increase in other assets	(645)	(596)
	-----	-----
Net cash used by investing activities	(10,116)	(24,672)
FINANCING ACTIVITIES		
Net proceeds (payments) on revolving credit facility	1,485	(41,941)
Repurchase of convertible notes	-	(10,095)
Proceeds from common stock issuances under employee stock option and purchase plans	6,316	137
	-----	-----
Net cash provided (used) by financing activities	7,801	(51,899)
Effect of exchange rate changes on cash and cash equivalents	(1,179)	(811)
	-----	-----
Net decrease in cash and cash equivalents	(4,070)	(43,368)
Cash and cash equivalents at beginning of period	85,261	79,718
	-----	-----
Cash and cash equivalents at end of period	\$ 81,191	\$ 36,350

See accompanying notes.

5

6

BRIGHTPOINT, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2001  
(UNAUDITED)

1. Basis of Presentation

GENERAL

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results are likely to differ from those estimates, but management does not believe such differences will materially affect the Company's financial position or results of operations. In the opinion of the Company, all adjustments considered necessary to present fairly the Consolidated Financial Statements have been included.

The Consolidated Financial Statements include the accounts of the Company and its majority-owned or controlled subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. Certain amounts in the 2000 Consolidated Financial Statements have been reclassified to conform to the 2001 presentation.

The Consolidated Balance Sheet at December 31, 2000 has been derived from the audited Consolidated Financial Statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The unaudited Consolidated Statements of Operations for the three and six months ended June 30, 2001 and the unaudited Consolidated Statement of Cash Flows for the six months ended June 30, 2001 are not necessarily indicative of the operating results or cash flows that may be expected for the entire year.

For further information, reference is made to the audited Consolidated Financial Statements and the notes thereto included in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2000.

NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is based on the weighted average number of common shares outstanding during each period, and diluted net income (loss) per share is based on the weighted average number of common shares and dilutive common share equivalents outstanding during each period. The Company's common share equivalents consist of stock options, stock warrants and the Convertible Notes described in Note 6 to the Consolidated Financial Statements.

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6

7

BRIGHTPOINT, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001  
 (UNAUDITED)

1. Basis of Presentation (continued)

NET INCOME (LOSS) PER SHARE (CONTINUED)

The following is a reconciliation of the numerators and denominators of the basic and diluted net income (loss) per share computations for the three and six months ended June 30, 2000 and 2001 (amounts in thousands, except per share data):

	Three Months Ended June 30	
	2000	2001
	-----	-----
<b>Basic:</b>		
Income (loss) before extraordinary gain	\$ 9,253	\$ (7,253)
Extraordinary gain on debt extinguishment, net of tax	-	-
	-----	-----
Net income (loss)	\$ 9,253	\$ (7,253)
	=====	=====
Weighted average shares outstanding	55,543	55,543
	=====	=====
 <b>Per share amount:</b>		
Income (loss) before extraordinary gain	\$ 0.17	\$ (0.13)
Extraordinary gain on debt extinguishment, net of tax	-	-
	-----	-----
Net income (loss)	\$ 0.17	\$ (0.13)
	=====	=====
 <b>Diluted:</b>		
Income (loss) before extraordinary gain	\$ 9,253	\$ (7,253)
Extraordinary gain on debt extinguishment, net of tax	-	-
	-----	-----
Net income (loss)	9,253	(7,253)
Interest on Convertible Notes assumed to be converted	1,192	-
	-----	-----
Adjusted net income (loss)	\$ 10,445	\$ (7,253)
	=====	=====
Weighted average shares outstanding	55,543	55,543
Net effect of dilutive stock options and stock warrants-based on the treasury stock method using average market price	797	-
Assumed conversion of Convertible Notes into common stock	7,261	-
	-----	-----
Total weighted average shares outstanding	63,601	55,543
	=====	=====

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Per share amount:

Income (loss) before extraordinary gain	\$ 0.16	\$ (0
Extraordinary gain on debt extinguishment, net of tax	-	-----
Net income (loss)	\$ 0.16	\$ (0
	=====	=====

7

8

BRIGHTPOINT, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2001  
 (UNAUDITED)

COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains or losses on derivative financial instruments and gains or losses resulting from currency translations of foreign investments. During the three and six months ended June 30, 2000, comprehensive income totaled \$7.0 million and \$12.7 million, respectively and during the three and six months ended June 30, 2001, comprehensive loss totaled \$9.8 million and \$8.9 million, respectively.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On June 29, 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). SFAS No. 142 addresses accounting and reporting of acquired goodwill and other intangible assets and must be adopted by the Company on January 1, 2002. In addition, the goodwill impairment testing provisions of SFAS No. 142 must be applied to any goodwill or other intangible assets that are recognized in the Company's financial statements at the time of adoption. Upon adoption, goodwill will no longer be amortized and will be tested for impairment at least annually. Any goodwill or other intangible asset impairment losses recognized from the initial impairment test are required to be reported as a cumulative effect of a change in accounting principle in the Company's financial statements. The Company is currently assessing the impact that SFAS No. 142 will have on its financial statements upon adoption in the first quarter of 2002.

