BRIGHTPOINT INC
Form 10-K/A
March 01, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
(AMENDMENT NO. 3 TO FORM 10-K)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

0-23494
(COMMISSION FILE NO.)
BRIGHTPOINT, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	35-1778566
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

600 EAST 96TH STREET, SUITE 575, INDIANAPOLIS, INDIANA 46240
(Address of principal executive offices including zip code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (317) 805-4100

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK, $.01 PAR VALUE
PREFERRED SHARE PURCHASE RIGHTS

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the registrant's Common Stock held by non-affiliates as of November 19, 2001 was approximately $179,000,000. As of November 19, 2001, there were 55,851,401 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the following documents are incorporated by reference into the

parts of this Form 10-K/A as indicated herein:

Proxy Statement for Annual Meeting of Stockholders to be held in 2001 Part III

BRIGHTPOINT, INC.
INTRODUCTORY NOTE

The Company issued restated financial statements for 1998, 1999, 2000 and the interim periods of 2001 in an amended Form 10-K for the year ended December 31, 2000 and amended Form 10-Qs for the periods ended March 31, 2001 and June 30, 2001, which it filed on November 26, 2001. The Company issued a press release on January 31, 2002, which it filed as an exhibit to a Form 8-K on February 5, 2002, relating to its intention to further restate its annual financial statements for 1998, 1999, 2000 and the interim periods of 2001. The cumulative effects of these restatements on the previously issued financial statements are presented in the following Form 10-K/A (Amendment No. 3). See Note 17 to the Consolidated Financial Statements for discussion of the details surrounding the restatements and reconciliations of previously reported amounts.

PART I

ITEM 1. BUSINESS.

GENERAL

Brightpoint, Inc. is a leading provider of outsourced services in the global wireless telecommunications and data industry. Our innovative services include customized packaging, prepaid and e-business solutions, inventory management, distribution and other outsourced services. Our customers include leading network operators, retailers and wireless equipment manufacturers. We handle wireless products manufactured by such technology companies as Alcatel, Audiovox, Ericsson, Handspring, Hewlett-Packard, Kyocera, Motorola, NEC, Nokia, Novatel Wireless, Palm, Panasonic, Research In Motion, Samsung and Siemens. We also provide integrated services to these manufacturers and some of the world's leading wireless network operators along with their associated service providers, resellers, agents and other retail channels. Our distribution services include purchasing, marketing, selling, warehousing, picking, packing, shipping and delivery of wireless handsets (including wireless data devices) and accessories. Our integrated logistics services include support for prepaid programs, inventory management, procurement, product fulfillment, programming, telemarketing, private labeling, kitting and customized packaging, product warranty, repair and refurbishment and end-user support services. We are one of the largest distributors of wireless handsets and accessories in the world, with operations centers and/or sales offices in various countries including Australia, Brazil, the People's Republic of China (including Hong Kong), Colombia, France, Germany, Ireland, Jordan, Mexico, the Netherlands, New Zealand, the Philippines, South Africa, Sweden, the United Arab Emirates, the United States, and Venezuela.

We were incorporated under the laws of the State of Indiana in August 1989 under the name Wholesale Cellular USA, Inc. and reincorporated under the laws of the State of Delaware in March 1994. In September 1995, we changed our name to Brightpoint, Inc.

RECENT DEVELOPMENTS AND FINANCIAL OVERVIEW

During 2000, we consolidated four Indianapolis, Indiana locations and a location in Bensalem, Pennsylvania into a single, new facility located near the Indianapolis International Airport. We recorded an unusual charge related to the

consolidation for moving costs, the disposal of assets that were not used in the new facility and the estimated impact of vacating the unused facilities, net of potential subleases. The total amount of the charge recorded in 2000 was $7.0 million ($4.2 million after applicable taxes or $0.07 per diluted share). Additionally, during the fourth quarter of 2000, we repurchased approximately 94,000 of our zero-coupon subordinated, convertible notes for approximately $29 million ($310 per $1,000 face value convertible note). These repurchases resulted in an extraordinary gain of approximately $10 million ($0.18 per diluted share), net of applicable income taxes and transaction costs. The repurchases were made pursuant to a plan approved by the Board of Directors to purchase up to 130,000 of the convertible notes. Subsequent to December 31, 2000, we completed our repurchase plan by acquiring an additional 36,000 of these convertible notes at prices ranging from $278 to $283 per convertible note. These transactions resulted in an extraordinary gain in 2001 of approximately $4.6 million ($0.09 per diluted share), net of applicable income taxes and transaction costs.

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During 1999 we implemented a broad restructuring plan which included the disposal of operations in the United Kingdom, Poland, Taiwan and Argentina; termination of our investments in two joint operations in China; disposal of our 67% interest in a Hong Kong-based accessories company; and initiation of cost reduction programs in certain areas of our business. Our execution of the restructuring plan was substantially completed by the close of 1999. During 1999 we recorded non-recurring restructuring and other unusual charges of approximately $79.6 million resulting from actions taken in accordance with the restructuring plan. Adjustments to these charges subsequent to the initial estimates have not been significant. The charges included the write-off of goodwill investments and tax-related assets related to the eliminated or terminated operations; the write-down of inventory and accounts receivable to estimated net realizable values; and losses on the disposals of fixed and other assets and cash expenses related to lease and employee terminations and other exit costs.

Because of the significance of the restructuring plan discussed above, the following discussion has been delineated between results from recurring operations and results from non-recurring operations. Recurring operations include all operations except those that have been eliminated or terminated in accordance with our 1999 restructuring plan. Recurring operations also exclude the impacts of the gain on debt extinguishment realized in 2000, the non-recurring charges related to our facilities consolidation in 2000, the cumulative effect of a change in accounting principle in 1999 and non-recurring charges related to our restructuring plan in 1999 and 2000. For 2000, our revenues and net income from recurring operations were $2.0 billion and $37.2 million, respectively, representing an increase in revenues of 20% and an increase in net income of 133% when compared to 1999. Earnings per diluted share from recurring operations were $0.66 in 2000 as compared to $0.29 in 1999. Our growth in revenues reflects the worldwide demand for wireless products as well as our distribution and integrated logistics services. The increased demand for wireless products resulted from, among other things, increasing numbers of wireless subscribers in many markets worldwide and increasing demand for replacement or upgraded equipment. Our operating margins (income from operations as a percent of revenue) from recurring operations increased during 2000 due to a reduction in selling, general and administrative expenses as a percent of revenue which was primarily the result of cost reduction programs initiated in the second half of 1999.

On February 26, 2001, we reported that we anticipated revenues and net income for the first half of 2001 and for the year ending December 31, 2001, to fall below our previous expectations. We believed an economic slow-down in the

United States, which began in the fourth quarter of 2000, could be more severe and potentially more sustained than anticipated. Lower consumer demand and higher levels of inventories in the United States distribution channels resulting from the unanticipated slow-down in the economy have resulted in lower than anticipated demand for the products and services that we offer. We also expect that our gross and operating margins during the first half of 2001 may decrease as a result of reductions in revenues earned from accessory programs and integrated logistics services due to the impact of the economic slow-down. Although the factors impacting our United States demand are expected to improve during the second half of 2001, approximately 35% of our revenues and 53% of our operating income from recurring operations was generated in our North America region during 2000 and a prolonged economic slow-down in the United States could continue to negatively impact our results during the second half of 2001.

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WIRELESS TELECOMMUNICATIONS AND DATA INDUSTRY

The wireless telecommunications and data industry provides voice and data communications utilizing various wireless terminals, including mobile telephones, interactive pagers, personal digital assistants and other mobile computing devices. Wireless devices are available in a variety of form factors and using a variety of technologies including analog, digital, multi-band and Web-enabled devices. Wireless telecommunications and data services are available to consumers and businesses through numerous network operators who utilize analog and digital technological standards, such as AMPS, GSM, CDMA, TDMA, iDEN(R), as well as other new and developing technologies (such as WAP, iMode, GPRS, EDGE and W-CDMA) to provide voice and data communication over regional, national and multi-national networks. Developments within the wireless telecommunications and data industry have allowed wireless subscribers to talk, send text messages, browse the Internet and effect certain e-commerce transactions using their wireless devices. Wireless devices and services are also being used for monitoring services, point-of-sale transaction processing, inter-device communications, local area networks and location monitoring. Recent developments affecting the wireless telecommunications and data industry are industry consolidation; the convergence of the telecommunications, data and media domains; economic development; advances in and development of next generation systems technology, including increasing bandwidth; the increasing variety of terminal form factors; the proliferation of manufacturers and network operators; and the increasing affordability of wireless airtime. These developments have helped to grow consumer acceptance and drive increases in worldwide demand for wireless telecommunications and data equipment and services.

In recent years, the markets for wireless telecommunications and data equipment and services have expanded significantly. From 1999 to 2000, the number of worldwide wireless subscribers increased by approximately 236 million, or 49%, to approximately 716 million. Nonetheless, at the end of 2000, wireless penetration was estimated at slightly more than 40% of the population within the United States and was still, on average, less than 12% of the population globally. We believe these factors reflect worldwide opportunities for continued growth within the wireless telecommunications and data industry. The number of worldwide subscribers is expected to grow to approximately 1.4 billion subscribers by the end of 2003. The percentage of handset shipments related to replacement units has continued to grow and is forecasted to exceed 50% of total unit sales in 2002. Additionally, the use of wireless data products, including interactive pagers, personal digital assistants and other mobile computing devices, has seen recent growth and wider consumer acceptance. The number of worldwide wireless Internet subscribers is forecasted to grow from an estimated 33 million at the end of 2000 to over 100 million by the end of 2001. The information contained in this paragraph was obtained from leading independent

industry research groups.

Although it cannot be assured that we will grow at rates comparable to those experienced by the industry (see Business Risk Factors discussed below), we believe that our strategies are consistent with the following major trends taking place within the wireless telecommunications and data industry:

Industry Consolidation. Merger and acquisition activities within the network operator community have increased significantly in recent years. In general, this consolidation is being driven by improved economies of scale, the opportunity to expand national or multi-national service areas and efforts to increase revenue and profitability through additional service offerings. We believe that this trend will continue in the near future and may lead network operators to focus more tightly on their core business of

providing wireless telecommunications and data services, which could in turn increase the demand for outsourced integrated logistics services. However, these same trends will also increase the demands placed on the providers of integrated logistics services, as they will need to meet increasingly complex and sophisticated customer requirements and provide services over larger geographic regions while attempting to maintain acceptable levels of profitability. This increased focus on profitability could cause the network operators to reduce promotional programs which could decrease the demand for our products or services. Additionally, this consolidation reduces the number of potential contracts available to providers of integrated logistics services and could reduce the degree to which members of the wireless telecommunications and data industry rely on outsourced services such as the services that we provide. We could also lose business in the near-term if network operators who are not our customers acquire network operators who are our customers.

Migration to Next Generation Systems. As network operators compete to offer anytime/anywhere telecommunications and data services to their customers through the new technologies of third generation (3G) wireless systems (and the transitional technologies that lie along the migration route to 3G, including GPRS, EDGE and others), they will be increasingly focused on spectrum purchase, infrastructure build out and customer acquisition. This could create an industry environment in which network operators would be more likely to outsource integrated logistics services that they do not perceive as central to these three core activities. However, the roll-out of 3G systems could possibly mitigate the need for some of the integrated logistics services we now offer if the underlying technology drastically reduces or eliminates certain processes that we currently provide to program and/or provision handsets.

New Technologies, Enhancements and Applications. First generation cellular networks primarily used analog technologies. However, these analog technologies presented a number of challenges for network operators and users, including susceptibility to fraud and cloning; capacity constraints; limited battery life and difficulty in providing enhanced features. To alleviate these concerns, new wireless networks have increasingly been built around digital technologies, which provide increased network capacity, more functionality, better voice quality and greater security/privacy than analog technologies. The conversion of subscribers from analog to digital technologies has had a positive impact on the growth of handset demand. In addition, the emergence of new technologies is fueling the convergence of the telecommunications, data and media domains resulting in significant changes and opportunities in the wireless telecommunications and data industry. As a result of this convergence, wireless subscribers may increasingly use their wireless devices to send and receive e-mail, browse the Internet, effect mobile commerce transactions and access other information and services available via the Internet. This convergence is being powered by the development of wireless Web capabilities and new standards

such as Wireless Application Protocol (WAP), Epoc, Bluetooth and 3G. Other new wireless technologies and enhancements have also been introduced into the wireless telecommunications and data market. These include wireless local loop and satellite-based communications, as well as handset feature and network enhancements, such as increased talk and standby times, smaller and lighter form factors and multiple-band reception. All of these developments are expected to contribute to future subscriber growth.

Proliferation of Manufacturers. With the opportunities presented by a large market for wireless telecommunications and data equipment, many new manufacturers are producing wireless mobile devices and accessories, including certain manufacturers who have historically been successful in providing consumer electronics to the mass consumer market. In addition, it appears that manufacturers other than those that have historically produced wireless handsets and accessories are also entering the market to

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produce wireless data devices. This greater number of manufacturers is expected to heighten competition and may provide consumers with lower prices, broader selection, more feature-rich products and new market channels, resulting in higher product turnover by end users. Although the entry of new manufacturers appears to be continuing, we believe that the three largest manufacturers of wireless handsets--Nokia, Motorola and Ericsson--comprise approximately 56% of the total market for wireless telecommunications equipment. We believe that Nokia currently maintains the largest market share at approximately 31% followed by Motorola at 15% and Ericsson at 10%.

Increasing Penetration of Markets Worldwide and New Network Operators. We expect that the demand for wireless services may continue to drive increased penetration of markets worldwide and the continued entry of new network operators in certain markets. Economic growth, increased service availability or the lower cost of service compared to conventional wireline telephony systems (or a combination of the three) has historically driven market penetration. In addition, certain markets characterized by higher market penetration, have also grown, primarily as a result of increasing deregulation, the availability of additional spectrum, increased competition and the emergence of new wireless technologies and related applications. These developments may result in an increased number of wireless network operators doing business in certain markets and affect the services provided including seamless roaming, increased coverage, improved signal quality and greater data handling capabilities through greater bandwidth. This increase in the number of network operators, together with the increased number of resellers of wireless communication services in certain markets, is expected to intensify competition for new and existing subscribers, thereby reducing prices to subscribers and driving growth in the subscriber base and the market for wireless communications equipment.

Expanded Use of E-commerce. The ability to conduct business over the Internet has created opportunities and challenges in many industries including the wireless telecommunications and data industry. We believe that the continued growth of e-commerce provides the opportunity for expanded service offerings as well as the demand for new and innovative Internet capabilities. We also expect both customers and suppliers may require enhanced management of these capabilities to remain competitive. The expanded use of e-commerce is expected to provide faster and more varied methods of delivering wireless telecommunications and data products to the marketplace.

GROWTH STRATEGY

As (i) the variety of wireless mobile devices expands, (ii) telecommunications, data, Internet and other technologies converge and evolve and (iii) distribution migrates from agent/dealers to mass retailers, certain

network operators and manufacturers are finding that switching from in-house distribution to independent distribution reduces overall costs and helps them to meet the increasing demands of various market channels. In an effort to maintain focus on and conserve resources for marketing, sales and customer retention, certain new network operators are also outsourcing their handset distribution, fulfillment and inventory management functions (as opposed to building distribution infrastructure). At the same time, certain handset and other wireless device manufacturers are outsourcing some of their channel management functions and utilizing integrated logistics services as a means of simplifying and reducing the cost of their worldwide distribution systems. They are also increasingly outsourcing various production and manufacturing operations. Finally, certain manufacturers and network operators are targeting the growing consumer segment through mass retail channels, requiring greater levels of fulfillment services in order to address the logistical challenges of supporting mass retailers and consumer electronics retail stores. Our

two primary strategies for building on our position as a global leader in providing distribution and integrated logistics services to the wireless telecommunications and data industry are as follows:

Value Migration. This strategy calls for the integration of our services with the key processes of our customers and suppliers, thereby producing increased value. To achieve heightened levels of integration, we will attempt to hasten the innovation and development of logistics and other services for the wireless telecommunications and data industry, establish ourselves as a recognized provider of products and valued services related to wireless data, and deploy these products and services throughout our organization.

Supply Chain Development. This strategy focuses on our efforts to expand our supplier base and broaden our product portfolio, continually seeking to expand and enhance key supplier relationships within the wireless telecommunications and data industry. We will seek to accomplish this by attempting to grow product lines, brands and technologies handled over increasingly larger territories, thereby extending our reach to allow us to provide services to wireless equipment manufacturers in the markets that are critical to their success.

We intend to pursue business opportunities in areas or markets where we believe that these strategies can be successfully implemented. We also intend to evaluate our operations as markets evolve to determine the continued synergy of our business activities and relationships with our core strategies.

SERVICES

We have become one of the leading suppliers of distribution and integrated logistics services that move wireless devices and accessories through market channels, primarily because of our understanding of the needs within each distribution channel and our development of the knowledge and resources necessary to create successful solutions.

Our services are intended to provide value to wireless handset manufacturers and network operators. Through the authorized distribution of wireless telecommunications and data products, we intend to help manufacturers achieve their key business objectives of increasing unit sales volume, market share and points of sale. We target our efforts at the distribution channels identified by the manufacturers. Our integrated logistics services are intended to provide outsourcing solutions for the network operators' mission-critical business requirements. These integrated logistics services are designed to support network operators in their efforts to add new subscribers and increase system usage.

Distribution Services. Our distribution services include the purchasing, marketing, selling, warehousing, picking, packing, shipping and delivery of a broad selection of wireless telecommunications and data products from leading manufacturers. We continually review and evaluate wireless telecommunications and data products in determining the mix of products purchased for resale and seek to acquire distribution rights for products which we believe have the potential for significant market penetration.

The products we distribute include a variety of devices designed to work on substantially all operating platforms (including analog platforms, such as AMPS, N-AMPS, TACS and NMT, and digital platforms, such as CDMA, GSM, iDEN(R) and TDMA) and feature prominent brand names such as Alcatel, Audiovox, Ericsson, Hewlett-Packard, Kyocera, Motorola, NEC, Nokia, Novatel Wireless, Palm,

Panasonic, Research In Motion, Samsung and Siemens. In 1999 and 2000, approximately 76% and 79%, respectively, of our revenue from recurring operations was derived from handset sales. In those same years, distribution services accounted for approximately 54% and 52%, respectively, of the total units we handled.

We also distribute related wireless accessories, such as batteries, chargers, cases and "hands-free" kits. We purchase and resell original equipment manufacturer (OEM) and aftermarket accessories, either prepackaged or in bulk. Our accessory packaging services provide network operators and retail chains with custom packaged and/or branded accessories based on the specific requirements of that customer. Additionally, we provide end-user accessory fulfillment and distribution pursuant to contractual arrangements with certain network operators whereby the network operators' subscribers can order their accessories through a call center that we manage on behalf of the network operator. Accessories typically carry higher margins than handsets. In 1999 and 2000, sales of accessories accounted for approximately 16% and 11%, respectively, of our revenue from recurring operations.

Integrated Logistics Services. Our integrated logistics services include, among others, support for e-business and prepaid programs, inventory management, procurement, product fulfillment, programming, telemarketing, private labeling, kitting and customized packaging, product warranty, repair and refurbishment and end-user support services. In many of our markets we have contracts with network operators and equipment manufacturers pursuant to which we currently provide our integrated logistics services including COMCEL, Dutchtone, Esat Digifone, Handspring, MoviStar, Nextel, Panasonic and Telstra. We also procure wireless mobile devices and accessories for our customers using either our own sources or the customers' specified suppliers. We also perform packaging and kitting functions, receiving orders--either directly from customers or from our customers' subscribers--via various forms of electronic data transfer.

During 2000, integrated logistics services accounted for approximately 10% of our total revenue from recurring operations as compared to approximately 8% of total revenue from recurring operations in 1999. In 1999 and 2000, integrated logistics services accounted for approximately 46% and 48%, respectively, of the total units we handled. Because the fees for such services have higher margins than those associated with distribution services, they represent a higher than proportionate percentage of our operating profits.

CUSTOMERS

We provide our services to a customer base of more than 20,000 network operators, manufacturers, agents, resellers, dealers and retailers. For both 1999 and 2000, aggregate revenues generated from our five largest customers

accounted for approximately 11% of our total revenue and no single customer accounted for 10% or more of our total revenue.

We generally sell our products pursuant to customer purchase orders and subject to our terms and conditions. We generally ship products on the same day orders are received from the customer. Unless otherwise requested, substantially all of our products are delivered by common carriers. Because orders are filled shortly after receipt, backlog is generally not material to our business. Our integrated logistics services are typically provided pursuant to agreements with terms between one and three years that generally may be terminated by either party subject to a short notice period.

PURCHASING AND SUPPLIERS

We have established key relationships with leading manufacturers of wireless telecommunications and data equipment. We generally negotiate directly with manufacturers and suppliers in order to obtain inventories of popular brand name products on favorable pricing terms. In 2000, we made purchases from more than 60 wireless mobile device and accessory suppliers. We expect our number of suppliers to grow with our December 2000 acquisition of Advanced Portable Technologies Pty Ltd due to the number of products that the entity services. Inventory purchases are based on quality, price, service, customer demand, product availability and brand name recognition. Certain of our suppliers provide favorable purchasing terms to us, including price protection, cooperative advertising and marketing allowances. Product manufacturers typically provide limited warranties, which we extend to our customers.

Our two largest suppliers of wireless mobile devices and accessories in the aggregate accounted for approximately 75% and 73% of our product purchases in 1999 and 2000, respectively. During 1999, Nokia and Ericsson accounted for approximately 68% and 7%, respectively, of our product purchases, and in 2000 they accounted for approximately 62% and 11%, respectively, of our product purchases. None of our other suppliers accounted for 10% or more of product purchases in 1999 or 2000. Loss of the applicable contracts with these or other suppliers, or failure by these or other suppliers to supply competitive products on a timely basis and on favorable terms, or at all, would have a material adverse effect on our revenue and operating margins and our ability to obtain and deliver products on a timely and competitive basis. See --"Competition."

We maintain agreements with certain of our significant suppliers, all of which relate to specific geographic areas. Our agreements may be subject to certain conditions and exceptions including the retention by the manufacturer of certain direct accounts. Most of our agreements with suppliers are non-exclusive. Our supply agreements may require us to satisfy minimum purchase requirements and can be terminated on short notice by either party. We purchase products from manufacturers pursuant to purchase orders placed from time to time in the ordinary course of business. We generally place orders on a regular basis with our suppliers. Purchase orders are typically filled, subject to product availability, and shipped to our designated warehouses by common carrier. We believe that our relationships with our suppliers are generally good, however, we have from time to time experienced inadequate product supply from certain manufacturers. In 1999, we were unable to obtain sufficient product supplies from manufacturers in many of the markets in which we operate. Any future failure or delay by our suppliers in supplying us with products on favorable terms would severely diminish our ability to obtain and deliver products to our customers on a timely and competitive basis. If we lose any of our principal suppliers, or if any supplier imposes substantial price increases and alternative sources of supply are not readily available, it would have a material adverse effect on our results of operations.

SALES AND MARKETING

Our sales and marketing efforts are coordinated in each of our four regional divisions by a president for that particular division. These executives devote a substantial amount of their time to developing and maintaining relationships with our customers and suppliers, in addition to managing the overall operations of their divisions. Each division's sales and operations centers are managed by either general or country managers who report to the appropriate divisional president and are responsible for the daily sales and operations of their particular location. Each division has sales associates and telemarketers who specialize in or focus on sales to a specific customer category (e.g., network operator, dealer, reseller, retailer, etc.). In addition, we have dedicated a sales force to manage our network operator relationships and to further our sales of integrated logistics services. We also market integrated logistics services through sales directors in each of our four regional divisions and through dedicated sales personnel. Including support personnel, we had approximately 300 employees involved in sales and marketing at December 31, 2000, including 60 in our Asia-Pacific division, 80 in our North America division, 120 in our Europe, Middle East and Africa division and 40 in our Latin America division.

We believe that product recognition by customers and consumers is an important factor in the marketing of the products that we sell. Accordingly, we promote our capabilities and the benefits of certain of our product lines through advertising in trade publications and attending various international, national and regional trade shows, as well as through direct mail solicitation, broadcast faxing and telemarketing activities. Our suppliers and customers use a variety of methods to promote their products and services directly to consumers, including print and media advertising.

SEASONALITY

Our operating results are influenced by a number of seasonal factors in the different countries and markets in which we operate. These results may fluctuate from period to period as a result of several factors, including:

- purchasing patterns of customers in different markets;
- the timing of the introduction of new products by our suppliers and competitors;
- variations in sales by distribution channels;
- product availability and pricing; and
- promotions and subsidies by network operators.

Consumer electronics and retail sales in many geographic markets tend to experience increased volumes of sales at the end of the calendar year. This and other seasonal factors contribute to the usual increase in our sales during the fourth quarter and our operating results may continue to fluctuate significantly in the future. In addition, if unanticipated events occur, including delays in securing adequate inventories of competitive products at times of peak sales or significant decreases in sales during these periods, it could have a material adverse effect on our operating results. Because of a number of factors adversely impacting the markets we service, including, but not limited to, economic uncertainty in the United States, we did not experience our historical seasonal increase in revenue in the fourth quarter of 2000.

COMPETITION

We operate in a highly competitive business environment and in highly competitive markets and believe that such competition may intensify in the future. The markets for wireless telecommunications and data products are characterized by intense price competition and significant price erosion over the life of a product. We compete principally on the basis of value, in terms of price, time, reliability, service and product availability. We compete with numerous well-established manufacturers and wholesale distributors of wireless equipment, including our customers and suppliers; wireless network operators, including our customers; logistics service providers; electronics manufacturing service providers and export/import and trading companies. These companies may possess substantially greater financial, marketing, personnel and other resources than we do. In addition, manufacturers other than those that have historically produced wireless handsets and accessories are also entering the market to produce various wireless mobile devices, including wireless data devices. Their entry is creating new competitors for distribution and provision of integrated logistics services for these new products. Certain of these competitors have the financial resources necessary to withstand substantial price competition and implement extensive advertising and promotional campaigns, both generally and in response to efforts by additional competitors to enter into new markets or introduce new products.

The wireless telecommunications and data industry has, in the past, been characterized by relatively low barriers to entry. However, as the key market requirement shifts from pure distribution services to a mix of distribution services and integrated logistics services, and because of the effects of convergence discussed above under the heading "New Technologies, Enhancements and Applications," entry barriers are expected to rise. Increases in the cost of entry will most likely be driven by rising infrastructure costs, the expanded human resource requirement and the advanced management and information systems capabilities mandated by the integrated logistics services segment of the business. Our ability to continue to compete successfully will be largely dependent on our ability to anticipate and respond to various competitive and other factors affecting the industry, including new or changing outsourcing requirements; new product introductions; inconsistent or inadequate supply of product; changes in consumer preferences; demographic trends; international, national, regional and local economic conditions; and discount pricing strategies and promotional activities by competitors.

Competitors in our North America division include wireless equipment manufacturers, network operators and other dedicated wireless distributors such as CellStar Corporation. We also compete with logistics service providers and electronics manufacturing service providers in our North America operations, such as CTDI, UPS Logistics and CAT Logistics. In the Asia-Pacific market, our primary competitors are state-owned distributors that have retail outlets with direct end-user access as well as United States- and foreign-based exporters, traders and distributors, including CellStar Corporation, Global Tech (Holdings) Ltd. and Telepacific Pty Limited. In our Europe, Middle East and Africa division our competitors include wireless equipment manufacturers that sell directly to the region's network operators and retailers, network operators themselves, and traders and other distributors, such as Cellstar Corporation, 20/20 Logistics Ltd., European Telecom plc, Avenir S.A. and Banner Twin Choice plc, and logistics and transportation companies such as Vitesse. In our Latin America division we compete primarily with CellStar Corporation and various other distributors.

The markets for wireless communications products are characterized by

rapidly changing technology and evolving industry standards, often resulting in product obsolescence or short product life

cycles. Accordingly, our success is dependent upon our ability to anticipate technological changes in the industry and to continually and successfully identify, obtain or develop and market new products, including integrated logistics services, that satisfy evolving industry and customer requirements. The use of alternative wireless telecommunications technologies or the convergence of wireless telecommunications and computer technologies may reduce demand for existing wireless telecommunications products. Upon widespread commercial introduction, new wireless communications or convergent technologies could materially change the types of products sold by us and our suppliers and result in significant price competition. In addition, products that reach the market outside of normal distribution channels, such as "gray market" resales (e.g., unauthorized resales or illegal resales, which may avoid applicable duties and taxes), may also have an adverse impact on our operations.

INFORMATION SYSTEMS

Our operations are dependent on the functionality, design, performance and utilization of our information systems. We have implemented multiple business applications systems throughout the world which enable us to provide our customers and suppliers with distribution and service capabilities. These capabilities include e-commerce solutions; electronic data interchange; Web-based order entry account management, reporting, product catalogue and supply chain management; and various inventory tracking, management and reporting capabilities. During 1998, 1999 and 2000, we invested approximately $22.1 million, $6.1 million and $5.5 million, respectively, to install and enhance systems in newly acquired operations, to continue to develop and enhance our systems to provide electronic data interchange capabilities, to further automate our customer interfaces and enhance our overall e-business capabilities, to create solutions for our customers and to provide a flexible service delivery system in support of our integrated logistics services. We intend to use additional funds to further develop information systems throughout our four divisions, in part to utilize technology to advance our base of existing service competencies and develop new capabilities that will attempt to meet the challenges posed by convergence and consolidation. We intend to invest an aggregate of between $40 to $50 million in capital expenditures (related primarily to information technology) over the next two years. At December 31, 2000, there were approximately 110 employees in our information technology departments worldwide.

EMPLOYEES

As of December 31, 2000, we had approximately 1,800 employees; 270 in our Asia-Pacific division, 900 in our North America division, 360 in our Europe, Middle East and Africa division and 270 in our Latin America division. Of these employees, approximately 9 were in executive positions, 300 were engaged in sales and marketing, 970 were in service operations and 521 were in finance and administration (including information technology employees). None of our employees are covered by a collective bargaining agreement. We believe that our relations with our employees are good. See Business Risk Factors-Our labor force experiences a high rate of personnel turnover.

BUSINESS RISK FACTORS

Various statements, discussions and analyses throughout this Form 10-K/A are not based on historical fact and contain forward-looking statements. These statements are subject to certain risks and uncertainties, including those discussed below that could cause our actual results to differ materially from

those expressed or implied in any forward-looking statements made by us. There are many important

factors that have affected, and in the future could affect, our business, some of which are beyond our control and future trends are difficult to predict. Readers are cautioned not to place undue reliance on any forward-looking statement contained in this Form 10-K/A and should also be aware that we undertake no obligation to update any forward-looking information contained herein to reflect events or circumstances after the date of this Form 10-K/A or to reflect the occurrence of unanticipated events.

Our operations may be materially affected by fluctuations in regional demand patterns and economic factors -- The demand for our products and services has fluctuated and may continue to vary substantially within the regions served by us. Economic slow-downs in regions served by us or changes in promotional programs offered by network operators may lower consumer demand and create higher levels of inventories in our distribution channels which results in lower than anticipated demand for the products and services that we offer and can decrease our gross and operating margins. We believe our operations were adversely affected by an economic slow-down in the United States during the fourth quarter of 2000. We also believe that this economic slow-down will continue to impact our operations in 2001. Although the factors impacting our United States demand are currently expected to improve during the second half of 2001, approximately 35% of our revenues and 53% of our operating income from recurring operations was generated in our North America region during 2000. A prolonged economic slow-down in the United States or any other regions in which we have significant operations could negatively impact our results of operations.

Our business may be adversely impacted by consolidation of network operators -- The past several years has witnessed a consolidation within the network operator community which trend is expected to continue in at least the near future. This trend could result in a reduction or elimination of promotional activities by the remaining network operators as they seek to reduce their expenditures, which could, in turn result in decreased demand for our products or services. Moreover, consolidation of network operators reduces the number of potential contracts available to us and other providers of integrated logistic services. We could also lose business if network operators which are our customers are acquired by other network operators which are not our customers.

Our business depends on the continued tendency of wireless equipment manufacturers and network operators to outsource aspects of their business to us in the future -- Our business depends in large part on wireless equipment manufacturers and network operators outsourcing some or all of their business functions to us. We fulfill functions such as customized packaging, prepaid and e-commerce solutions, inventory management, distribution and other outsourced services for many of these manufacturers and network operators. Certain wireless equipment manufacturers and network operators have elected, and others may elect, to undertake these services internally. Additionally, industry consolidation, competition, deregulation, technological changes or other developments could reduce the degree to which members of the wireless telecommunications and data industry rely on outsourced integrated logistics services such as the services we provide. Any significant change in the market for our outsourcing services could have a material adverse effect on our business. Our outsourced services are generally provided under multi-year renewable contractual arrangements. Service periods under certain of our contractual arrangements are expiring or will expire in the near future. The failure to obtain renewal of these agreements could have a material adverse effect on our business.

Rapid technological changes in the wireless telecommunications and data industry could have a material adverse effect on our business -- The technology relating to wireless telecommunications and data

equipment changes rapidly, and industry standards are constantly evolving, resulting in product obsolescence or short product life cycles. We are required to anticipate future technological changes in our industry and to continually identify, obtain and market new products in order to satisfy evolving industry and customer requirements. Competitors or manufacturers of wireless equipment may market products which have perceived or actual advantages over products that we handle or which otherwise render those products obsolete or less marketable. We have made and continue to make significant capital investments in accordance with evolving industry and customer requirements. These concentrations of capital increase our risk of loss as a result of rapid technological changes in the wireless telecommunications and data industry.

The use of emerging wireless communications technologies, including GPRS, EDGE, W-CDMA, Bluetooth, wireless local loop, satellite-based communications systems and other new technologies, may reduce the demand for existing cellular and PCS products. If other companies develop and commercialize new technologies or products in related market segments that compete with existing cellular and PCS technology, it could materially change the types of products that we may be required to offer or result in significant price competition for us. Product obsolescence could result in significantly increased inventories of our unsold products. However, if we elect to stock our inventories in the future with any of these technologies and products, we will run the risk that our existing customers and consumers may not be willing, for financial or other reasons, to purchase new equipment necessary to utilize these new technologies. In addition, the complex hardware and software contained in new wireless handsets could contain defects which become apparent subsequent to widespread commercial use, resulting in product recalls and returns and leaving us with additional unsold inventory.