Also, on June 29, 2001, the FASB issued Statement of Financial Accounting Standards No. 141, Business Combinations (SFAS No. 141). SFAS No. 141 must be applied to all business combinations that are completed after June 30, 2001. Among its many provisions, SFAS No. 141 eliminated the pooling-of-interests method of accounting for business combinations, requires the purchase method of accounting for business combinations and changes the criteria to recognize intangible assets separately from goodwill. The Company believes the adoption of SFAS No. 141 will not have a material affect on its financial statements or future plans and will apply all provisions of SFAS No. 141 in future acquisitions as required.

8



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9

BRIGHTPOINT, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001  
(UNAUDITED)

### 2. Extraordinary Gain on Debt Extinguishment

During the first quarter of 2001, the Company repurchased 36,000 of its zero-coupon, subordinated, convertible notes due 2018 (Convertible Notes) for approximately \$10 million (prices ranging from \$278 to \$283 per Convertible Note). As of June 30, 2001, the Convertible Notes have an accreted book value of approximately \$516 per Convertible Note. These transactions resulted in an extraordinary gain of approximately \$4.6 million (\$0.08 per diluted share) after transaction and unamortized debt issuance costs and applicable taxes. Each of the Convertible Notes converts, at the option of the holder, into 19.109 shares of the Company's common stock. These transactions, along with the purchase of 94,000 Convertible Notes in 2000, completed the 130,000 Convertible Notes repurchase plan previously approved by the Company's Board of Directors.

### 3. Unusual Charges

During the first quarter of 2000, the Company began the process of consolidating four Indianapolis, Indiana locations and a location in Bensalem, Pennsylvania into a single, new facility located near the Indianapolis International Airport and designed specifically for the Company and its processes. The Company recorded an unusual charge of \$5.7 million (\$3.4 million or \$0.06 per share net of related tax benefits) during the six months ended June 30, 2000 related to the consolidation for moving costs, the disposal of assets not used in the new facility and the estimated impact of vacating the unused facilities, net of potential subleases. At June 30, 2001, the Company had approximately \$2.6 million in facility consolidation reserves and no significant adjustments to the charge are anticipated in future periods.

### 4. Acquisitions and Divestitures

In December of 2000, the Company acquired Advanced Portable Technologies Pty Ltd (APT) located in Sydney, Australia, a provider of distribution and other outsourced services to the wireless data and portable computer industry in Australia and New Zealand. This transaction was accounted for as a purchase and, accordingly, the Consolidated Financial Statements include the operating results of this business from the effective date of acquisition. The purchase price consisted of \$0.9 million in cash, the assumption of certain liabilities and remaining contingent consideration of up to \$1.3 million based upon the future operating results of the business over the three years subsequent to the acquisition. Goodwill of approximately \$1.0 million resulted from this acquisition. Also during 2000, the Company made cash payments of contingent consideration totaling \$4.6 million related to purchase acquisitions completed prior to 1999. These payments resulted in additional goodwill being recorded in 2000 that is currently being amortized over the remaining amortization periods of the related acquisitions. The Company does not believe it has any other obligations related to contingent consideration for prior acquisitions, other than the amount for APT mentioned above.

The impact of the APT acquisition was not material in relation to the Company's consolidated results of operations. Consequently, pro forma information is not presented.

9

10

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BRIGHTPOINT, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001  
(UNAUDITED)

### 5. Accounts Receivable Transfers

During the six months ended June 30, 2000 and 2001, the Company entered into certain transactions with financing organizations with respect to a portion of its accounts receivable in order to reduce the amount of working capital required to fund such receivables. These transactions have been treated as sales pursuant to the provisions of FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS No. 140), which became effective for transactions occurring after March 31, 2001. The Company adopted the disclosure provisions of SFAS No. 140 in 2000. SFAS No. 140 replaces FASB Statement No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. Net funds received from the sales of accounts receivable during the six months ended June 30, 2000 and 2001 totaled \$37.3 million (4% of revenues) and \$72.7 million (7.9% of revenues), respectively. Fees, in the form of discounts, incurred in connection with these sales totaled \$0.4 million and \$1.9 million during the six months ended June 30, 2000 and 2001, respectively, and were recorded as losses on the sale of assets which are included as a component of "Other (income) expenses" in the Consolidated Statements of Operations. The Company is the collection agent on behalf of the financing organization for many of these arrangements and has no significant retained interests or servicing liabilities related to accounts receivable that it has sold.

### 6. Long-term Debt

On March 11, 1998, the Company completed the issuance of zero-coupon, subordinated, convertible notes due in the year 2018 (Convertible Notes) with an aggregate face value of \$380 million (\$1,000 per Convertible Note) and a yield to maturity of 4.00%. The Convertible Notes are subordinated to all existing and future senior indebtedness of the Company and all other liabilities, including trade payables, of the Company's subsidiaries. The Convertible Notes resulted in gross proceeds to the Company of approximately \$172 million (issue price of \$452.89 per Convertible Note) and require no periodic cash payments of interest. The proceeds were used initially to reduce borrowings under the Company's revolving credit facility and to invest in highly-liquid, short-term investments pending use in operations.

Each Convertible Note is convertible at the option of the holder any time prior to maturity. Upon conversion, the Company, at its option, will deliver to the holder 19.109 shares of common stock per Convertible Note or cash equal to the market value of such shares. On or after March 11, 2003, the Convertible Notes may be redeemed at any time by the Company for cash equal to the issue price plus accrued original discount through the date of redemption. In addition, each Convertible Note may be redeemed at the option of the holder on March 11, 2003, 2008 or 2013. The purchase price for each Convertible Note at these redemption dates is approximately \$552, \$673 and \$820, respectively, which is equal to the issue price plus accrued original discount through the date of redemption. The Company may elect at its option to pay for such redemption in cash or common stock, or any combination thereof equaling the purchase price.

On October 30, 2000, the Company announced that its Board of Directors had approved a plan under which the Company could repurchase up to 130,000 of the Convertible Notes. During the first quarter of 2001, the Company repurchased 36,000 of the Convertible Notes for approximately \$10 million (prices ranging from \$278 to \$283 per Convertible Note). These transactions resulted in an extraordinary gain of approximately \$4.6 million (\$0.08 per diluted share) after transaction and unamortized debt issuance costs and applicable taxes. As of

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March 31, 2001, the Company's plan to repurchase 130,000 of the Convertible Notes was completed. As of June 30, 2001, the remaining 250,000 Convertible Notes had an accreted book value of approximately \$516 per Convertible Note.

10

11

BRIGHTPOINT, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001  
(UNAUDITED)

### 6. Long-term Debt (continued)

On July 27, 1999, the Company amended and restated its five-year senior secured revolving line of credit facility (the Facility) with Bank One, Indiana, National Association, as agent for a group of banks (collectively, the Banks). The Facility, which subject to various restrictions allows for borrowings of up to \$175 million, matures in June 2002, and generally bears interest, at the Company's option, at: (i) the greater of the agent bank's corporate base rate plus a spread of 0 to 100 basis points and the Federal Funds effective rate plus 0.50%; or (ii) the rate at which deposits in United States Dollars or Eurocurrencies are offered by the agent bank to first-class banks in the London interbank market plus a spread ranging from 140 to 250 basis points (based on the Company's leverage ratio) plus a spread reserve, if any. Borrowings by the Company's non-United States subsidiaries bear interest at various rates based on the type and term of advance selected and the prevailing interest rates of the country in which the subsidiary is domiciled.

At June 30, 2001, there was approximately \$3.3 million outstanding under the Facility, all of which was denominated in China's local currency, the Renminbi, at an interest rate of approximately 6.0%. In addition, there was an aggregate of \$26.0 million in letters of credit issued.

All of the Company's assets located in the United States and between 65% and 100% of the capital stock of certain of the Company's subsidiaries are pledged to the Banks as collateral for the Facility, and the Company is substantially prohibited from incurring additional indebtedness. Funding under the Facility is limited by an asset coverage test, which is measured monthly. As of June 30, 2001, available funding under the Facility was approximately \$52.2 million. However, due to the Company's lower operating results during the first half of 2001, utilization of the entire funding capacity at June 30, 2001, would have violated certain financial covenants under the Facility. In addition to certain net worth and other financial covenants, the Facility limits or prohibits the Company, subject to certain exceptions, from declaring or paying cash dividends, making capital distributions or other payments to stockholders, merging or consolidating with another corporation, or selling portions of its assets. The Company and the Banks amended the Facility on October 27, 2000, to allow the Company to execute the Convertible Note repurchases discussed above and to modify its leverage ratio covenant upon completion of the repurchases.

In December 1999, Brightpoint International Trading (Guangzhou) Co., Ltd. (an indirect subsidiary of Brightpoint, Inc.) entered into a \$4.8 million one-year secured loan (denominated in China's local currency, the Renminbi) with China Construction Bank Guangzhou Economic Technological Development District Branch (China Construction Bank). In December 2000 and again in April 2001, the Company renewed and revised its agreement with China Construction Bank. The current agreement matures during the fourth quarter of 2001 and increased available advances from \$4.8 million to \$8.5 million. At June 30, 2001, there was approximately \$8.5 million outstanding pursuant to the loan agreement at an

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interest rate of approximately 5.9%. In addition, upon maturity the Company intends to renew this loan with the lender or replace it with funding from the Facility. The loan prohibits the borrower from making various changes in its ownership structure.

The secured loan and current borrowings under the Facility discussed above are supported by a stand-by letter of credit of \$6.3 million which was issued under the Facility and cash collateral of approximately \$6.2 million which is presented separately in the Consolidated Balance Sheets under the caption "Pledged cash." The Company has classified amounts outstanding under the secured loan and the Facility as current liabilities in the Consolidated Balance Sheets as these amounts fall due within twelve months.

11

12

BRIGHTPOINT, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001  
(UNAUDITED)

### 7. Operating Segments

The Company operates in markets worldwide and has four operating segments. These operating segments represent the Company's four divisions: North America; Asia-Pacific; Europe, Middle East and Africa; and Latin America. These divisions all derive revenues from sales of wireless handsets, accessory programs and fees from the provision of integrated logistics services. However, the divisions are managed separately because of the geographic locations in which they operate.