Our future operating results will depend on our ability to continue to increase our sales significantly -- A large percentage of our total revenues in recent periods has come from sales of wireless handsets, a segment of our business that operates on a high-volume, low-margin basis. Our ability to generate these sales is based upon our having adequate supply of products. The gross margins that we realize on sales of wireless handsets could be reduced due to increased competition or a growing industry emphasis on cost containment. In addition, our operating expenses have increased significantly. We expect these expenses to continue to increase as we expand our activities and increase our provision of integrated logistics services. Therefore, our future profitability will depend on our ability to increase sales to cover our additional expenses. We may not be able to cause our sales rates to grow substantially. Even if our sales rates do increase, the gross margins that we receive from our sales may not be sufficient to make our future operations profitable.

A significant percentage of our revenues is generated outside of North America in countries that may have volatile currencies or other risks -- We maintain operations centers and sales offices in many territories and countries. The fact that our business operations are conducted in a wide variety of countries exposes us to increased credit risks, customs duties, import quotas and other trade restrictions, potentially greater inflationary pressures, shipping delays, the risk of failure or material interruption of wireless systems and services, possible wireless product supply interruption and potentially significant increases in wireless product prices. Changes may occur in social, political, regulatory and economic conditions or in laws and policies governing foreign trade and investment in the territories and countries where we

currently have operations. U.S. laws and regulations relating to investment and trade in foreign countries could also change to our detriment. Any of these factors could have a material adverse effect on our business and operations. We purchase and sell products and services in a large number of foreign currencies, many of

which have experienced fluctuations in currency exchange rates. On occasion, we enter into forward exchange swaps, futures or options contracts as a means of hedging our currency transaction and balance sheet translation exposures. However, our management has had limited prior experience in engaging in these types of transactions. Even if done well, hedging may not effectively limit our exposure to a decline in operating results due to foreign currency translation. We cannot predict the effect that future exchange rate fluctuations will have on our operating results. During 1999, and pursuant to our restructuring plan, we terminated or eliminated several of our foreign operations because they were not performing to acceptable levels. These terminations resulted in significant losses to us. We may in the future, decide to terminate certain existing foreign operations. This could result in our incurring significant additional losses.

We buy a significant amount of our products from a limited number of suppliers, who may not provide us with competitive products at reasonable prices when we need them in the future -- We purchase all of the wireless handsets and accessories that we sell from third-party wireless communications equipment manufacturers, dealers and network operators. We depend on these suppliers to provide us with adequate inventories of currently popular brand name products on a timely basis and on favorable pricing terms. Our agreements with our suppliers generally are non-exclusive, require us to satisfy minimum purchase requirements, can be terminated on short notice and provide for certain territorial restrictions, as is common in our industry. We generally purchase products pursuant to purchase orders placed from time to time in the ordinary course of business. In the future, our suppliers may not offer us competitive products on favorable terms without delays. From time to time we have been unable to obtain sufficient product supplies from manufacturers in many markets in which we operate. Any future failure or delay by our suppliers in supplying us with products on favorable terms would severely diminish our ability to obtain and deliver products to our customers on a timely and competitive basis. If we lose any of our principal suppliers, or if any supplier imposes substantial price increases and alternative sources of supply are not readily available, it would have a material adverse effect on our results of operations.

The wireless telecommunications and data industry is intensely competitive and we may not be able to continue to compete successfully in this industry -- We compete for sales of wireless telecommunications and data equipment, and expect that we will continue to compete, with numerous well-established wireless network operators, distributors and manufacturers, including our own suppliers. As a provider of integrated logistics services, we also compete with other distributors, logistics services companies and electronic manufacturing services companies. Many of our competitors possess greater financial and other resources than we do and may market similar products directly to our customers. The wireless telecommunications and data industry has generally had low barriers to entry. As a result, additional competitors may choose to enter our industry in the future. The markets for wireless handsets and accessories are characterized by intense price competition and significant price erosion over the life of a product. Many of our competitors have the financial resources to withstand substantial price competition and to implement extensive advertising and promotional programs, both generally and in response to efforts by additional competitors to enter into new markets or introduce new products. Our ability to continue to compete successfully will depend largely on our ability to maintain our current industry relationships. We may not be successful in anticipating and responding to competitive factors affecting our industry, including new or

changing outsourcing requirements, the entry of additional well-capitalized competitors, new products which may be introduced, changes in consumer preferences, demographic trends, international, national, regional and local economic conditions and competitors' discount pricing and promotion strategies. As the cellular markets mature and as we seek to enter into new markets and offer new products in the future, the competition that we face may change and grow more intense.

We may not be able to manage and sustain future growth at our historical or current rates -- In recent years we have experienced domestic and international growth. We will need to manage our expanding operations effectively, maintain or accelerate our growth as planned and integrate any new businesses which we may acquire into our operations successfully in order to continue our desired growth. If we are unable to do so, particularly in instances in which we have made significant capital investments, it could have a material adverse effect on our operations. In addition, our growth prospects could be adversely affected by a decline in the wireless telecommunications and data industry generally or in one of our regional divisions, either of which could result in reduction or deferral of expenditures by prospective customers.

Our business strategy includes entering into strategic relationships and financings, which may provide us with minimal returns or losses on our investments -- As part of our expansion strategy, we have entered into several strategic relationships and joint ventures with wireless equipment manufacturers and network operators. We intend to continue to enter into similar strategic relationships as opportunities arise. We may enter into distribution or integrated logistics services agreements with these strategic partners and may provide them with equity or debt financing. Our ability to achieve future profitability through our strategic relationships will depend in part upon the economic viability, success and motivation of the entities we select as strategic partners and the amount of time and resources that these partners devote to our alliances. We may receive minimal or no business from future relationships and joint ventures, and any business we receive may not be significant or at the level we anticipated. The future profits we receive from these strategic relationships, if any, may not offset possible losses on our investments or the full amount of financings that we extend upon entering into these relationships. Any loan to or investment in a future strategic partner will be subject to many of the same risks faced by the strategic partner in seeking to operate and grow its businesses. We may not achieve acceptable returns on our future investments with strategic partners within an acceptable period or at all. As a part of our restructuring plan in 1999 we terminated two joint operations in China resulting in significant losses on our investments in those operations. A failure in the establishment and operation of such relationships could have a material adverse effect on our operations.

We have incurred significant losses during certain quarterly periods -- Although we achieved a profit during each quarter in the year ended December 31, 2000, we incurred net losses for each of the first two quarters of 1999 and a net loss of $87.8 million for the year ended December 31, 1999. We also incurred a net loss of $19.8 million for the three months ended December 31, 1998. The net loss for 1999 includes approximately $79.6 million of restructuring and other unusual charges as well as the cumulative effect of an accounting change of $13.4 million. The net loss for the three months ended December 31, 1998 includes approximately $37.6 million of trading and other unusual charges resulting from our decision to eliminate our trading activities and sales to other distributors (see Note 2 to the Consolidated Financial Statements). Several business factors appear to have contributed to our losses in these periods including an inadequate supply of products for sale through our distribution services, our inability to replace, during 1999, revenues which had been generated by the trading business that we exited in the fourth quarter of

1998, the impacts of the devaluation of the Brazilian Real and price competition from trading companies in our Asia-Pacific and Latin America divisions. We may incur additional future losses.

We have significant outstanding indebtedness, which is secured by a large portion of our assets and which could prevent us from borrowing additional funds, if needed -- If we violate our loan covenants,

default on our obligations or become subject to a change of control, our indebtedness could become immediately due and payable, and the banks could foreclose on our assets. The terms of our senior credit facility substantially prohibit us from incurring additional indebtedness, which could limit our ability to expand our operations. Our senior credit facility also limits or prohibits us from declaring or paying cash dividends, making capital distributions or other payments to stockholders, merging or consolidating with another corporation or selling all or substantially all of our assets.

There are significant amounts of our securities which are issuable upon exercise of outstanding convertible securities as well as under other stock plans which could affect the market price of our common stock -- The $250 million face value of our 20-year zero-coupon, subordinated, convertible notes are convertible at the option of the holder any time prior to maturity. These notes are convertible at the rate of 19.109 shares of common stock per $1,000 face value note, for an aggregate of 4,777,250 shares of common stock. Additionally, we have reserved a significant number of shares of common stock that may be issuable pursuant to our employee stock option and purchase plans, and upon the exercise of currently outstanding warrants. These securities, when issued and outstanding, may reduce earnings per share in periods that they are considered dilutive under Generally Accepted Accounting Principles and, to the extent that they are exercised and shares of common stock are issued, dilute percentage ownership to existing stockholders which could have an adverse effect on the market price of our common stock.

We have instituted measures to protect us against a takeover -- Certain provisions of our by-laws, stockholders rights and option plans, certain employment agreements and the Delaware General Corporation Law are designed to protect us in the event of a takeover attempt. These provisions could prohibit or delay mergers or attempted takeovers or changes in control of us and, accordingly, may discourage attempts to acquire us.

We may have difficulty collecting our accounts receivable -- We currently offer and intend to offer open account terms to our customers, which may subject us to credit risks, particularly in the event that any receivables represent sales to a limited number of customers or are concentrated in particular geographic markets. Any delays in collecting or inability to collect our receivables could have a material adverse effect on our business.

Our operating results frequently vary significantly and respond to seasonal fluctuations in purchasing patterns -- Our operating results are influenced by a number of seasonal factors in the different countries and markets in which we operate. These results may fluctuate from period to period as a result of several factors, including:

- purchasing patterns of customers in different markets;
- the timing of introduction of new products by our suppliers and competitors;

- variations in sales by distribution channels; and

- product availability and pricing.

Consumer electronics and retail sales have historically experienced increased volumes of sales at the end of the calendar year. This and other seasonal factors contribute to the usual increase in our sales during the fourth quarter of our fiscal year. However, this increase did not occur in 2000. Our operating results may continue to fluctuate significantly in the future. In addition, if unanticipated events occur, including delays in securing adequate inventories of competitive products at times of peak sales or significant decreases in sales during these periods, it could have a material adverse effect on our operating results.

Our continued growth depends on retaining our current key employees and attracting additional qualified personnel -- Our success depends in large part on the abilities and continued service of our executive officers and other key employees. Although we have entered into employment agreements with several of our officers and employees, we may not be able to retain their services. We also have non-competition agreements with our executive officers and some of our existing key personnel. However, courts are sometimes reluctant to enforce non-competition agreements. The loss of executive officers or other key personnel could have a material adverse effect on us. In addition, in order to support our continued growth, we will be required to effectively recruit, develop and retain additional qualified management. If we are unable to attract and retain additional necessary personnel, it could delay or hinder our plans for growth.

We rely to a great extent on trade secret and copyright laws and agreements with our key employees and other third parties to protect our proprietary rights -- Our business success is substantially dependent upon our proprietary business methods and software applications relating to our information systems. We currently hold one patent relating to certain of our business methods. Concerning other business methods and software we rely on trade secret and copyright laws to protect our proprietary knowledge. We also regularly enter into non-disclosure agreements with our key employees and limit access to and distribution of our trade secrets and other proprietary information. These measures may not prove adequate to prevent misappropriation of our technology. Our competitors could also independently develop technologies that are substantially equivalent or superior to our technology, thereby eliminating one of our competitive advantages. We also have offices and conduct our operations in a wide variety of countries outside the United States. The laws of some other countries do not protect our proprietary rights to the same extent as do laws in the United States. In addition, although we believe that our business methods and proprietary software have been developed independently and do not infringe upon the rights of others, third parties

might assert infringement claims against us in the future or our business methods and software may be found to infringe upon the proprietary rights of others.

We make significant investments in the technology used in our business and rely on this technology to function effectively without interruptions -- We have made significant investments in sophisticated and specialized information systems technology and have focused on the application of this technology to provide customized integrated logistics services to wireless communications equipment manufacturers and network operators. Our sales and marketing efforts, a large part of which are telemarketing based, are highly dependent on computer and telephone equipment. We anticipate that we will need to continue to invest

significant amounts to enhance our information systems in order to maintain our competitiveness and to develop new logistics services. Our property and business interruption insurance may not compensate us adequately, or at all, for losses that we may incur if we lose our equipment or systems either temporarily or permanently through a casualty or operating malfunction. In addition, a significant increase in the costs of additional technology or telephone services that is not recoverable through an increase in the price of our services could have a material adverse effect on our results of operations.

Our labor force experiences a high rate of personnel turnover -- Our distribution and integrated logistics services are labor-intensive, and we experience high personnel turnover and can be adversely affected by shortages in the available labor force in geographical areas where we operate. A significant portion of our labor force is contracted through temporary agencies, and a significant portion of our costs consist of wages to hourly workers. Growth in our business, together with seasonal increases in net sales, requires us to recruit and train personnel at an accelerated rate from time to time. We may not be able to continue to hire, train and retain a significant labor force of qualified individuals when needed, or at all. An increase in hourly costs, employee benefit costs, employment taxes or commission rates could have a material adverse effect on our operations. In addition, if the turnover rate among our labor force increased further, we could be required to increase our recruiting and training efforts and costs, and our operating efficiencies and productivity could decrease.

We have significant future payment obligations pursuant to certain leases and other long-term contracts -- We lease our office and warehouse/distribution facilities as well as certain furniture and equipment under real property and personal equipment leases. Many of these leases are for terms that exceed one year and require us to pay significant monetary charges for early termination or breach by us of the lease terms. We cannot be certain of our ability to adequately fund these lease commitments from our future operations and our decision to modify, change or abandon any of our existing facilities could have a material adverse effect on our operations.

We may become subject to suits alleging medical risks associated with our wireless handsets -- Lawsuits or claims have been filed or made against manufacturers of wireless handsets over the past years alleging possible medical risks, including brain cancer, associated with the electromagnetic fields emitted by wireless communications handsets. There has been only limited relevant research in this area, and this research has not been conclusive as to what effects, if any, exposure to electromagnetic fields emitted by wireless handsets has on human cells. Substantially all of our revenues are derived, either directly or indirectly, from sales of wireless handsets. We may become subject to lawsuits filed by plaintiffs alleging various health risks from our products. If any future studies find possible health risks associated with the use of wireless handsets or if any damages claim against us is successful, it could have a material adverse

effect on our business. Even an unsubstantiated perception that health risks exist could adversely affect our ability or the ability of our customers to market wireless handsets.

The market price of our common stock may continue to be volatile -- The market price of our common stock has fluctuated significantly from time to time since our initial public offering in April 1994. The trading price of our common stock could experience significant fluctuations in the future in response to certain factors, which could include actual or anticipated variations in our quarterly operating results; the introduction of new services, products or technologies by us, our suppliers or our competitors; changes in other

conditions or trends in the wireless telecommunications and data industry; changes in governmental regulation; or changes in securities analysts' estimates of our future performance or that of our competitors or our industry in general. General market price declines or market volatility in the prices of stocks for companies in the wireless telecommunications and data industry or in the distribution or integrated logistics services sectors of the wireless telecommunications and data industry could also affect the market price of our common stock.

SEGMENT FINANCIAL INFORMATION

Financial information concerning the Company's segments is included in Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Operating Segments" on pages A-7 and A-8 of this Annual Report on Form 10-K/A.

ITEM 2. PROPERTIES.

We provide our distribution and integrated logistics services from our sales and operations centers located in various countries including Australia, Brazil, the People's Republic of China (including Hong Kong), Colombia, France, Germany, Ireland, Jordan, Mexico, the Netherlands, New Zealand, the Philippines, South Africa, Sweden, the United Arab Emirates, the United States, and Venezuela. Substantially all of these facilities are occupied pursuant to operating leases. The table below summarizes information about our sales and operations centers by operating division.

	NUMBER OF LOCATIONS(1)	AGGREGATE SQUARE FOOTAGE	APPROXIMATE MONTHLY RENT
North America...........................	3	823,410	$430,000
Asia-Pacific............................	7	104,269	43,000
Europe, Middle East and Africa...........	10	175,428	94,000
Latin America...........................	6	218,360	50,000
	26	1,321,467	$617,000

(1) Refers to geographic areas in which we maintain facilities and considers multiple buildings located in the same area as a single geographic location.

In 2000, the Company consolidated 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. We have entered into a twenty-year lease for this facility and with 495,000 square feet of office and plant space it is our largest operations center. In addition, we have been attempting to sublease the former North America headquarters and distribution center located at 6402 Corporate Drive in Indianapolis, Indiana, which is currently serving as our Corporate headquarters. The lease term of this facility expires in 2006 and current rental payments are approximately $80,000 per month.

We believe that our existing facilities are adequate for our current requirements and that suitable additional space will be available as needed to

accommodate future expansion of our operations.

ITEM 3. LEGAL PROCEEDINGS.

We are from time to time, involved in certain legal proceedings in the ordinary course of conducting our business. We believe there are no pending legal proceedings in which we are currently involved which will have a material adverse effect on our financial position.

We and certain of our 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 entitled In re Brightpoint Securities Litigation, United States District Court, Southern District of Indiana, Indianapolis Division, Cause No. IP 99-870-C H/G. The action asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 of the Exchange Act, based on allegations that false and misleading statements were rendered and/or statements were omitted concerning the Company's then current and future financial condition and business prospects. The action involves a purported class of purchasers of the Company's stock during the period October 2, 1998 through March 10, 1999. The Company and the individual defendants filed a motion to dismiss the action. The court granted that motion on March 29, 2001. The plaintiffs have until April 26, 2001, to file a motion seeking leave to amend their complaint. If they do not do so, the court will enter final judgment dismissing the case. The outcome of any litigation is uncertain and it is possible that an unfavorable decision could have a material adverse effect on the Company's financial position, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The information required by this Item is set forth in "Other Information" on page A-46 of this Annual Report on Form 10-K/A.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this Item is set forth in "Selected Financial Data" on page A-47 of this Annual Report on Form 10-K/A.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this Item is set forth on pages A-3 to A-8, A-10 to A-14, A-17 to A-19 and A-21 of this Annual Report on Form 10-K/A.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The information required by this Item is set forth in the subsection "Financial Market Risk Management" of Management's Discussion and Analysis on

page A-21 of this Annual Report on Form 10-K/A.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item is set forth in the Consolidated Financial Statements of the Company on pages A-2, A-9, A-15, A-16, A-20, A-22 to A-45 of this Annual Report on Form 10-K/A.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

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PART III

Certain information required by Part III is contained in the Company's definitive Proxy Statement relating to its Annual Meeting of Stockholders for the Annual Meeting of Stockholders held in 2001, which has been filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 (the "Proxy Statement") and such information included in the Proxy Statement is incorporated herein by reference.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this Item is in the Proxy Statement under the Section entitled "Election of Directors," which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is set forth in the Proxy Statement under the Section entitled "Executive Compensation," which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item is set forth in the Proxy Statement under the Section entitled "Voting Security Ownership of Certain Beneficial Owners and Management," which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The Company utilizes the services of a third party for the purchase of corporate gifts, promotional items and standard and personalized corporate stationery. Prior to June 1, 2000 Mrs. Judy Laikin, the mother of Robert J. Laikin, the Company's Chief Executive Officer, owned this third party. For the year ended December 31, 2000, the Company purchased approximately $186,400 of services and products from this entity. The Company believes these purchases by the Company were made on terms no less favorable than could be made from an unrelated party.

During the fiscal year ended December 31, 2000 the Company paid Stuart's Moving & Storage approximately $134,000 for certain moving expenses. Todd H. Stuart, a director of the Company, is an officer of Stuart's Moving and Storage. The Company believes that the services provided to it by Stuart's Moving & Storage were on terms no less favorable than could have been obtained from an unrelated party.

During 1999 the Company entered into an agreement to provide product

distribution, fulfillment and other integrated logistics services to TelStreet.com, Inc., a privately-held company that was engaged in the business of selling wireless communications products and related accessories through the Internet and activating wireless service to end-user customers. Messrs. Laikin and Howell were directors and stockholders and Messrs. Bounsall, Fivel, Adams, Dick, Simon, Stuart and Wagner were stockholders of TelStreet.com, Inc. Certain of Mr. Laikin's relatives were also stockholders of TelStreet.com, Inc.

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TelStreet.com, Inc. was acquired by Buy.com Inc. in August 2000 in exchange for shares of common stock of Buy.com Inc. in an amount equal to approximately 1% of Buy.com's outstanding common stock. None of the officers or directors of the Company are, or at any time have been, officers or directors of Buy.com Inc. During 2000 the Company's transactions with TelStreet.com, Inc. and Buy.com Inc. accounted for approximately $563,000 and $916,000, respectively, of the Company's revenue.

During the fiscal year ended December 31, 2000, an entity in which the father of Robert J. Laikin is believed by the Company to be a fifty percent (50%) equity owner, provided risk management services to the Company for which the entity received $142,500 in consulting fees. During the fiscal year ended December 31, 2000, the Company also paid to an insurance brokerage firm for which the father of Robert J. Laikin acts as an independent insurance broker $180,000 in service fees and certain insurance premiums, which premiums were forwarded to the Company's respective insurance carriers.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a)(1) The following financial statements and information of the Company are filed as a part of this report commencing on page A-1:

Report of Independent Auditors

Consolidated Statements of Operations for the Years Ended December 31, 1998, 1999 and 2000 (as restated)

Consolidated Balance Sheets as of December 31, 1999 and 2000 (as restated)

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1998, 1999 and 2000 (as restated)

Consolidated Statements of Cash Flows for the Years Ended December 31, 1998, 1999 and 2000 (as restated)

Notes to the Consolidated Financial Statements (as restated)

(a)(2) The following financial statement schedule for the year ended December 31, 2000, including the Report of Independent Auditors on Financial Statement Schedule for the three years ended December 31, 2000, is submitted herewith:

Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(a)(3) Exhibits

EXHIBIT NUMBER	DESCRIPTION
3.1	Certificate of Incorporation of the Company, as amended (6)
3.2	Amended and Restated By-Laws of the Company (6)
3.3	Certificate of Merger of Brightpoint, Inc. into Wholesale Cellular USA, Inc., effective September 15, 1995 (2)
4.1	Indenture between the Company and the Chase Manhattan Bank, as Trustee (8)
10.1	1994 Stock Option Plan, as amended (15)*
10.2	1996 Stock Option Plan, as amended (15)*
10.3	Non-Employee Directors Stock Option Plan (1)
10.4	Employee Stock Purchase Plan (13)
10.5	Amended and Restated Employment Agreement between the Company and Robert J. Laikin dated July 1, 1999 (14)*
10.6	Amended and Restated Employment Agreement between the Company and J. Mark Howell dated July 1, 1999 (14)*
10.7	Amended and Restated Employment Agreement between the Company and Phillip A. Bounsall dated July 1, 1999 (14)*
10.8	Amended and Restated Employment Agreement between the Company and Steven E. Fivel dated July 1, 1999 (14)*
10.9	Lease Agreement between the Company and Corporate Drive Associates, LLC, dated June 6, 1995 (3)
10.10	Amendment to Lease Agreement between the Company and Corporate Drive Associates, LLC, dated October 3, 1995 (3)
10.11	Second Amendment to Lease agreement between the Company and Corporate Drive Associates, LLC, dated as of July 17, 1996 (6)

EXHIBIT NUMBER	DESCRIPTION
10.12	Lease Agreement (Building Expansion) between the Company and Corporate Drive Associates, LLC, dated as of July 17, 1996 (6)
10.13	Rights Agreement, dated as of February 20, 1997, between the Company and Continental Stock Transfer Trust Company, as Rights Agent (4)

10.14	Lease Agreement between the Company and DP Operating Partnership, L.P., dated as of March 1, 1997 (5)
10.15	Multicurrency Credit Agreement dated as of June 24, 1997 (the "Credit Agreement") among the Company, Brightpoint International Ltd., the Subsidiary Borrowers from time to time party thereto, the Guarantors from time to time party thereto, the Financial Institutions from time to time party thereto as lenders, The First National Bank of Chicago as administrative agent and Bank One, Indiana, N.A. as syndication agent (6)
10.16	Form of Waiver and Amendment No. 1 to Credit Agreement dated as of November 15, 1997 (7)
10.17	Third Amendment to Multicurrency Credit Agreement dated March 20, 1998 (9)
10.18	Fourth Amendment to Multicurrency Credit Agreement dated April 16, 1998 (10)
10.19	Amended and Restated Multicurrency Credit Agreement originally dated June 24, 1997 and amended and restated as of May 13, 1998 (10)
10.20	Lease Agreement between the Company and New World Partners Joint Venture Number Five, dated July 30, 1998 (11)
10.21	Lease Agreement between the Company and Airtech Parkway Associates, LLC, dated September 18, 1998 (11)
10.22	Form of Indemnification Agreement of certain officers and directors (16)
10.23	Amendment No. 1 to Amended and Restated Multicurrency Credit Agreement dated October 19, 1998 (12)
10.24	Amendment No. 2 to Amended and Restated Multicurrency Credit Agreement dated September 30, 1998 (12)

EXHIBIT NUMBER	DESCRIPTION
10.25	Amendment No. 3 to Amended and Restated Multicurrency Credit Agreement dated January 1, 1999 (12)
10.26	Fourth Amendment to Multicurrency Agreement dated May 13, 1998 (13)
10.27	Second Amended and Restated Multicurrency Credit Agreement dated May 13, 1998 and amended and restated as of July 27, 1999 (14)
10.28	Amendment Number 1 to the Rights Agreement (the "Agreement") by and between Brightpoint, Inc. (the "Company") and Continental Stock Transfer & Trust Company, as Rights Agent, dated as of January 4, 1999 (13)
10.29	Amendment Number 1 to the Second Amended and Restated Multicurrency Credit Agreement dated as of March 20, 2000 (17)

10.30	Amendment Number 2 to the Second Amended and Restated Multicurrency Credit Agreement dated as of June 28, 2000 (18)
10.31	Amendment Number 3 to the Second Amended and Restated Multicurrency Credit Agreement dated as of October 27, 2000 (19)
10.32	Amendment Number 4 to the Second Amended and Restated Multicurrency Credit Agreement dated as of December 27, 2000 (20)
10.33	Amendment dated January 1, 2001 to the Amended and Restated Agreement between the Company and Robert J. Laikin dated July 1, 1999 (20)*
10.34	Amendment dated January 1, 2001 to the Amended and Restated Agreement between the Company and J. Mark Howell dated July 1, 1999 (20)*
10.35	Amendment dated January 1, 2001 to the Amended and Restated Agreement between the Company and Phillip A. Bounsall dated July 1, 1999 (20)*
10.36	Amendment dated January 1, 2001 to the Amended and Restated Agreement between the Company and Steven E. Fivel dated July 1, 1999 (20)*
10.37	Lease Agreement between the Company and Harbour Properties, LLC, dated April 25, 2000 (20)

EXHIBIT NUMBER	DESCRIPTION
10.38	Pledge Supplement for Brightpoint North America, Inc. dated January 1, 2001 to the Second Amended and Restated Multicurrency Credit Agreement dated as of July 27, 1999 (20)
10.39	Pledge Supplement for Brightpoint North America L.P. dated January 1, 2001 to the Second Amended and Restated Multicurrency Credit Agreement dated as of July 27, 1999 (20)
10.40	Subsidiary Borrower and Guarantor Letter for Brightpoint North America, Inc. dated January 1, 2001 under the Second Amended and Restated Multicurrency Credit Agreement dated as of July 27, 1999 (20)
10.41	Subsidiary Borrower and Guarantor Letter for Brightpoint North America L.P. dated January 1, 2001 under the Second Amended and Restated Multicurrency Credit Agreement dated as of July 27, 1999 (20)
10.42	Security Agreement dated January 1, 2001 between Brightpoint North America, Inc. and Bank One, Indiana, National Association under the Second Amended and Restated Multicurrency Credit Agreement dated as of July 27, 1999 (20)
10.43	Security Agreement dated January 1, 2001 between Brightpoint North America L.P. and Bank One, Indiana, National Association under the Second Amended and Restated Multicurrency Credit Agreement dated as of July 27, 1999 (20)

21	Subsidiaries (20)
23	Consent of Ernst & Young LLP (21)
99	Cautionary Statements (22)

(1) Incorporated by reference to the exhibit filed with the Company's Registration Statement (33-75148) effective April 7, 1994.

(2) Incorporated by reference to the exhibit filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.

(3) Incorporated by reference to the exhibit filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.

(4) Incorporated by reference to the exhibit filed with the Company's Current Report on Form 8-K, dated March 28, 1997.

(5) Incorporated by reference to the exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997.

(6) Incorporated by reference to the exhibit filed with the Company's Registration Statement on Form S-3 (333-29533) effective August 6, 1997.

(7) Incorporated by reference to the exhibit filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.

(8) Incorporated by reference to the exhibit filed with the exhibit filed with the Company's Current Report on Form 8-K dated April 1, 1998 for the event dated March 5, 1998.

(9) Incorporated by reference to the exhibit filed with the exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.

(10) Incorporated by reference to the exhibit filed with the exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.

(11) Incorporated by reference to the exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

(12) Incorporated by reference to the exhibit filed with the Company's Form 10-K for the fiscal year ended December 31, 1998.

(13) Incorporated by reference to Appendix A filed with the Company's Proxy Statement dated April 15, 2000 relating to its Annual Stockholders meeting held May 18, 2000.

(14) Incorporated by reference to the exhibit filed with the Company's Quarterly report on Form 10-Q for the quarter ended June 30, 1999.

(15) Incorporated by reference to the exhibit filed with the Company's

Registration Statement on Form S-8 (333-87863) dated September 27, 1999.

(16) Incorporated by reference to the exhibit filed with the Company's Form 10-K for the fiscal year ended December 31, 1999.

(17) Incorporated by reference to the exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.

(18) Incorporated by reference to the exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.

(19) Incorporated by reference to the exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.

(20) Incorporated by reference to the exhibit filed with the Company's Amendment No. 1 to Form 10-K/A, for the fiscal year ended December 31, 2000.

(21) Filed as page F-2 of this report.

(22) Filed herewith.

* Denotes management compensation plan or arrangement.

(b) Reports on Form 8-K:

The Company filed a Current Report on Form 8-K for the event dated October 30, 2000 under Item 5 to report the plan to purchase up to 130,000 of its outstanding convertible subordinated zero-coupon bonds due 2018.

In addition, the Company filed a Current Report on Form 8-K for the event dated December 20, 2000 under Item 5 to report the update of revenue and earnings estimates.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 28, 2002

/s/ ROBERT J. LAIKIN

By: Robert J. Laikin
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/s/ ROBERT J. LAIKIN ------------------------ Robert J. Laikin	Chairman of the Board Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2002
/s/ J. MARK HOWELL ------------------------ J. Mark Howell	President, Chief Operating Officer and Director	February 28, 2002
/s/ PHILLIP A. BOUNSALL ------------------------ Phillip A. Bounsall	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 28, 2002
/s/ JOHN W. ADAMS ------------------------ John W. Adams	Director	February 28, 2002
/s/ ROLLIN M. DICK ------------------------ Rollin M. Dick	Director	February 28, 2002
/s/ STEPHEN H. SIMON ------------------------ Stephen H. Simon	Director	February 28, 2002
/s. JERRE L. STEAD ------------------------ Jerre L. Stead	Director	February 28, 2002
/s/ TODD H. STUART ------------------------ Todd H. Stuart	Director	February 28, 2002
------------------------ Robert F. Wagner	Director	February 28, 2002

APPENDIX A

FINANCIAL
INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders
Brightpoint, Inc.

We have audited the accompanying Consolidated Balance Sheets of Brightpoint, Inc. as of December 31, 2000 and 1999, and the related Consolidated Statements of Operations, Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2000, on pages A - 9, A - 15, A - 16, A - 20, and A - 22 through A - 45 and the information appearing under the caption "Operating Segments" on pages A - 7 and A - 8. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Brightpoint, Inc. at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 17 to the Consolidated Financial Statements, the Company has restated its previously issued 2000, 1999, and 1998 Consolidated Financial Statements.

/s/ Ernst & Young LLP

Indianapolis, Indiana
January 22, 2001, except for Notes 8 and 17,
as to which the dates are November 16, 2001 and January 31, 2002, respectively

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Brightpoint, Inc. is responsible for the preparation and integrity of the Company's Consolidated Financial Statements and all related information appearing in this Annual Report. The Company maintains accounting and internal control systems which are intended to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with management's authorization and accounting records are reliable for preparing financial statements in accordance with accounting principles generally accepted in the United States.

The financial statements for each of the years covered in this Annual Report have been audited by independent auditors who have provided an independent assessment as to the fairness of the financial statements.

The Board of Directors has appointed an Audit Committee whose three members are not employees of the Company. The Board of Directors has also adopted a written charter that establishes the roles and responsibilities of the Audit Committee. Pursuant to its charter, the Audit Committee meets with certain members of management and the independent auditors to review the results of their work and satisfy itself that their responsibilities are being properly discharged. The independent auditors have full and free access to the Audit Committee and have discussions with the Audit Committee regarding appropriate matters, with and without management present.

/s/ ROBERT J. LAIKIN	/s/ J. MARK HOWELL	/s/ PHILLIP A. BOUNSALL
Robert J. Laikin	J. Mark Howell	Phillip A. Bounsall
Chairman of the Board and	President and	Executive Vice President, Chief
Chief Executive Officer	Chief Operating Officer	Financial Officer and Treasurer

OVERVIEW AND RECENT DEVELOPMENTS

The discussion and analysis contained in the following pages should be read in conjunction with the Consolidated Financial Statements of the Company and the notes thereto. All currency amounts stated within this Annual Report refer to U.S. Dollars.