The Company evaluates the performance of, and allocates resources to, these segments based on income (loss) from operations including allocated corporate selling, general and administrative expenses. As discussed in Note 3 to the Consolidated Financial Statements, during 2000 the Company incurred unusual charges, which affected certain operating segments. A summary of the Company's operations by segment with and without the unusual charges is presented below (in thousands):

	2000		
	REVENUES FROM EXTERNAL CUSTOMERS -----	INCOME (LOSS) FROM OPERATIONS -----	INCOME (LOSS) FROM OPERATIONS (1) -----
THREE MONTHS ENDED			
JUNE 30:			
North America (2)	\$ 161,001	\$ 10,630	\$ 11,531
Asia-Pacific	131,636	6,239	5,252
Europe, Middle East and Africa	103,277	2,291	2,894
Latin America	65,896	(1,559)	(1,559)
	-----	-----	-----
	\$ 461,810	\$ 17,601	\$ 18,118
	=====	=====	=====
SIX MONTHS ENDED			
JUNE 30:			
North America (2)	\$ 328,704	\$ 15,315	\$ 21,016

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Asia-Pacific	266,901	10,531	9,151
Europe, Middle East and Africa	202,716	4,981	5,991
Latin America	141,261	(448)	(448)
	-----	-----	-----
	\$ 939,582	\$ 30,379	\$ 35,710
	=====	=====	=====

- (1) Excludes other unusual charges - see Note 3.  
(2) Includes the impact of approximately \$13.7 million of inventory write-downs made in the second quarter of 2001.

12

13

BRIGHTPOINT, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2001  
(UNAUDITED)

7. Operating Segments (continued)

TOTAL SEGMENT ASSETS:	DECEMBER 31, 2000	JUNE 30, 2001
	-----	-----
North America (3)	\$ 311,402	\$ 214,376
Asia-Pacific	120,386	100,612
Europe, Middle East and Africa	147,239	115,808
Latin America	112,632	145,161
	-----	-----
	\$ 691,659	\$ 575,957
	=====	=====

- (3) Includes assets of the Company's corporate operations.

Beginning in the third quarter of 2001 the Company's operations in the Middle East will be managed as a part of what is currently the Company's Asia-Pacific division and will no longer be considered part of the current Europe, Middle East and Africa division. Consistent with current accounting guidance, the Company will reclassify its historical operating segment data to reflect this management change during the third quarter of 2001. This change will have no effect on previously issued Consolidated Financial Statements.

8. Contingencies

Various lawsuits, claims and proceedings have been or may be asserted against the Company in the normal course of business. While the ultimate liability pursuant to these actions cannot currently be determined, the Company believes the legal proceedings in which it is currently involved will not have a material adverse effect on its financial position.

The Company and certain of its executive officers, two of whom are also directors, were named as defendants in four actions filed in June and July 1999, in the United States District Court for the Southern District of Indiana. These actions were subsequently consolidated by the court into a single action. The action involved a purported class of purchasers of the Company's common stock during the period October 2, 1998 through March 10, 1999. The Company and certain of its officers and directors filed a motion to dismiss the action and

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the court granted such motion on March 29, 2001, subject to the plaintiffs right to file a motion for leave to amend the complaint before April 26, 2001. The plaintiffs did not file such a motion and the court has entered final judgment dismissing the action.

13

14

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### OVERVIEW AND RECENT DEVELOPMENTS

This discussion and analysis should be read in conjunction with the accompanying Consolidated Financial Statements and related notes. Certain statements made in this report may contain forward-looking statements. For a description of risks and uncertainties relating to such forward-looking statements, see Exhibit 99 to this report and the Company's Annual Report on Form 10-K/A for the year ended December 31, 2000.

Beginning in the third quarter of 2001 the Company's operations in the Middle East will be managed as a part of what is currently the Company's Asia-Pacific division and will no longer be considered part of the current Europe, Middle East and Africa division. Consistent with current accounting guidance, the Company will reclassify its historical operating segment data to reflect this management change during the third quarter of 2001. This change will have no effect on previously issued Consolidated Financial Statements.

During the second quarter of 2001, the Company recorded inventory valuation adjustments of approximately \$13.7 million (\$8.4 million, or \$0.15 per diluted share, net of tax benefit) to adjust inventories to their estimated net realizable value based on market conditions. These valuation adjustments were the result of the over-supply of product in the Company's distribution channel and the lower-than-anticipated level of demand experienced in the second quarter of 2001. The write-downs were related to the Company's North America division and a significant portion of the impacted inventories were wireless accessories. As of August 2001, the Company had disposed of approximately 90% of the inventory to which the write-downs related. Also, during the second quarter of 2001, the Company began operations in Jamaica pursuant to an agreement with Mossel (Jamaica) Limited, a new network operator providing wireless communications services in Jamaica under the trade name Digicel. Under the agreement, which expires in May of 2004, the Company provides a variety of distribution and integrated logistics services including handset procurement, custom packaging, fulfillment and inventory management.