BASIS OF PRESENTATION

On November 13, 2001, the Company announced that it would restate its annual financial statements for 1998, 1999, 2000 and the interim periods of 2001. On January 31, 2002, the Company announced that it would further restate its financial statements for the same periods. As more fully discussed in Note 17 to the Consolidated Financial Statements, the Company entered into an agreement with an insurance company, effective in 1998, relating to retrospective and prospective loss occurrences. The retrospective occurrences related primarily to previously reported losses the Company had sustained in its trading division, an operation that the Company closed in 1998. The Company has responded to requests for information and subpoenas from the Securities and Exchange Commission (SEC) in connection with an investigation including the Company's accounting treatment of the agreement with the insurance company referenced above. In addition, certain officers or employees of the Company have provided testimony to the SEC and the Company believes that the staff of the SEC will subpoena additional testimony of certain officers and employees of the Company. In connection with those responses, the Company and its independent

auditors reviewed the agreement with the insurance company and the accounting for the related transactions. In November of 2001, the Company and its independent auditors believed that insurance expense should have been accrued at the date the Company entered into the agreement, rather than prospectively over the periods covered by the agreement because the Company could not allocate the costs of the agreement between the retrospective and prospective loss occurrences. Accordingly, the Company's November 2001 restatement of its financial statements included an accrual in 1998 of approximately $15 million of insurance expense related to this agreement. In January 2002, the Company's Board of Directors appointed an independent member of the Board to conduct an investigation of the circumstances surrounding the procurement and accounting treatment of the agreement with the insurance company and related matters. The independent member of the Board retained counsel to assist in the investigation and their report was made to the Board in February 2002. This report included findings and recommendations concerning the investigation and the independent members of the Board unanimously approved and adopted such findings and recommendations. In late January 2002, the Company and its independent auditors reviewed the results of the termination of the retrospective portion of the agreement and determined that the appropriate accounting method for the agreement is deposit accounting. Deposit accounting requires treating the Company's payments under this agreement as deposits rather than as premiums and the Company's receipts under the agreement as withdrawals rather than claims paid by the insurance company, resulting in no income or expense recognition during the term of the agreement. As a result of adopting this accounting method, the Company i) wrote-off an insurance receivable of approximately $12 million during the quarter ended December 31, 1998, ii) wrote-off an insurance premium payable of approximately $15 million during the quarter ended December 31, 1998, iii) reversed collectibility reserves that had previously been applied to the aforementioned insurance receivables, iv) recorded the applicable income tax impacts of the foregoing actions and v) did not recognize an anticipated gain related to the termination of the retrospective portion of the agreement in the quarter ended December 31, 2001. The restated financial statements also include certain adjustments and reclassifications that were previously deemed to be immaterial. The Company believes that the restatement had no effect on the Company's cash flow and will have no material effect on its financial position at any future date. See Note 17 to the Consolidated Financial Statements for further discussion.

In the third quarter of 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board (FASB) reached a consensus on Issue No. 00-10, Accounting for Shipping and Handling Costs. The consensus required, among other provisions, that shipping and handling costs that are billed to customers be classified as revenue beginning in the fourth quarter of 2000, consistent with the implementation of Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101). Previously, the Company classified freight costs billed to its customers as an offset to the corresponding freight expense included in cost of revenue.

In the fourth quarter of 2000, the Company reclassified these amounts to revenue and applied the reclassification retroactively to all periods presented. The effects of the reclassification were immaterial and did not affect income from operations, net income or earnings per share.

Beginning in the third quarter of 2000 and applied retroactively to all periods presented, the Company classifies i) net foreign currency exchange gains and losses, ii) gains and losses on sales of marketable securities and iii) net gains and losses on the sale of assets in a separate line item entitled "Other (income) expenses" in the Consolidated Statements of Operations. The individual amounts reclassified were not significant.

NON-RECURRING CHARGES AND OTHER ITEMS

2000

During the fourth quarter of 2000, the Company repurchased approximately 94,000 of its zero-coupon, subordinated, convertible notes due 2018 (Convertible Notes) for approximately $29 million ($310 per Convertible Note). These transactions resulted in an extraordinary gain of approximately $10.0 million ($0.18 per diluted share), net of applicable income taxes and transaction costs. The repurchases were made pursuant to a plan approved by the Board of Directors to purchase up to 130,000 of the Convertible Notes. Subsequent to December 31, 2000, the Company completed its repurchase plan by acquiring an additional 36,000 Convertible Notes at prices ranging from $278 to $283 per Convertible Note. These transactions resulted in an extraordinary gain in 2001 of approximately $4.6 million ($0.09 per diluted share), net of applicable income taxes and transaction costs.

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 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. The total amount of the charge recorded in 2000 was $7.0 million ($4.2 million after applicable taxes or $0.07 per diluted share) and was comprised of approximately $3.2 million in non-cash fixed asset disposals and $3.8 million in moving, lease termination and other costs paid or to be paid in cash. As a result of the actions discussed above, the Company had approximately $3.0 million in facility consolidation reserves at December 31, 2000 and no significant adjustments or revisions to the charge are anticipated in future periods.

1999

In the first quarter of 1999, the Company recorded a cumulative effect adjustment for a change in accounting principle. The change in accounting principle resulted from the required adoption of American Institute of Certified Public Accountants Statement of Position 98-5, Reporting the Costs of Start-up Activities, which required the write-off of the unamortized portion of the Company's previously capitalized start-up costs. These costs were incurred primarily as a part of the Company's in-country expansion and long-term contract activities from 1996 through 1998 and were previously capitalized in accordance with generally accepted accounting principles then in effect. The adjustment for the write-off of these amounts of $13.4 million is shown net of applicable taxes.

Beginning in the second quarter of 1999, the Company implemented a broad restructuring plan (Restructuring Plan) in an effort to improve its position for long-term success by eliminating or restructuring identified non-performing business activities and reducing costs. The Restructuring Plan was approved by the Company's

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Board of Directors and included the disposal of operations in the United Kingdom, Poland, Taiwan and Argentina; termination of the Company's investments in two joint operations in China; disposal of its 67% interest in a Hong Kong-based accessories company; and initiation of cost reduction programs in certain areas of its business. In total, the Restructuring Plan resulted in a reduction in headcount of approximately 350 employees. This headcount reduction occurred in most areas of the Company, including marketing, operations and

administration; however, substantially all of the reductions occurred in the Company's operating divisions outside of North America.

As a result of actions taken in accordance with the Restructuring Plan, the Company recorded restructuring and other unusual charges in 1999 of approximately $79.6 million. Adjustments to the charge subsequent to its initial recording in 1999 have not been significant. The charges included the write-off of goodwill and investments related to the eliminated or terminated operations, as well as losses on the disposals of fixed and other assets and cash expenses of approximately $5.9 million related to lease and employee terminations and other exit costs. These amounts which total $61.3 million are recorded in the "Trading, restructuring and other unusual charges" line in the Consolidated Statements of Operations, as restated. The non-recurring charges also include the write-down of inventory (totaling $9.6 million and included in the "Cost of revenue" line) and accounts receivable (totaling $5.2 million and included in the "Selling, general and administrative expenses" line) to their estimated net realizable value. Tax assets totaling $3.5 million were also written off as part of the Restructuring Plan. The Company's execution of the Restructuring Plan has been substantially completed and no further revisions or adjustments to these charges are expected in future periods.

1998

Through the end of the third quarter of 1998, the Company had been engaged in the business of trading wireless handsets. Trading involves the purchase of wireless handsets from sources other than manufacturers or network operators (i.e., trading companies) and the sale of those handsets to purchasers other than network operators or their representatives (also trading companies). At the beginning of the fourth quarter of 1998, the Company decided to cease its trading activities primarily because (i) those activities were not consistent with its strategy of emphasizing relationships with wireless equipment manufacturers and network operators, (ii) the margins earned on the trading activities were rapidly decreasing and (iii) the Company had increasing concerns about the business practices of many trading companies. Additionally, the Company completed a strategic shift from significant sales to other distributors to more direct relationships with network operators and their representatives in the fourth quarter of 1998.

In connection with these actions, the Company recorded non-recurring and unusual charges of approximately $37.6 million ($31.7 million net of related tax benefits) in 1998. These charges included approximately $34.0 million to adjust assets affected by these actions to their net realizable value and approximately $3.6 million for employee termination and other costs related to the discontinuation of the trading division. The assets impaired included accounts receivable generated from sales to trading companies, inventory prepayments to trading companies, inventories purchased from trading companies, accounts receivable generated by the sale of products to other distributors and supplier credits related to the purchase of products for these channels. These non-recurring and unusual charges are recorded in the Company's restated Consolidated Statements of Operations as follows (in millions):

Cost of revenue	$ 21.2
Selling, general and administrative expenses	12.8
Trading, restructuring and other unusual charges	3.6
	$ 37.6

ACQUISITIONS AND DIVESTITURES

The Company completed the following purchase acquisitions and divestitures during the past three years.

2000

- Acquired Advanced Portable Technologies Pty Ltd - a provider of distribution and other outsourced services to the wireless data and portable computer industry in Australia and New Zealand.

1999

- Acquired Cellular Services S.A. - a provider of integrated logistics services in the wireless communications industry in Brazil.

- Sold WAVETech Network Services Limited, a subsidiary of WAVETech Limited in the United Kingdom.

- Pursuant to its Restructuring Plan, terminated or disposed of certain operations in the United Kingdom, Argentina, Taiwan, China and Poland.

1998

- Acquired the business and either all of the equity interests or certain net assets of:

- Matel-Tecnologia de Teleinformatica S.A.-Matec - a wireless products distributor in Brazil;

- WAVETech Limited - a wireless products distributor in the United Kingdom;

- Wireless Fulfillment Services, LLC - a provider of wireless accessory end-user fulfillment services for North American network operators;

- Axess Communications Benelux B.V. - a provider of accessory distribution services in the wireless communications industry with operations in the Netherlands, Germany and Poland;

- Cell Direct Limited - a wireless products distributor in New Zealand;

- Function Communications Co., Ltd. - a wireless products distributor in Taiwan;

- Euro-Phone Sp. z o.o. - a wireless products distributor in Poland;

- Communicaciones ASBE, S.A. de C.V. - a wireless products distributor in Mexico;

- Eurocom Systems S.A. - a provider of distribution and integrated logistics services in the wireless communications industry in France.

NET INVESTMENT GAIN

During the first quarter of 1998, the Company realized a net gain on the sale of a marketable equity security, representing income of a non-recurring nature of $0.6 million ($0.3 million after-tax).

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 2 to the Consolidated Financial Statements, the Company incurred trading, restructuring and other unusual charges, which materially affected certain operating segments. A summary of the Company's operations by segment is presented below (in thousands), as restated (see Note 17 to the Consolidated Financial Statements):

	Revenues from External Customers	Income (Loss) from Operations (1)	Total Segment Assets	Allocated Interest Expense (2)	Al I T
1998:					
North America	$ 480,665	$ 22,740	$247,938	$ 5,083	$
Asia-Pacific	518,562	2,517	159,730	3,442	
Europe, Middle East and Africa	385,809	(4,887)	184,528	2,555	
Latin America	199,162	8,459	107,144	1,682	
	$ 1,584,198	$ 28,829	$699,340	$12,762	$
1999:					
North America	$ 757,146	$ 24,722	$328,688	$ 3,616	$
Asia-Pacific	432,821	(32,686)	104,233	3,583	
Europe, Middle East and Africa	330,872	(38,533)	103,913	3,542	
Latin America	247,282	(765)	80,666	2,152	
	$ 1,768,121	$ (47,262)	$617,500	$12,893	$
2000:					
North America	$ 697,235	$ 29,392	$308,218	$ 5,195	$
Asia-Pacific	557,475	22,110	120,386	2,790	
Europe, Middle East and Africa	444,585	13,263	146,551	2,513	
Latin America	277,996	(2,628)	112,632	1,293	
	$ 1,977,291	$ 62,137	$687,787	$11,791	$

(1) Includes $37.6 million, $76.1 million, and $6.1 million of trading, restructuring and other unusual charges in 1998, 1999 and 2000, respectively.

(2) These items are allocated using various methods and are not necessarily indicative of the actual interest expense and income taxes for the applicable divisions.

(3) In 1998 and 1999, a portion of these charges are included under the captions "Cost of revenue" and "Selling, general and administrative expenses," in the Consolidated Statements of Operations depending upon their nature. See Note 2 to the Consolidated Financial Statements.

Additional segment information is as follows (in thousands):

External revenue by service line:	1998	1999	2000
Wireless handset sales	$1,345,896	$1,342,814	$1,569,777
Wireless accessory programs	147,246	266,193	221,967
Integrated logistics services	91,056	159,114	185,547
	$1,584,198	$1,768,121	$1,977,291

	DECEMBER 31		
	1998	1999	2000
Long-lived assets:			
North America	$ 38,571	$ 42,144	$ 41,922
Asia-Pacific	40,824	29,008	28,310
Europe, Middle East and Africa	73,200	32,806	36,134
Latin America	11,484	14,668	18,615
	$164,079	$118,626	$124,981

FUTURE OPERATING RESULTS

Various statements, discussions and analyses throughout this Annual Report are not based on historical fact and contain forward-looking statements. Actual future results may differ materially from the forward-looking statements in this Annual Report. Future trends for revenue and profitability are difficult to predict due to a variety of known and unknown risks and uncertainties, including, without limitation, (i) uncertainties relating to customer plans and commitments; (ii) lack of demand for the Company's products and services in certain markets; (iii) the possible adverse effect on demand for the Company's products resulting from consolidation of wireless network operator customers; (iv) business conditions and growth in the Company's markets, including currency, economic and political risks in markets in which the Company operates; (v) availability and prices of wireless products; (vi) the ability of the Company to absorb, through revenue growth, the increasing operating costs that the Company has incurred and continues to incur in connection with its expansion activities and provision of integrated logistics services; (vii) successful

consummation and integration of businesses product lines acquired; (viii) success of strategic relationships with wireless equipment manufacturers and network operators; (ix) ability to meet intense industry competition; (x) continued access to increasing amounts of capital or other financing; (xi) the Company's significant outstanding indebtedness; (xii) the highly dynamic nature of the industry in which the Company participates; (xiii) continued tendency of wireless equipment manufacturers and network operators to outsource aspects of their business; (xiv) ability to manage and sustain future growth at our historical or current rates; (xv) ability to respond to rapid technological changes in the wireless communications and data industry; (xvi) reliance on sophisticated information systems technologies; (xvii) ability to attract and retain qualified management and other personnel; (xviii) potential performance issues with suppliers and customers; (xix) ability to protect the Company's proprietary information; (xx) risk of failure or material interruption of wireless systems and services.

Because of the aforementioned uncertainties affecting the Company's future operating results, past performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate future results or trends.

BRIGHTPOINT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

	YEAR ENDED D	
	1998	199
	(AS RESTATED,	
Revenue	$ 1,584,198	$ 1,768,
Cost of revenue	1,460,825	1,636,
Gross profit	123,373	131,
Selling, general and administrative expenses	90,980	117,
Trading, restructuring and other unusual charges	3,564	61,
Income (loss) from operations	28,829	(47,
Interest expense	12,762	12,
Other (income) expenses	(2,523)	1,
Income (loss) before income taxes, minority interest, accounting change and extraordinary gain	18,590	(61,
Income taxes	11,212	13,
Income (loss) before minority interest, accounting change and extraordinary gain	7,378	(74,
Minority interest	(151)	
Income (loss) before accounting change and extraordinary gain	7,529	(74,
Cumulative effect of accounting change, net of tax	--	(13,
Extraordinary gain on debt extinguishment, net of tax	--	
Net income (loss)	$ 7,529	$ (87,

Basic per share:		
Income (loss) before accounting change and extraordinary gain	$ 0.14	$ (1
Cumulative effect of accounting change, net of tax	--	(0
Extraordinary gain on debt extinguishment, net of tax	--	
Net income (loss)	$ 0.14	$ (1
Diluted per share:		
Income (loss) before accounting change and extraordinary gain	$ 0.14	$ (1
Cumulative effect of accounting change, net of tax	--	(0
Extraordinary gain on debt extinguishment, net of tax	--	
Net income (loss)	$ 0.14	$ (1
Weighted average common shares outstanding:		
Basic	52,818	53,
Diluted	53,483	53,

See accompanying notes.

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ANALYSIS OF THE CONSOLIDATED STATEMENTS OF OPERATIONS - RESTATED

The Company's revenues are comprised of sales of wireless handsets (including wireless data devices), accessory programs and fees generated from the provision of integrated logistics services. The sale of wireless handsets and related accessories and the resulting gross profit reflects the compensation earned by the Company for its distribution services, which services include purchasing, marketing, selling, warehousing, picking, packing, shipping and delivery. Fees from integrated logistics services are earned as services are performed. Such services include, among others, support for prepaid programs, inventory management, procurement, product fulfillment, programming, telemarketing, private labeling, kitting and customized packaging, product warranty, repair and refurbishment and end-user support services.

Due to the significance of the Restructuring Plan announced by the Company on June 30, 1999, results of operations have been delineated between results from recurring operations and results from non-recurring operations. In addition, the impacts of non-recurring gains and charges have been shown and discussed separately. Recurring operations include all operations except those that were eliminated or terminated in accordance with the Restructuring Plan. Recurring operations also exclude the impacts of the gain on debt extinguishment realized in 2000, the cumulative effect of a change in accounting principle in 1999, non-recurring and other unusual charges in 1998, 1999 and 2000 and a net investment gain recorded in the first quarter of 1998. As previously discussed, the Company's execution of the Restructuring Plan has been substantially completed.

RECURRING OPERATIONS - RESTATED

REVENUE

(In thousands)	1998	1999	Change	2000
Revenue	$ 1,264,778	$ 1,647,478	30%	$ 1,977,291

Revenue from recurring operations for 2000 increased 20% to approximately $2.0 billion from $1.6 billion in 1999. Revenue from recurring operations for 1999 increased 30% when compared to 1998. The increases in both periods are a result of the worldwide demand for wireless products and the Company's distribution and integrated logistics services. The increased demand for wireless products resulted from, among other things, increasing numbers of wireless subscribers in many markets worldwide and increasing demand for replacement or upgraded equipment. However, the Company believes revenue from recurring operations was adversely affected by lower-than-anticipated demand for wireless products in the U.S. market in the fourth quarter of 2000 and pricing pressures in the Latin America market throughout 2000 due to a general oversupply of products. Both of these trends are expected to continue in 2001.

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RECURRING OPERATIONS - RESTATED

REVENUE BY SERVICE LINE

(In thousands)	1998		1999		2000
Wireless handset sales	$1,054,320	84%	$1,245,493	76%	$1,569,77
Wireless accessory programs	129,337	10%	263,934	16%	221,96
Integrated logistics services	81,121	6%	138,051	8%	185,54
Total	$1,264,778	100%	$1,647,478	100%	$1,977,29

Revenue from recurring operations for 2000 as compared to 1999 includes a greater proportion of revenues from integrated logistics services as the Company continued to develop and grow its service offerings and obtain new customers in this area. Revenue from wireless handset sales grew 26% from the prior year due to the increased demand for wireless handsets and improved product availability. Revenue from accessory programs decreased worldwide due to a reduction in the number of promotions offered by or fulfilled for certain network operators. Revenue from the provision of integrated logistics services increased 34% in 2000 when compared to 1999 as the Company continued the execution of its strategy of focusing on this higher-margin service line. Approximately 50% of the 1999 increase in total revenue from recurring operations was attributable to a 70% increase in revenues from integrated logistics services and a 104% increase in wireless accessories sold. Revenue growth from both of these service lines outpaced increases in wireless handset sales, which increased 18% from 1998 to 1999, and accounted for the remaining 50% increase in 1999 total revenues.

REVENUE BY DIVISION

(In thousands)	1998	1999	2000

North America	$ 480,665	38%	$ 757,146	46%	$ 697,2
Asia-Pacific	406,454	32%	341,097	21%	557,4
Europe, Middle East and Africa	178,510	14%	301,953	18%	444,5
Latin America	199,149	16%	247,282	15%	277,9
Total	$1,264,778	100%	$1,647,478	100%	$1,977,2

The Company operates in various markets worldwide and business activities are managed in four divisions: North America; Asia-Pacific; Europe, Middle East and Africa; and Latin America. The North America division conducts its operations primarily within the United States. Units handled in the North America division during 2000, grew by 27% compared to 1999, while revenue in this division declined 8% from 1999. This was primarily the result of lower demand in the United States during the fourth quarter of 2000, due to a variety of factors including economic uncertainty. Additionally, revenue from accessory programs in the North America division decreased due in part to the lower fourth quarter demand and to a reduction in the number of promotions offered by or fulfilled for certain network operators. The Company believes that both of these trends will continue in 2001. The Company continued the execution of its strategy of focusing on integrated logistics services, which typically generate lower revenue per handset, but generally contribute higher gross and operating margins. In the North America division, 67% of the units handled in 2000 were processed as integrated logistics services units, a substantial increase from units attributable to integrated logistics services of 56% in 1999. Revenue in the North America division increased 58% in 1999 compared to 1998 primarily due to increases across all service lines reflecting growth in the provision of services to network operators and their agents.

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RECURRING OPERATIONS - RESTATED

The Company's Asia-Pacific division maintains operations in Australia, New Zealand, Philippines and the People's Republic of China (including Hong Kong). Revenue from recurring operations in the Asia-Pacific division increased 63% in 2000 when compared to 1999. In addition, units handled grew 103% from the prior year demonstrating the successful development of new supplier and customer relationships by the Company's new joint operations in China, as well as volume growth during 2000 in Australia, the Philippines and New Zealand. Revenue from recurring operations in the Asia-Pacific division during 1999 decreased 16% when compared to 1998 due primarily to changes in the Company's strategy in China.

The Company's Europe, Middle East and Africa division has operations in France, Germany, Ireland, Jordan, the Netherlands, South Africa, Sweden, the United Arab Emirates and Zimbabwe. Revenue from recurring operations within the Europe, Middle East and Africa division grew by 47% in 2000 compared to 1999 and units handled increased 95% resulting from the increased demand for wireless handsets and improved product availability in those markets, as well as the execution of our strategies designed for those markets. Average selling prices were depressed in the Europe, Middle East and Africa division during the second half of 2000 due primarily to increased competition in the Middle East from trading companies. Recurring revenue within the Europe, Middle East and Africa division grew by 69% in 1999 compared to 1998 resulting from the strong demand for the Company's distribution and integrated logistics services and expansion of our in-country operations in certain markets within the division.

The Latin America division of the Company has operations in Miami, Brazil,

Mexico, Venezuela, Puerto Rico and Colombia. Revenue from recurring operations within the Latin America division grew by 12% in 2000 compared to 1999. In addition, units handled grew by 21% compared to the prior year. This unit volume growth was offset by declines in average selling prices as oversupplies in various markets in Latin America resulted in significant pricing pressures. Recurring revenue grew by 24% in 1999 compared to 1998 resulting from the Company's migration to in-country presences in certain markets within the division.

GROSS PROFIT

(In thousands)	1998	1999	Change	2000	CHANGE
Gross profit	$ 122,499	$ 139,754	14%	$ 170,560	22%
Gross margin	9.7%	8.5%		8.6%	

Gross profit in 2000 increased 22% from 1999 to approximately $171 million, and gross profit in 1999 increased 14% from the prior year to approximately $140 million. These increases were due primarily to the increases in revenue. Gross margins for 2000 were consistent with 1999, due to a shift in service line mix from higher-margin accessory programs to lower margin handset sales which was offset by improved profitability in existing accessory programs. Gross margins were lower in 1999 compared to 1998 due to pressure on handset margins and increased costs of revenue across all service lines (in total and as a percent of revenue).

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

(In thousands)	1998	1999	Change	2000
Selling, general and administrative expenses	$ 61,820	$ 99,741	61%	$ 102,276
As a percent of revenue	4.9%	6.1%		5.2%

RECURRING OPERATIONS - RESTATED

Selling, general and administrative expenses increased 3% in 2000 compared to the prior year recurring operations and improved as a percent of revenue to 5.2% from 6.1% in 1999. These changes were due to cost reduction programs initiated in the second half of 1999 and continued monitoring of costs by management in 2000. Selling, general and administrative expenses increased 61% in 1999 compared to the prior year and reflected the increased cost of serving current and anticipated integrated logistics services customers, increased levels of business activity and increased managerial resources in all of the Company's operating divisions.

INCOME FROM OPERATIONS

(In thousands)	1998	1999	Change	2000	CHANGE
Income from operations	$60,679	$40,013	(34%)	$68,284	71%
As a percent of revenue	4.8%	2.4%		3.5%	

In 2000, income from operations increased by 71% to approximately $68.3 million, and the operating margin (income from operations as a percent of revenue) also increased from 2.4% in 1999 to 3.5% in 2000. The increase in operating income is due primarily to increased revenue in 2000. The increase in operating margin is due primarily to the decrease in selling, general and administrative expenses as a percent of revenue. In 1999, income from recurring operations decreased by 34% to approximately $40.0 million, and the operating margin also decreased from 4.8% in 1998 to 2.4% in 1999. These decreases were primarily the result of the decrease in gross margin and from the increase in selling, general and administrative expenses as a percent of revenue.

NET INCOME

(In thousands, except per share data)	1998	1999	Change	20
Net income	$ 37,593	$ 15,950	(58%)	$37
As a percent of revenue	3.0%	1.0%		
Net income per share				
- Basic	$ 0.71	$ 0.30	(58%)	$
- Diluted	$ 0.70	$ 0.29	(59%)	$
Weighted average shares outstanding				
- Basic	52,818	53,290	1%	55
- Diluted	53,483	54,145	1%	56

Net income from operations in 2000 increased by 133% compared to 1999. This increase was due primarily to the increase in income from operations as well as a decrease in the effective income tax rate to 32% in 2000 from 42% in 1999 reflecting a decrease in the percentage of taxable income generated during 2000 in higher tax rate jurisdictions. The decrease in net income from recurring operations of 58% in 1999 when compared to 1998 resulted primarily from the decrease in operating margins. In addition, the effective tax rate increased in 1999 to approximately 42% from 29% in 1998. Changes in the effective tax rate are due generally to the amount and geographic dispersion of pretax income.

NON-RECURRING OPERATIONS - RESTATED

Non-recurring operations in 1998 and 1999 included certain operations in Argentina, Poland, Taiwan, the United Kingdom and two joint operations in China, all of which have been terminated or eliminated. In 2000, no non-recurring operations existed as the Restructuring Plan had been substantially completed. For 1999, non-recurring operations generated revenue of $120.6 million, operating and net losses of $11.2 million and $10.8 million, respectively, and a net loss per diluted share of $0.20. When compared to the same operations in

1998, these results reflect the reduced business activity resulting from execution of the Restructuring Plan in 1999 and discontinuation of trading activities completed in the fourth quarter of 1998. In 1998, non-recurring operations generated revenue of $319.4 million, operating and net income of $5.7 million and $1.3 million, respectively, and net income per diluted share of $0.02.

NON-RECURRING CHARGES AND OTHER UNUSUAL ITEMS

As more fully discussed in the section entitled "Overview and Recent Developments," the Company recorded non-recurring and other unusual charges in 1998, 1999 and 2000, an extraordinary gain on debt extinguishment in 2000, a cumulative effect adjustment for a change in accounting principle in 1999 and a net gain on the sale of a marketable equity security in 1998 that represent income or expense of a non-recurring nature and, accordingly, have been excluded from the previous discussion of operating results.

BRIGHTPOINT, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except per share data)

	DECEMBER 31	
	1999	2000
	(AS RESTATED, SEE NOTE 17)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 85,261	$ 79,718
Accounts receivable (less allowance for doubtful accounts of $6,220 in 1999 and $6,548 in 2000)	231,041	208,181
Inventories	140,758	225,337
Other current assets	41,814	49,570
Total current assets	498,874	562,806
Property and equipment	36,250	36,763
Goodwill and other intangibles	71,253	72,390
Other assets	11,123	15,828
Total assets	$ 617,500	$ 687,787
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 190,524	$ 233,802
Accrued expenses	47,313	61,447
Total current liabilities	237,837	295,249
Long-term debt:		
Line of credit	46,022	53,685
Convertible notes	184,864	144,756
Total long-term debt	230,886	198,441

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; 54,654 and 55,763 issued and outstanding in 1999 and 2000, respectively	547	558
Additional paid-in capital	204,283	213,714
Retained earnings (deficit)	(37,427)	6,256
Accumulated other comprehensive loss	(18,626)	(26,431)
Total stockholders' equity	148,777	194,097
Total liabilities and stockholders' equity	$ 617,500	$ 687,787

See accompanying notes.

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BRIGHTPOINT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	YEAR ENDED DECE	
	1998	1999
	(AS RESTATED, SEE N	
OPERATING ACTIVITIES		
Net income (loss)	$ 7,529	$ (87,847)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	11,342	15,034
Amortization of debt discount	5,587	7,179
Cumulative effect of accounting change, net of tax	--	13,404
Income tax benefits from exercise of stock options	4,961	1,557
Extraordinary gain on debt extinguishment, net of tax	--	--
Trading, restructuring and other unusual charges	37,567	79,564
Net investment gain	(572)	--
Minority interest and deferred taxes	3,680	1,102
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(71,704)	17,930
Inventories	(64,568)	6,874
Other operating assets	9,516	117
Accounts payable and accrued expenses	55,273	53,110
Net cash provided (used) by operating activities	(1,389)	108,024
INVESTING ACTIVITIES		
Capital expenditures	(30,120)	(13,716)
Sales of marketable securities, net of transaction costs	3,263	--
Purchase acquisitions, net of cash acquired	(48,978)	(5,608)
Decrease (increase) in funded contract financing receivables	5,842	6,065
Decrease (increase) in other assets	(21,974)	170
Net cash used by investing activities	(91,967)	(13,089)

FINANCING ACTIVITIES		
Net proceeds (payments) on revolving credit facility	(37,713)	(62,998)
Repurchase of convertible notes	--	--
Net proceeds from issuance of convertible notes	166,088	--
Proceeds from common stock issuances under employee stock option and purchase plans	11,861	5,082
Net cash provided (used) by financing activities	140,236	(57,916)
Effect of exchange rate changes on cash and cash equivalents	(293)	(1,286)
Net increase (decrease) in cash and cash equivalents	46,587	35,733
Cash and cash equivalents at beginning of year	2,941	49,528
Cash and cash equivalents at end of year	$ 49,528	$ 85,261

See accompanying notes.

ANALYSIS OF THE CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF CASH FLOWS - RESTATED

(dollars in thousands)	1998	1999	2000
Working capital	$ 349,248	$261,037	$267,557
Cash provided (used) by operating activities	(1,389)	108,024	36,896
Cash operating profit (EBITDA)	72,021	55,047	82,426
Current ratio	2.88 : 1	2.10 : 1	1.91 : 1
Average days revenue in accounts receivable	44	43	33
Average inventory turnover	10	12	9
Average days costs in accounts payable	20	32	40
Cash conversion cycle days	61	41	34

The Company has historically satisfied its working capital requirements principally through cash operating profit (also referred to as EBITDA and calculated as income from recurring operations plus depreciation and amortization expense), vendor financing, bank borrowings and the issuance of equity and debt securities. The Company believes that cash operating profit will be sufficient to continue funding its short-term capital requirements, however, significant changes in the Company's business model or expansion of operations in the future may require the Company to raise additional capital. The Company generated cash operating profit of approximately $72.0 million, $55.0 million and $82.4 million in 1998, 1999 and 2000, respectively. The increase in 2000 and the decrease in 1999 in cash operating profit resulted from the corresponding changes in income from recurring operations.

The increase in working capital in 2000 compared to 1999 is comprised primarily of the net effect of increases in inventories, accounts payable and accrued expenses and a decrease in accounts receivable. The decrease in working capital in 1999 compared to 1998 is comprised primarily of the net effect of decreases

in accounts receivable, inventories and other current assets and an increase in accounts payable and accrued liabilities, partially offset by the increase in cash. These changes in working capital, particularly an increased level of inventories at December 31, 2000, and an unusually low level of inventories at December 31, 1999, caused by product shortages in the 1999 fourth quarter, resulted in a decrease in net cash provided by operating activities in 2000 when compared to 1999 and an increase in net cash provided by operating activities in 1999 when compared to 1998. These changes were partially offset by an increase in net income in 2000 compared to 1999 and a decrease in net income in 1999 compared to 1998.

Additionally, as of December 31, 2000, average days revenue in accounts receivable were approximately 33 days, compared to days revenue outstanding of approximately 43 and 44 days for 1999 and 1998, respectively. During 2000, average inventory turns were 9 times, compared to 12 times and 10 times in 1999 and 1998, respectively. Average days costs in accounts payable were 40 days for 2000, compared to 32 days and 20 days in 1999 and 1998, respectively. These changes combined to create a decrease in cash conversion cycle days to 34 days in 2000 from 41 days in 1999 and 61 days in 1998. The reduction in accounts receivable in 2000 was attributable to the successful acceleration of the Company's accounts receivable collection cycle, as well as sales or financing transactions of certain accounts receivable to financing organizations. These efforts have substantially reduced the amount of working capital required to fund the Company's accounts receivable. The increase in inventories and corresponding decrease in average inventory turns is due primarily to the lower-than-anticipated demand in the fourth quarter of 2000 for products in the United States and the significant shortage of products available in the fourth quarter of 1999 in certain markets in which the Company operates. The increase in other current assets is due primarily to an increase in the Company's contract financing activities. The 2000

increase in accounts payable is due primarily to increased cash management efforts and the establishment of longer payment terms with certain vendors.

At December 31, 2000, the Company's allowance for doubtful accounts was $6.5 million compared to $6.2 million at December 31, 1999, which the Company believed was adequate for the size and nature of its receivables at those dates. Bad debt expense as a percent of revenues was less than 1.0% for 2000 and 1999. However, the Company incurred significant accounts receivable impairments in connection with its Restructuring Plan in 1999 because it ceased doing business in certain markets, significantly reducing the Company's ability to collect the related receivables. Also, the Company's accounts receivable are concentrated with network operators, agent dealers and mass retailers and delays in collection or the uncollectibility of accounts receivable could have an adverse effect on the Company's liquidity and working capital position. In connection with its continued expansion, the Company intends to offer open account terms to additional customers, which subjects the Company to further credit risks, particularly in the event that receivables are concentrated in particular geographic markets or with particular customers. The Company seeks to minimize losses on credit sales by closely monitoring its customers' credit worthiness and by obtaining, where available, credit insurance or security on open account sales to certain customers.

There were only minor increases in property and equipment and goodwill and other intangibles in 2000 compared to 1999 primarily because cash used for capital expenditures and acquisition activities were almost fully offset by current year depreciation and amortization expenses. The Company intends to invest an aggregate of between $40.0 and $50.0 million in capital expenditures (related primarily to information technology) over the next two years. The 2000 increase in other assets is comprised primarily of an increase in the gross amount of the

Company's long-term deferred tax assets. The increase in net cash used by investing activities in 2000 as compared to 1999 is due primarily to increased funding of the Company's contract financing activity during 2000. The Company's investments in contract financing receivables are included as a component of "Other current assets" in the Consolidated Balance Sheets. The decrease in net cash used by investing activities in 1999 as compared to 1998 is primarily comprised of a reduction in the amounts of cash expended for acquisition activities, capital expenditures and other long-term investments.