During the first quarter of 2001, the Company repurchased 36,000 of its zero-coupon, subordinated, convertible notes due 2018 (Convertible Notes) for approximately \$10 million (prices ranging from \$278 to \$283 per Convertible Note). These transactions resulted in an extraordinary gain of approximately \$4.6 million (\$0.08 per diluted share) after transaction and unamortized debt issuance costs and applicable taxes. Along with the purchase of 94,000 Convertible Notes in 2000, these transactions completed the 130,000 Convertible Notes repurchase plan previously approved by the Company's Board of Directors. As of June 30, 2001, the remaining 250,000 Convertible Notes have an accreted book value of approximately \$516 per Convertible Note.

During the first quarter of 2000, the Company began the process of consolidating four Indianapolis, Indiana, locations and a location in Bensalem, Pennsylvania, into a single, new facility located near the Indianapolis International Airport

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and designed specifically for the Company and its processes. The Company recorded an unusual charge of \$5.7 million (\$3.4 million or \$0.06 per share net of related tax benefits) during the six months ended June 30, 2000, related to the consolidation for moving costs, the disposal of assets not used in the new facility and the estimated impact of vacating the unused facilities, net of potential subleases. See Note 3 to the Consolidated Financial Statements.

14

15

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS

The following discussion of results of operations excludes the extraordinary gain on debt extinguishment during the first quarter of 2001 of \$4.6 million (\$0.08 per diluted share) and the impact of the facilities consolidation and other unusual charges for the three and six months ended June 30, 2000, totaling \$.5 million and \$5.3 million, respectively, (\$0.3 million or \$0.01 per diluted share and \$3.0 million or \$0.05 per diluted share, respectively, net of related tax benefits) described above.

Revenue

(In thousands)	Three Months Ended June 30			Six Months Ended June 30		
	2000	2001	Change	2000	2001	Change
Revenue	\$ 461,810	\$ 452,334	(2%)	\$ 939,582	\$ 917,660	(2%)

Revenue for the three and six months ended June 30, 2001, decreased 2% compared to revenue in the comparable periods of 2000. Units handled for the second quarter of 2001 also decreased 2% when compared to the second quarter of 2000; however, units handled on a year-to-date basis in 2001 are 10% above units handled in the first six months of 2000. The continued economic slowdown in the United States and other markets, transitioning product cycles in the wireless telecommunications and data industry and the lower levels of promotions, subsidies and agent commissions offered by network operators in many parts of the world have resulted in higher levels of inventories in the wireless equipment channel. The higher level of inventories has caused demand for the Company's products and services to be lower than in the prior year.

Revenue by Division (in thousands):

	Three Months Ended June 30				Six Months	
	2000		2001		2000	
North America	\$ 161,001	35%	\$ 153,119	34%	\$ 328,704	35%
Asia-Pacific	131,636	29%	99,872	22%	266,901	28%
Europe, Middle East and Africa	103,277	22%	130,501	29%	202,716	22%

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Latin America	65,896	14%	68,842	15%	141,261	15%
-----						
Total	\$ 461,810	100%	\$ 452,334	100%	\$ 939,582	100%
=====						

The overall lower demand during the second quarter of 2001 resulted in a decline in revenues for the Company's North America and Asia-Pacific divisions of 5% and 24%, respectively, when compared to the second quarter of 2000. Due to a number of factors including new locations, the geographic diversity of the Company's operations and the variety of services offered by the Company, revenues in the Europe, Middle East and Africa and Latin America divisions grew by approximately 26% and 4%, respectively, from the second quarter of 2000. For the first half of 2001 the lower demand has caused revenue in all divisions except Europe, Middle East and Africa to decline from the comparable prior period.

15

16

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Revenue by Service Line (in thousands):

	Three Months Ended June 30				Six Months Ended June 30
	2000		2001		2000
-----					
Sales of wireless handsets	\$ 360,373	78%	\$ 373,524	83%	\$ 727,363
Accessory programs	52,804	11%	38,673	8%	115,239
Integrated logistics services	48,633	11%	40,137	9%	96,980
-----					
	\$ 461,810	100%	\$ 452,334	100%	\$ 939,582
-----					

Revenue from wireless handsets increased approximately 4% for the three and six months ended June 30, 2001, as compared to the same periods in 2000. This increase is due primarily to strong demand for the Company's products in certain of the Company's Europe, Middle East and Africa markets, partially offset by decreased wireless handset sales in certain Asia-Pacific markets. Revenue from integrated logistics services and accessory programs for the second quarter of 2001, as compared to the same period in 2000 decreased 17% and 27%, respectively. For the first half of 2001, revenue from integrated logistics services and accessory programs decreased 22% and 29%, respectively, as compared to the first half of 2000. Demand for much of the Company's accessory programs and integrated logistics services is generated, directly or indirectly, through promotional programs sponsored by network operators. The level of these promotional activities during the first half of 2001 was lower than that of the first half of 2000, causing the Company's revenues in these service lines to be lower than the prior year.