The Company's long-term debt at December 31, 1999 and 2000, includes borrowings or permitted indebtedness under its $175 million senior secured revolving line of credit facility which was modified and restated on July 27, 1999 (the Facility). The Facility provides the Company, based upon a borrowing base calculation, 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. Many of the Company's assets are pledged as collateral for borrowings under 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. The Company is also subject to certain restrictive covenants as more fully described in Note 8 to the Consolidated Financial Statements.

The remainder of the Company's long-term debt is comprised of the Company's zero-coupon, subordinated, convertible notes (Convertible Notes) which have an aggregate principal amount at maturity of $380.0 million and $286.0 million ($1,000 face value per Convertible Note) at December 31, 1999 and 2000, respectively. The Convertible Notes are due in the year 2018, have a 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. 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. As of December 31, 2000, the Company had repurchased 94,000 of the Convertible Notes, with an aggregate accreted value as of the date of the repurchases of approximately $47.3 million. The Company realized a gain on these repurchases of approximately $16.6 million ($10.0 million, net of

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tax) that is recorded as an extraordinary gain on debt extinguishment in the Consolidated Statements of Operations for 2000.

Subsequent to December 31, 2000, the Company completed its repurchase plan by acquiring an additional 36,000 of the Convertible Notes at prices ranging from $278 to $283 per Convertible Note. These transactions resulted in an extraordinary gain in 2001 of approximately $4.6 million ($0.09 per diluted share), net applicable income taxes and transaction costs.

Net cash used by financing activities in 2000 was primarily the result of these repurchases, partially offset by borrowings on the Company's line of credit and proceeds from the issuance of common stock pursuant to the Company's employee stock option and purchase plans. The repurchase of the Convertible Notes combined with cash operating profit generated in 2000 resulted in improvements in the Company's leverage, as Long-term debt to EBITDA decreased to 2.4 to 1 at the end of 2000 from 4.2 to 1 at the end of 1999. The net cash used by financing activities in 1999 was primarily the result of payments on the Company's line of credit, partially offset by proceeds from the exercise of stock options. The net cash provided by financing activities in 1998 was primarily due to $166.1 million generated from the issuance of the Convertible Notes and $11.9 million of proceeds generated from the exercise of stock options partially offset by $37.7 million of net principal reductions on the Company's line of credit.

The increase in shareholders' equity from 1999 to 2000 of $45.3 million resulted from net income in 2000 of $43.7 million and funds generated from the exercise of stock options of $9.4 million, partially offset by an increase in accumulated other comprehensive loss of $7.8 million. The increase in accumulated other comprehensive loss was primarily the result of foreign currency translation adjustments, due particularly to the strengthening of the U.S. Dollar in 2000. These adjustments are recorded in accumulated other comprehensive income (loss) when the Company translates its foreign currency denominated assets and liabilities to the U.S. Dollar at the end of each accounting period.

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (AS RESTATED, SEE NOTE 17)
(Amounts in thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	ACCUMULAT OTHER COMPREHEN INCOME (L
Balance at January 1, 1998	$504	$160,387	$42,891	$ (4,491
1998 Activity:				
Net income	--	--	7,529	--
Other comprehensive income (loss):				
Currency translation of foreign investments	--	--	--	(3,514
Unrealized loss on derivatives, net of tax benefit	--	--	--	(762
Reclassification of marketable securities losses, net of income tax benefit of $49	--	--	--	74
Exercise of stock options and related income tax benefit	19	16,803	--	--
Purchase acquisitions	5	7,176	--	--
Balance at December 31, 1998	528	184,366	50,420	(8,693
1999 Activity:				
Net loss	--	--	(87,847)	--
Other comprehensive income (loss):				
Currency translation of foreign investments	--	--	--	(10,750
Unrealized gain on derivatives, net of income tax	--	--	--	817
Exercise of stock options and related income tax benefit	8	6,631	--	--
Purchase acquisition	11	13,286	--	--
Balance at December 31, 1999	547	204,283	(37,427)	(18,626
2000 ACTIVITY:				
NET INCOME	--	--	43,683	--
OTHER COMPREHENSIVE INCOME (LOSS):				
CURRENCY TRANSLATION OF FOREIGN INVESTMENTS	--	--	--	(7,939
UNREALIZED GAIN ON DERIVATIVES, NET OF INCOME TAX	--	--	--	134
COMMON STOCK ISSUED IN CONNECTION WITH EMPLOYEE STOCK OPTION AND PURCHASE PLANS AND RELATED INCOME TAX BENEFIT	11	9,431	--	--

BALANCE AT DECEMBER 31, 2000	$558	$213,714	$ 6,256	$(26,431

See accompanying notes.

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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 2000 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 December 31, 2000.

A substantial portion of the Company's revenue and expenses are transacted in markets worldwide 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 specific countries' 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 currency exchange rate movements. An adverse change (defined as a 10% strengthening of the U.S. Dollar) in all exchange rates would have resulted in a decrease in results of operations of approximately $3.4 million for 2000. The same adverse change in exchange rates would have resulted in a $7.5 million increase in the fair value of the Company's cash flow and net investment hedges open at December 31, 2000. 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 currency 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. For further discussion see Note 11 to the Consolidated Financial Statements entitled "Derivative Financial Instruments."

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, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

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.

RECLASSIFICATIONS

Certain amounts in the 1998 and 1999 Consolidated Financial Statements have been reclassified to conform to the 2000 presentation. In the third quarter of 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board reached a consensus on Issue No. 00-10, Accounting for Shipping and Handling Costs. The consensus required, among other provisions, that shipping and handling costs that are billed to customers be classified as revenue beginning in the fourth quarter of 2000, consistent with the implementation of Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements. Previously, the Company classified freight costs billed to its customers as an offset to the corresponding freight expense included in cost of revenue. In the fourth quarter of 2000, the Company reclassified these amounts to revenue and applied the reclassification retroactively to all periods presented. The reclassification did not affect income from operations, net income or earnings per share. All amounts in this Annual Report reflect the retroactive application of the required reclassification.

Beginning in the third quarter of 2000 and applied retroactively to all periods presented, the Company classifies i) net foreign currency exchange gains and losses, ii) gains and losses on sales of marketable securities and iii) net gains and losses on the sale of assets in a separate line item entitled "Other (income) expenses" in the Consolidated Statements of Operations. The individual amounts reclassified were not significant.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

REVENUE RECOGNITION

Revenue is recognized when wireless equipment is sold and shipped or when the Company's integrated logistics services have been rendered. In arrangements

where the Company both sells wireless equipment and provides integrated logistics services, revenue is recognized separately for these functions and the Company consistently applies the above criteria. In certain circumstances the Company manages and distributes wireless equipment and prepaid recharge cards on behalf of various network operators and assumes little or no product risk. The Company records revenue for these integrated logistics services at the amount of the net margin rather than the gross amount of the transactions.

CASH AND CASH EQUIVALENTS

All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

CONCENTRATIONS OF RISK

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of trade accounts receivable. These receivables are generated from product sales and services provided to network operators, agents, resellers, dealers and retailers in the wireless telecommunications and data industry and are dispersed throughout the world, including North America, Asia and the Pacific Rim, Europe, the Middle East, Africa and Latin America. No customer accounted for 10% or more of the Company's 1998, 1999 or 2000 revenue. The Company performs ongoing credit evaluations of its customers and provides credit in the normal course of business to a large number of its customers. However, consistent with industry practice, the Company generally requires no collateral from its customers to secure trade accounts receivable.

The Company is dependent primarily on equipment manufacturers for its supply of wireless telecommunications and data equipment. Products sourced from the Company's three largest suppliers accounted for approximately 79%, 75% and 79% of product purchases in 1998, 1999 and 2000, respectively. The Company is dependent on the ability of its suppliers to provide an adequate supply of products on a timely basis and on favorable pricing terms. The loss of certain principal suppliers or a significant reduction in product availability from principal suppliers could have a material adverse effect on the Company. The Company believes that its relationships with its suppliers are satisfactory, however, the Company has periodically experienced inadequate supply from certain handset manufacturers.

INVENTORIES

Inventories consist of wireless handsets and accessories and are stated at the lower of cost (first-in, first-out method) or market.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts at December 31, 1999 and 2000, of cash and cash equivalents, trade accounts receivable, other current assets, accounts payable, accrued expenses and the Company's revolving credit facility approximate their fair values. See Note 8 - Long-term Debt for disclosure of the fair value of the Company's Convertible Notes.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to fifteen years. Leasehold improvements are stated at cost and depreciated over the lease term of the associated property. Maintenance and repairs are charged to expense as incurred.

GOODWILL

Purchase price in excess of the fair value of net assets of businesses acquired is recorded as goodwill and is amortized on a straight-line basis over 30 years. Amortization charged to operations was $2.7 million, $2.5 million and $2.5 million in 1998, 1999 and 2000, respectively. Goodwill as reflected in the Consolidated Balance Sheets is presented net of accumulated amortization of $4.5 million and $6.7 million at December 31, 1999 and 2000, respectively. The carrying amount of goodwill is regularly reviewed for indications of impairment in value, which in the view of management are other than temporary, including unexpected or adverse changes in the economic or competitive environments in which the Company operates, profitability and cash flow. If facts and circumstances suggest that a subsidiary's net assets are impaired, the Company assesses the fair value of the underlying business and reduces goodwill to an amount that results in the book value of the operation approximating fair value.

FOREIGN CURRENCY TRANSLATION

The functional currency for most of the Company's foreign subsidiaries is the respective local currency. Revenue and expenses denominated in foreign currencies are translated to the U.S. Dollar at average exchange rates in effect during the year and assets and liabilities denominated in foreign currencies are translated to the U.S. Dollar at the exchange rate in effect at the end of the period. Foreign currency transaction gains and losses are included in the Consolidated Statements of Operations as "Other (income) expenses." Currency translation of assets and liabilities (foreign investments) from the functional currency to the U.S. Dollar are included as a component of accumulated other comprehensive loss in stockholders' equity.

INCOME TAXES

The Company accounts for income taxes under the asset and liability approach, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequence of events that have been recognized in the Company's financial statements or income tax returns. Income taxes are recognized during the year in which the underlying transactions are reflected in the Consolidated Statements of Operations. Deferred taxes are provided for temporary differences between amounts of assets and liabilities as recorded for financial reporting purposes and such amounts as measured by tax laws.

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 10 to the Consolidated Financial Statements.

The following is a reconciliation of the numerators and denominators of the basic and diluted net income (loss) per share computations for 1998, 1999 and 2000 (in thousands, except per share data) as restated (see Note 17 to the Consolidated Financial Statements):

	YEAR ENDED DECEMBER 31		
	1998	1999	
Income (loss) before accounting change and extraordinary gain	$ 7,529	$ (74,443)	$
Cumulative effect of accounting change, net of tax	--	(13,404)	
Extraordinary gain on debt extinguishment, net of tax	--	--	
Net income (loss)	$ 7,529	$ (87,847)	$
Basic:			
Weighted average shares outstanding	52,818	53,290	
Per share amount:			
Income (loss) before accounting change and extraordinary gain	$ 0.14	$ (1.40)	$
Cumulative effect of accounting change, net of tax	--	(0.25)	
Extraordinary gain on debt extinguishment, net of tax	--	--	
Net income (loss)	$ 0.14	$ (1.65)	$
Diluted:			
Weighted average shares outstanding	52,818	53,290	
Net effect of dilutive stock options and stock warrants - based on the treasury stock method using average market price	665	--	
Total weighted average shares outstanding	53,483	53,290	
Per share amount:			
Income (loss) before accounting change and extraordinary gain	$ 0. 14	$ (1.40)	$
Cumulative effect of accounting change, net of tax	--	(0.25)	
Extraordinary gain on debt extinguishment, net of tax	--	--	
Net income (loss)	$0. 14	$ (1.65)	$

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STOCK OPTIONS

The Company uses the intrinsic value method to account for stock options. Under this method, no compensation expense has been recognized for stock options granted to employees. In March of 2000, the FASB issued Interpretation No. 44, Accounting for Certain Transactions Involving Stock Compensation, an interpretation of APB Opinion No. 25, Accounting for Stock Issued to Employees. The Company's application of the provisions of this Interpretation commenced on July 1, 2000 (the effective date of the Interpretation), and did not have a material effect on its financial statements.

COMPREHENSIVE INCOME

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains or losses on available-for-sale securities, unrealized gains or losses on derivative financial instruments and gains or losses resulting from

currency translations of foreign investments. At December 31, 1999 and 2000, accumulated other comprehensive loss was comprised primarily of cumulative foreign currency translation adjustments totaling $18.6 million and $26.6 million, respectively.

DERIVATIVE FINANCIAL INSTRUMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). On July 1, 1998, the Company adopted SFAS No. 133 and such adoption did not have a material impact on the Company's results of operations or stockholders' equity.

The Company records all derivative instruments on the balance sheet at fair value. On the date derivative contracts are entered into, the Company designates the derivative as either (i) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge), (ii) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge), or (iii) a hedge of a net investment in a foreign operation (net investment hedge).

Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income (loss), depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. For fair value hedge transactions, changes in the fair value of the derivative instrument are generally offset in the statement of operations by changes in the fair value of the item being hedged. For cash flow hedge transactions, changes in the fair value of the derivative instrument are reported in other comprehensive income (loss). For net investment hedge transactions, changes in the fair value are recorded as a component of the foreign currency translation account, which is also included in other comprehensive income (loss). The gains and losses on cash flow hedge transactions that are reported in other comprehensive income (loss) are reclassified to earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item or the forecasted transactions are realized. The impact of ineffective hedges is recognized in results of operations in the periods in which the hedges are deemed to be ineffective.

OPERATING SEGMENTS

The Company's operations are divided into four separately managed segments. See additional information on Operating Segments on pages A - 7 and A - 8.

2. TRADING, RESTRUCTURING AND OTHER UNUSUAL CHARGES

2000

In 2000, the Company consolidated 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 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. The total amount of the charge recorded in 2000 was $7.0 million ($4.2 million after applicable taxes or $0.07 per diluted share) and was comprised of approximately $3.2 million in non-cash fixed asset disposals and $3.8 million in moving, lease termination and other costs paid or to be paid in cash. As a result of the actions discussed above, the Company had approximately $3.0 million in facility consolidation reserves at December 31, 2000, and no

significant adjustments or revisions to the charge are anticipated in future periods.

1999

In 1999, the Company implemented a broad Restructuring Plan eliminating or restructuring identified non-performing business activities and improving the Company's cost structure. The Restructuring Plan was approved by the Company's Board of Directors on June 30, 1999, and included the disposal of certain operations in the United Kingdom, Poland, Taiwan and Argentina; termination of the Company's investments in two joint operations in China; disposal of its 67% interest in a Hong Kong-based accessories company; and cost reduction initiatives in selected operating subsidiaries and its regional and corporate operations. In total, the Restructuring Plan resulted in a reduction in headcount of approximately 350 employees. This headcount reduction occurred in most areas of the Company, including marketing, operations and administration; however, substantially all of the reductions occurred in the Company's operating divisions outside of North America.

As a result of actions taken in accordance with the Restructuring Plan, the Company recorded restructuring and other unusual charges totaling approximately $78.7 million in 1999 and 2000 as follows (in millions):

Non-cash charges:	
Impairment of goodwill and investments in joint operations	$ 38.5
Impairment of accounts receivable and inventories of restructured operations	12.0
Impairment of accounts receivable related to elimination of sales to other distributors	8.0
Impairment of fixed assets	7.1
Write-off of deferred tax assets	3.5
Write-off of cumulative foreign currency translation adjustments	1.8
Other	1.9
	72.8
Cash charges:	
Employee termination costs	3.2
Lease termination costs	1.0
Other exit costs	1.7
	5.9
	$ 78.7

The Company's execution of the Restructuring Plan has been substantially completed and no further revisions or adjustments to these charges are expected in future periods. The aforementioned charges and related adjustments have been recorded within the following captions in the restated Consolidated Statements of Operations for 1999 and 2000 (in millions):

	YEAR ENDED DECEMBER 31	
	1999	2000
Cost of revenue	$ 9.6	$ -
Selling, general and administrative expenses	5.2	-
Trading, restructuring and other unusual charges	61.3	(0.9)
Income taxes	3.5	-
	$ 79.6	$ (0.9)

At December 31, 2000, the Company had no significant reserves or assets held for disposal related to the 1999 Restructuring Plan.

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1998

The Company recorded non-recurring and unusual charges totaling approximately $29.6 million ($25.6 million net of related tax benefits) in 1998 related to the elimination of its trading division. The Company decided to cease its trading activities primarily because (i) those activities were not consistent with its strategy of emphasizing relationships with wireless equipment manufacturers and network operators, (ii) the margins earned on the trading activities were rapidly decreasing and (iii) the Company had increasing concerns about the business practices of many trading companies.

The trading charges consisted of the following (in thousands):

Impairment of trading accounts receivable	$ 9,652
Impairment of inventory prepayments and trading-related inventory losses	16,935
Losses upon liquidation of trading inventories	1,484
Legal and professional fees	894
Employee termination costs	602
	$ 29,567

The impairment in receivables resulted from actions necessary to discontinue the trading division and the Company's emphasis on its in-country presence in the regions in which those customers operate. The development of in-country resources and the elimination of the Company's trading activities severely harmed the businesses of many of the Company's trading customers, thereby impairing amounts due from those customers. The impairment of inventory prepayments and trading related inventory losses were primarily the result of certain inappropriate business activities carried out by individuals and third-party trading companies in 1998 that were inconsistent with the best interests of the Company. The losses on the liquidation of trading inventories were incurred upon subsequent disposal of on-hand quantities earmarked specifically for trading activities. The legal and professional fees included legal advice related to employee terminations as well as investigation costs into the aforementioned inappropriate activities. The termination costs were incurred to terminate all trading division employees.