Gross Profit



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(In thousands)	Three Months Ended June 30			Six Months Ended June 30	
	2000	2001	Change	2000	2001
Gross profit	\$ 44,516	\$ 15,335	(66%)	\$ 87,941	\$ 46,606
Gross margin	9.6%	3.4%		9.4%	6.5%

Gross profit for the three and six months ended June 30, 2001, decreased 66% and 47%, respectively, over the same periods in 2000 resulting in gross margins of 3.4% for second quarter of 2001 and 5.0% for the first half of 2001, compared to gross margins of 9.6% and 9.4% for the comparable prior periods. The decreases in gross margins were due primarily to i) a greater percentage of the total revenue derived from lower margin handset sales, ii) lower margins on those handset sales resulting from the oversupply of product in the channel and iii) inventory write-downs made during the second quarter of 2001. As previously discussed, due to higher levels of inventories in the channel and the lower-than-expected level of demand experienced during the second quarter of 2001, the Company recorded inventory valuation adjustments of approximately \$13.7 million to adjust inventories to their estimated net realizable value based on the current market conditions. Excluding these inventory write-downs, gross margins for the three and six months ended June 30, 2001 were 6.4% and 6.5%, respectively.

16

17

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Selling, General and Administrative Expenses

(In thousands)	Three Months Ended June 30			Six Months Ended June 30	
	2000	2001	Change	2000	2001
Selling, general and administrative expenses	\$ 26,398	\$ 23,115	(12%)	\$ 52,231	\$ 48,996
As a percent of revenue	5.7%	5.1%		5.6%	5.0%

Selling, general and administrative expenses for the second quarter of 2001 decreased 12% from the second quarter of 2000 and 10% from \$25.6 (5.5% of revenue) million in the first quarter of 2001. For the first half of 2001, selling, general and administrative expenses have decreased 7% from the comparable prior period. These decreases were primarily the result of cost control measures instituted in response to the current market conditions.

Income (Loss) from Operations

Three Months Ended  
June 30

Six Months Ended  
June 30

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(In thousands)	2000	2001	2000	2001
Income (loss) from operations	\$ 18,118	\$ (7,780)	\$ 35,710	\$ (2,406)
As a percent of revenue	3.9%	(1.7%)	3.8%	(0.3%)

The decrease in operating margins from 3.9% in the second quarter of 2000 to a negative 1.7% (positive 1.3% excluding the impact of the inventory adjustments) in the second quarter of 2001 resulted primarily from the decrease in gross margins described above. Income from operations for the three and six months ended June 30, 2001 (excluding the inventory write-downs) was \$5.9 million and \$11.3 million, respectively, as compared to \$18.1 million and \$35.7 million in the comparable 2000 periods and also decreased as a result of the reduced gross profit discussed above.

Net Income (Loss)

(In thousands)	Three Months Ended June 30		Six Months June 30	
	2000	2001	2000	2001
Net income (loss)	\$ 9,410	\$ (7,358)	\$ 18,802	\$ (1,046)
Net income (loss) per share (diluted) (1)	\$ 0.17	\$ (0.13)	\$ 0.33	\$ (0.08)
Weighted average shares outstanding (diluted) (1)	63,601	55,804	63,535	55,804

(1) For the three and six months ended June 30, 2000, reflects an after tax add-back of interest expense of \$1.2 million and \$2.4 million, respectively, to net income and an increase of 7.3 million in weighted average shares outstanding to properly reflect the dilutive effect of the Company's Convertible Notes.

The decreases in net income (loss) and net income (loss) per diluted share for the three and six months ended June 30, 2001 when compared to the same periods in 2000 were due primarily to the factors discussed above in the analyses of revenue, gross profit and selling, general and administrative expenses.

17

18

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

LIQUIDITY AND CAPITAL RESOURCES

(In thousands)	December 31, 2000	June 30, 2001
Cash and cash equivalents	\$ 79,718	\$ 36,350
Working capital	\$ 273,060	\$ 192,264
Current ratio	1.93:1	1.75:1

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The Company has historically satisfied its working capital requirements principally through cash flow from operations, vendor financing, bank borrowings and the issuance of equity and debt securities. The decrease in working capital at June 30, 2001 compared to December 31, 2000 is comprised primarily of the effect of decreases in cash, accounts receivable and inventories partially offset by a decrease in accounts payable. The Company believes that cash flow from operations, vendor financing and available borrowing capacity under its revolving line of credit facility will be sufficient to continue funding its short-term capital requirements, however, continued operating losses, significant changes in the Company's business model or expansion of operations in the future may require the Company to raise additional capital.

Net cash provided by operating activities was \$34.0 million for the six months ended June 30, 2001, as compared to net cash used by operating activities of \$0.6 million in the comparable prior period. The increase in cash provided by operating activities in the first half of 2001 as compared to the prior period was primarily the result of an increase in the level of cash generated through the reduction of accounts receivable and inventories partially offset by a reduction in earnings and an increase in cash used to reduce accounts payable.

In addition, as of June 30, 2001, days revenue outstanding in accounts receivable was approximately 32 days, compared to days revenue outstanding of approximately 35 days at June 30, 2000. This reduction is attributable to the successful acceleration of the Company's accounts receivable collection cycle, as well as sales or financing transactions, in certain markets, of accounts receivable to financing organizations (see Note 5 to the Consolidated Financial Statements). Net funds received from the sale of accounts receivable during the six months ended June 30, 2001 totaled \$72.7 million (7.9% of revenue). During the second quarter of 2001, annualized inventory turns were 10 times, compared to 8 times during the second quarter of 2000 and inventory balances were approximately \$64 million lower than inventories at December 31, 2000. Average days costs in accounts payable were 34 days for the second quarter of 2001, compared to 46 days for the second quarter of 2000. These changes combined to create a decrease in cash conversion cycle days to 34 days in the second quarter of 2001, from 35 days in the same period of 2000.

Net cash used by investing activities for the six months ended June 30, 2001, was \$24.7 million as compared to \$10.1 million in the comparable prior period. The change between periods is primarily comprised of increases in cash used to fund the Company's contract financing activities and capital expenditures (primarily for upgrades to and enhancements in the Company's information technology), partially offset by a reduction in cash expended for acquisition activities in the first half of 2001. Net cash used by financing activities for the six months ended June 30, 2001, was \$51.9 million compared to cash provided by financing activities of \$7.8 million for the comparable prior period. The change between periods was primarily the result of increased payments on the Company's revolving credit facility and the repurchase of the Convertible Notes.

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

#### LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

The Company's long-term debt at June 30, 2001, is comprised of the Company's zero-coupon, subordinated, convertible notes (the Convertible Notes) which have an aggregate principal amount at maturity of \$250.0 million (\$1,000 face value per Convertible Note). The Convertible Notes are due in the year 2018, have a

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yield to maturity of 4.00% and are convertible into the Company's common stock at a rate of 19.109 shares per Convertible Note. The accreted value of the Convertible Notes was approximately \$129 million at June 30, 2001.

In addition, the Company has borrowings or permitted indebtedness totaling approximately \$11.7 million at June 30, 2001 under its senior secured revolving line of credit facility (the Facility) which has been periodically modified. Based on the current maturity of the Facility, the Company has classified amounts outstanding as current liabilities in the Consolidated Balance Sheets, as these amounts fall due within twelve months. The Facility provides the Company, based upon a borrowing base calculation and subject to various financial covenants, with a maximum borrowing capacity of up to \$175 million. Interest rates on U.S. Dollar borrowings under the Facility, excluding fees, range from 140 basis points to 250 basis points above LIBOR, depending on certain leverage ratios.

On October 30, 2000, the Company announced that its Board of Directors had approved a plan under which the Company could repurchase up to 130,000 of the Convertible Notes. The Company and the Banks amended the Facility on October 27, 2000, to allow the Company to execute such repurchases and to modify its leverage ratio covenant upon completion of the repurchases. As of March 31, 2001, the Company's plan to repurchase 130,000 of the Convertible Notes was complete. During the first quarter of 2001, the Company repurchased 36,000 of the Convertible Notes for approximately \$10 million (prices ranging from \$278 to \$283 per Convertible Note). These transactions resulted in an extraordinary gain of approximately \$4.6 million (\$0.08 per diluted share) after transaction and unamortized debt issuance costs and applicable taxes. As of June 30, 2001, the remaining 250,000 Convertible Notes had an accreted book value of approximately \$516 per Convertible Note. See Note 6 to the Consolidated Financial Statements.

All of the Company's assets located in the United States and between 65% and 100% of the capital stock of certain of the Company's subsidiaries are pledged to the Banks as collateral for the Facility, and the Company is substantially prohibited from incurring additional indebtedness, either of which terms could limit the Company's ability to implement its expansion plans. In addition, at June 30, 2001 the Company had pledged cash balances totaling approximately \$6.2 million as cash collateral for certain of its borrowings in the Peoples Republic of China. The Company is also subject to certain covenants as more fully described in Note 6 to the Consolidated Financial Statements.

19

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### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

#### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

On June 29, 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). SFAS No. 142 addresses accounting and reporting of acquired goodwill and other intangible assets and must be adopted by the Company on January 1, 2002. In addition, the goodwill impairment testing provisions of SFAS No. 142 must be applied to any goodwill or other intangible assets that are recognized in the Company's financial statements at the time of adoption. Upon adoption, goodwill will no longer be amortized and will be tested for impairment at least annually. Any goodwill or other intangible asset impairment losses recognized from the initial impairment test are required to be reported as a cumulative effect of a change in accounting principle in the

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Company's financial statements. The Company is currently assessing the impact that SFAS No. 142 will have on its financial statements upon adoption in the first quarter of 2002.

Also, on June 29, 2001, the FASB issued Statement of Financial Accounting Standards No. 141, Business Combinations (SFAS No. 141). SFAS No. 141 must be applied to all business combinations that are completed after June 30, 2001. Among its many provisions, SFAS No. 141 eliminated the pooling-of-interests method of accounting for business combinations, requires the purchase method of accounting for business combinations and changes the criteria to recognize intangible assets separately from goodwill. The Company believes the adoption of SFAS No. 141 will not have a material affect on its financial statements or future plans and will apply all provisions of SFAS No. 141 in future acquisitions as required.

20

21

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### FINANCIAL MARKET RISK MANAGEMENT

The Company is exposed to financial market risks, including changes in interest rates and foreign currency exchange rates. To mitigate interest rate risks, the Company has utilized interest rate swaps to convert certain portions of its variable rate debt to fixed interest rates. To mitigate foreign currency exchange rate risks, the Company utilizes its multi-currency revolving line of credit and derivative financial instruments under a risk management program approved by the Company's Board of Directors. The Company does not use derivative instruments for speculative or trading purposes.

The Company is exposed to changes in interest rates on its variable interest rate revolving lines of credit. A 10% increase in short-term borrowing rates during the quarter ended June 30, 2001, would have resulted in only a nominal increase in interest expense as well as a nominal increase in the fair value of the Company's interest rate swaps at June 30, 2001.

A substantial portion of the Company's revenue and expenses are transacted in markets outside of the United States and are denominated in currencies other than the U.S. Dollar. Accordingly, the Company's future results could be adversely affected by a variety of factors, including changes in a specific country's political, economic or regulatory conditions and trade protection measures.

The Company's foreign currency risk management program is designed to reduce but not eliminate unanticipated fluctuations in earnings, cash flows and the value of foreign investments caused by volatility in currency exchange rates by hedging, where believed to be cost-effective, significant exposures with foreign currency exchange contracts, options and foreign currency borrowings. The Company's hedging programs reduce, but do not eliminate, the impact of foreign exchange rate movements. An adverse change (defined as a 10% strengthening of the U.S. Dollar) in all exchange rates would have resulted in only a nominal decrease in results of operations for the six months ended June 30, 2001. The same adverse change in exchange rates would have resulted in a \$3.7 million increase in the fair value of the Company's cash flow and net investment hedges

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open at June 30, 2001. The majority of this fair value increase would offset currency devaluations from translating the Company's foreign investments from functional currencies to the U.S. Dollar. The Company's sensitivity analysis of foreign exchange rate movements does not factor in a potential change in volumes or local currency prices of its products sold or services provided. Actual results may differ materially from those discussed above.

Certain of the Company's foreign entities are located in countries that are members of the European Union (EU) and, accordingly, have adopted the Euro, the EU's new single currency, as their legal currency effective January 1, 1999. From that date, the Euro has been traded on currency exchanges and available for noncash transactions. Local currencies remain legal tender until December 31, 2001 at which time participating countries will issue Euro-denominated bills and coins for use in cash transactions. By no later than July 1, 2002, participating countries will withdraw all bills and coins denominated in local currencies. During 2000 and 2001, the Company's operations that are located in EU countries (France, Germany, Ireland and the Netherlands) have transacted business in both the Euro and their local currency as appropriate to the nature of the transaction under the EU's "no compulsion, no prohibition principle." The Company has made significant investments in information technology in Europe and has experienced no significant information technology or operational problems as a result of the Euro conversion. In addition, the Company continues to evaluate the effects on its business of the Euro conversion for the affected operations and believes that the completion of the Euro conversion during 2001 and 2002 will not have a material effect on its financial position or results of operations.

21

22

### PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings

The Company is from time to time, involved in certain legal proceedings in the ordinary course of conducting its business. While the ultimate liability pursuant to these actions cannot currently be determined, the Company believes the legal proceedings in which it is currently involved will not have a material adverse effect on its financial position.

The Company and certain of its executive officers, two of whom are also directors, were named as defendants in four actions filed in June and July 1999, in the United States District Court for the Southern District of Indiana. These actions were subsequently consolidated by the court into a single action. The action involved a purported class of purchasers of the Company's common stock during the period October 2, 1998 through March 10, 1999. The Company and certain of its officers and directors filed a motion to dismiss the action and the court granted such motion on March 29, 2001, subject to the plaintiffs right to file a motion for leave to amend the complaint before April 26, 2001. The plaintiffs did not file such a motion and the court has entered final judgment dismissing the action.

#### Item 4. Submission of Matters to a Vote of Security Holders

An Annual Meeting of Stockholders was held on June 7, 2001, to elect three (3) Class I directors.

The three (3) Class I directors are to hold office until the Annual Meeting of Stockholders to be held in 2004 and until their successors have been duly

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elected and qualified. The results of the vote to elect the three (3) Class I directors were as follows:

J. Mark Howell received 48,508,035 votes for and 0 votes against. 3,514,951 votes were withheld. Stephen H. Simon received 51,629,841 votes for and 0 votes against. 393,345 votes were withheld. Todd H. Stuart received 51,618,996 votes for and 0 votes against. 403,990 votes were withheld.

Item 6. Exhibits

(a) Exhibits

The list of exhibits is hereby incorporated by reference to the Exhibit Index on page 24 of this report.

(b) Reports on Form 8-K

On June 18, 2001, the Company filed a Form 8-K with the Securities and Exchange Commission reporting under Item 5 - Other Events, the press release announcing that revenue and earnings for the quarter ending June 30, 2001, would be below the expectations disclosed in the Company's April 26, 2001 conference call.

SIGNATURES

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

Brightpoint, Inc.

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(Registrant)

Date August 14, 2001  
-----

/s/ Phillip A. Bounsall  
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Phillip A. Bounsall  
Executive Vice President,  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

Exhibit No. -----	Description -----
99	Cautionary Statements