In addition to the charges related to exiting the trading business noted above, the Company also recorded other non-recurring charges in 1998 totaling $8.0 million ($6.1 million net of related tax benefits) which were the result of impairments in the value of assets resulting from the Company's elimination of other distributors from the Company's supply and sales channels. The assets determined to be impaired include accounts receivable generated by sales to other distributors and supplier credits related to the purchase of products for these channels. Both classes of assets were determined by the Company to have lost significant value upon termination of the related business relationships as the Company deliberately shifted its focus from significant sales to other distributors to direct in-country relationships with network operators and their representatives.

These non-recurring and unusual charges are recorded in the Company's restated Consolidated Statements of Operations as follows (in millions):

Cost of revenue	$ 21.2
Selling, general and administrative expenses	12.8
Trading, restructuring and other unusual charges	3.6
	$ 37.6

3. CUMULATIVE EFFECT OF ACCOUNTING CHANGE

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, Reporting the Costs of Start-up Activities (SOP 98-5), which requires that such costs (as broadly defined in the Statement) be expensed as incurred. SOP 98-5 became effective for years beginning after December 15, 1998, and the initial application must be reported as the cumulative effect of a change in accounting principle. The Company's application of SOP 98-5 in the first quarter of 1999 resulted in the recording of a cumulative effect of a change in accounting principle of approximately $13.4 million, net of the applicable income tax benefit of $6.2 million. This charge represents the unamortized portion of previously capitalized organization, start-up, pre-operating and integrated logistics services contract implementation costs primarily incurred as a part of the Company's in-country expansion and long-term contract activities from 1996 through 1998. The Company believes that the ongoing application of SOP 98-5 will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

4. ACQUISITIONS AND DIVESTITURES

2000

In December of 2000, the Company acquired Advanced Portable Technologies Pty Ltd 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 next three years. Goodwill of approximately $1.0 million resulted from this acquisition.

1999

During 1999, the Company acquired Cellular Services S.A., a provider of integrated logistics services in the wireless communications industry in Brazil. 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 $3.8 million in cash, the assumption of certain liabilities and remaining contingent cash consideration of up to $15.0 million based upon the future operating results of the Company's Brazilian operations over the five years following the acquisition. Goodwill of approximately $5.0 million resulted from this acquisition. In addition, the Company completed the sale of WAVETech Network Services Limited, a subsidiary of WAVETech Limited in the United Kingdom. The Company had previously accounted for the estimated loss on the sale of this business as a part of the purchase price in its 1998 acquisition of WAVETech Limited. The impact of the ultimate divestiture of this business did not result in a material adjustment to the goodwill originally recorded.

1998

During 1998, the Company made acquisitions of businesses located in Brazil, France, Germany, Mexico, the Netherlands, New Zealand, Poland, Taiwan, the United Kingdom, and the United States. Each of these transactions was accounted for as a purchase and, accordingly, the Consolidated Financial Statements include the operating results of each business from the effective date of its acquisition. The aggregate purchase price for these businesses consisted of 1,431,468 unregistered shares of the Company's common stock valued at $19.4 million, $37.6 million in cash, and the assumption of certain liabilities. Goodwill of $61.1 million resulted from these acquisitions.

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

5. ACCOUNTS RECEIVABLE TRANSFERS

During 2000, the Company entered into certain transactions with respect to a portion of its accounts receivable with financing organizations 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. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (FASB No. 125). Net funds received from the sales of accounts receivable during 2000 totaled $149.3 million (7.6% of revenues). Fees, in the form of discounts, incurred in connection with these sales totaled $2.6 million 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.

In September of 2000, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS No. 140), which replaces FASB No. 125. SFAS No. 140 is

effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. With respect to recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral, SFAS No. 140 is effective for fiscal years ending after December 15, 2000, and is to be applied prospectively with certain exceptions. The Company adopted the disclosure provisions of SFAS No. 140 in 2000 and believes the complete implementation of SFAS No. 140 in 2001 will not have a material effect on its financial statements.

6. NET INVESTMENT GAIN

During 1998, the Company realized a gain on the sale of a marketable equity security. The net gain after related transaction costs was approximately $0.6 million ($0.3 million net of tax) and is included as a component of "Other (income) expenses" in the Consolidated Statements of Operations.

At December 31, 1999 and 2000, the Company had no investments in marketable equity securities.

7. PROPERTY AND EQUIPMENT

The components of property and equipment are as follows (in thousands):

	DECEMBER 31	
	1999	2000
Furniture and equipment	$ 13,976	$ 16,383
Information systems equipment and software	37,923	43,565
Leasehold improvements	6,497	7,858
	58,396	67,806
Less accumulated depreciation	22,146	31,043
	$ 36,250	$ 36,763

Depreciation expense charged to operations was $8.6 million, $12.5 million and $11.6 million in 1998, 1999 and 2000, respectively.

8. LONG-TERM DEBT

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, 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 Euro currencies 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 defined in the Facility) 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 December 31, 2000, there was approximately $48.9 million outstanding under the Facility, all of which was denominated in foreign currencies, at interest rates ranging from 5.9% to 8.2% (a weighted average rate of 6.8%). In addition, there was an aggregate of $39.7 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 December 31, 2000, available funding under the Facility was approximately $22.0 million. In addition to certain net worth and other financial covenants, the Company's 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.

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, the Company renewed and revised its agreement with China Construction Bank. The revised agreement has an initial maturity in May 2001 and increased available advances from $4.8 million to $8.5 million. At December 31, 2000, there was approximately $4.8 million outstanding pursuant to the loan agreement at an interest rate of 5.9%. The loan is supported by a stand-by letter of credit of $5.0 million which was issued under the Facility. 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.

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 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. 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 December 31, 2000, the Company had repurchased 94,000 of the Convertible Notes. The Company realized a gain on these repurchases of approximately $16.6 million ($10.0 million, net of tax) that is recorded as an extraordinary gain on debt extinguishment in the Consolidated Statements of Operations. At December 31, 2000, the Convertible Notes had an accreted value of $145 million and an estimated fair market value of approximately $79 million based on their quoted market price.

Subsequent to December 31, 2000, the Company completed its repurchase plan by acquiring an additional 36,000 of the Convertible Notes at prices ranging from $278 to $283 per Convertible Note. These transactions resulted in an extraordinary gain in 2001 of approximately $4.6 million ($0.09 per diluted share), net applicable income taxes and transaction costs.

On October 31, 2001, the Company cancelled and replaced the Facility with a new revolving credit facility which matures in October 2004. The new facility provides availability of up to $80 million, subject to borrowing base calculations and other limitations. Interest payments for 1998, 1999 and 2000 were approximately $5.4 million, $6.7 million and $2.9 million, respectively.

9. INCOME TAXES

For financial reporting purposes, income (loss) before income taxes, minority interest, accounting change and extraordinary gain, by tax jurisdiction, is comprised of the following (in thousands):

	Year ended December 31		
	1998	1999	2000
United States	$ 11,640	$ (14,046)	$ 3,963
Foreign	6,950	(47,325)	44,727
	$ 18,590	$ (61,371)	$ 48,690

The reconciliation for 1998, 1999 and 2000 of income tax expense computed at the U.S. federal statutory tax rate to the Company's effective income tax rate is as follows:

	1998	1999	2000
Tax at U.S. federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of U.S. federal benefit	3.5	(0.7)	1.0
Foreign sales corporation and foreign taxes	18.7	(51.4)	(7.9)
Other	3.1	(4.4)	2.7
	60.3%	(21.5)%	30.8%

The Company's effective tax rate for 1999, excluding the effect of non-recurring operations and non-recurring charges, would have been 42% based on income before taxes and minority interest. Due to the elimination of certain operations in 1999, the related tax benefits on losses generated within those

operations during 1999 and prior years will not be realized through the application of net operating loss carryforwards in future periods. Consequently, the Company provided for tax expense in 1999 based on recurring operations income before income taxes of $27.4 million and the rates applicable to its recurring operations which had effective tax rates of 29% and 42% in 1998 and 1999, respectively. The Company also recognized the impairment of tax benefits recognized in prior periods for operations eliminated as a part of the Restructuring Plan.

Significant components of the provision for income taxes are as follows (in thousands):

	1998	1999	2000
Current:			
Federal	$ 608	$ 4,084	$ 6,465
State	314	646	879
Foreign	6,459	7,240	9,562
	7,381	11,970	16,906
Deferred:			
Federal	3,313	(1,145)	(1,216)
State	704	(588)	(444)
Foreign	(186)	2,928	(254)
	3,831	1,195	(1,914)
	$ 11,212	$ 13,165	$ 14,992

Components of the Company's net deferred tax asset after valuation allowance are as follows (in thousands):

	DECEMBER 31	
	1999	2000
Deferred tax assets:		
Current:		
Capitalization of inventory costs	$ 545	$ 1,598
Allowance for doubtful accounts	1,205	1,282
Accrued liabilities and other	500	859
Noncurrent:		
Other long-term investments	2,083	4,244

Net operating losses and other carryforwards	7,026	14,290
	11,359	22,273
Valuation allowance	(5,800)	(13,938)
	5,559	8,335
Deferred tax liabilities:		
Noncurrent:		
Depreciation	(642)	(269)
Other assets	(3,846)	(5,081)
	(4,488)	(5,350)
	$ 1,071	$ 2,985

Income tax payments were $5.9 million, $4.1 million and $5.6 million in 1998, 1999 and 2000, respectively.

At December 31, 2000, the Company had net operating loss carryforwards of $46.0 million, of which approximately $26.7 million have no expiration date. The remaining foreign net operating loss carryforwards expire through the year 2008.

Undistributed earnings of the Company's foreign operations were approximately $11.3 million at December 31, 2000. Those earnings are considered to be indefinitely reinvested and, accordingly, no provision for U.S. federal or state income taxes or foreign withholding taxes has been made. Upon distribution of those earnings, the Company would be subject to U.S. income taxes (subject to a reduction for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable; however, unrecognized foreign tax credit carryovers would be available to reduce some portion of the U.S. tax liability.

10. STOCKHOLDERS' EQUITY

All references in the financial statements related to share amounts, per share amounts, average shares outstanding and information concerning stock option plans have been adjusted retroactively to reflect stock splits.

The Company has a Stockholders' Rights Agreement, commonly known as a "poison pill," which provides that in the event an individual or entity becomes a beneficial holder of 15% or more of the shares of the Company's capital stock, other stockholders of the Company shall have the right to purchase shares of the Company's (or in some cases, the acquiror's) common stock at 50% of its then market value.

The Company has authorized 1.0 million shares of preferred stock which remain unissued. The Board of Directors has not yet determined the preferences, qualifications, relative voting or other rights of the authorized shares of preferred stock.

STOCK OPTION PLANS

The Company has three fixed stock option plans, which reserve shares of common stock for issuance to executives, key employees, directors and others.

The Company maintains the 1994 Stock Option Plan whereby employees of the

Company and others are eligible to be granted incentive stock options or non-qualified stock options. Under this plan there are 10.5 million common shares reserved for issuance of which 6.7 million and 6.4 million were authorized but unissued at December 31, 1999 and 2000, respectively. The Company also maintains the 1996 Stock Option Plan whereby employees of the Company and others are eligible to be granted non-qualified stock options. Under this plan there are 3.8 million common shares reserved for issuance of which 2.3 million and 1.7 million were authorized but unissued at December 31, 1999 and 2000, respectively. For both plans, a committee of the Board of Directors determines the time or times at which the options will

be granted, selects the employees or others to whom options will be granted and determines the number of shares covered by each option, as well as the purchase price, time of exercise (not to exceed ten years from the date of the grant) and other terms of the option.

The Company also maintains the Non-Employee Directors Stock Option Plan whereby non-employee directors are eligible to be granted non-qualified stock options. Under this plan there are 937,500 common shares reserved for issuance of which 594,375 and 524,375 were authorized but unissued at December 31, 1999 and 2000, respectively. Options to purchase 10,000 shares of common stock are granted to each newly elected non-employee director and, on the first day of each year, each individual elected and continuing as a non-employee director receives an option to purchase 4,000 shares of common stock.

The exercise price of stock options granted may not be less than the fair market value of a share of common stock on the date of the grant. Options become exercisable in periods ranging from one to three years after the date of the grant. Information regarding these option plans for 1998 through 2000 is as follows:

	1998		1999	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	7,063,586	$ 8.36	6,685,348	$ 9.87
Options granted	2,893,500	12.40	1,531,500	8.35
Options exercised	(1,855,568)	6.46	(710,462)	7.31
Options canceled	(1,416,170)	12.57	(916,166)	11.85
Options outstanding, end of year	6,685,348	$ 9.87	6,590,220	$ 9.42
Options exercisable, end of year	2,147,506	$ 7.62	3,356,083	$ 8.85
Option price range at end of year		$1.33 - $17.50		$3.84 - $19.06
Option price range for exercised shares		$1.33 - $11.20		$1.33 - $13.00

Options available for grant at year end	1,353,462	3,038,129
Weighted average fair value of options granted during the year	$ 4.96	$ 3.81

The following table summarizes information about the fixed price stock options outstanding at December 31, 2000.

Range of Exercise Prices	Number Outstanding at December 31, 2000	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable: Number Outstanding at December 31, 2000	Exercisable: Weig Aver Exercis
$ 3.50 - $ 6.00	1,209,499	4 years	$ 4.53	269,853	$
$ 6.23 - $ 8.50	1,727,086	3 years	$ 6.87	1,447,429	$
$ 8.81 - $ 14.25	2,285,718	4 years	$ 10.66	1,121,419	$ 1
$ 14.38 - $ 19.06	2,119,500	3 years	$ 15.68	815,671	$ 1

Disclosure of pro forma information regarding net income and earnings per share is required to be presented as if the Company has accounted for its employee stock options granted subsequent to December 31, 1994, under the fair value method. The fair value for options granted by the Company is estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	1998	1999	2000
Risk-free interest rate	5.33%	6.10%	5.46%
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	.67	.69	.72
Expected life of the options (years)	2.42	2.67	2.76

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options and stock warrants (discussed below) are amortized to expense over the related vesting period. Because compensation expense is recognized over the vesting period, the initial impact on pro forma net income for 1998 and 1999 may not be representative of compensation expense in future years (including 2000), when

the effect of amortization of multiple awards would be reflected in pro forma net income. The Company's pro forma information giving effect to the estimated compensation expense related to stock options and warrants is as follows (in thousands, except per share data):

	1998	1999	2000
Pro forma net income (loss)	$ (285)	$ (92,381)	$ 38,710
Pro forma net income (loss) per share (diluted)	$ (0.01)	$ (1.74)	$ 0.72

STOCK WARRANTS

In connection with its acquisition of Cellular Trading 3, CA in Venezuela, the Company issued to a principal of the seller warrants to purchase up to 200,000 shares of common stock at $15.44 per share. These warrants became exercisable in 2000 and expire in 2002, however, no shares have been exercised to date.

EMPLOYEE STOCK PURCHASE PLAN

During 1999, the Company's shareholders approved the 1999 Brightpoint, Inc. Employee Stock Purchase Plan (ESPP). The ESPP, available to substantially all employees of the Company, is designed to comply with Section 423 of the Internal Revenue Code for employees living in the United States and eligible employees may authorize payroll deductions of up to 10% of their monthly salary to purchase shares of the Company's common stock at 85% of the lower of the fair market value as of the beginning and ending of each month. Each employee is limited to a total monthly payroll deduction of $2,000 for ESPP purchases. The Company reserved 2,000,000 shares for issuance under the ESPP. During 1999 and 2000, employees made contributions to the ESPP to purchase 1,428 and 56,811 shares, respectively, at a weighted-average price of $9.08 and $5.76 per share, respectively.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative contracts to hedge forecasted future cash flows and net investments in foreign operations. The Company utilizes interest rate swaps to hedge interest rate risk on its multi-currency borrowings and forward exchange contracts with maturities generally less than twelve months to hedge a portion of its forecasted transactions. The Company utilizes borrowings on its multi-currency credit facility to hedge a portion of its foreign net investments. The fair value of the Company's foreign currency forward contracts by currency and hedge designation recorded as liabilities was as follows at December 31, 1999 and 2000 (in thousands):

	1999		2000	
	Cash Flow	Net Investment	CASH FLOW	NET INVESTMENT
Euro	$ (407)	$ (2,489)	$ (291)	$ (3,819)
Hong Kong Dollar	285	-	(18)	-
Swedish Krona	-	(543)	-	(1,207)

Australian Dollar	-	511	-	(1,425)
	$ (122)	$ (2,521)	$ (309)	$ (6,451)

From July 1, 1998 (the date of adoption of SFAS No. 133) through December 31, 2000, gains and losses recognized in earnings on cash flow hedges and the gains and losses from net investments hedges included as a component of accumulated other comprehensive loss in stockholders' equity have not been significant.

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12. LEASE ARRANGEMENTS

The Company leases its office and warehouse/distribution space as well as certain furniture and equipment under operating leases. Total rent expense for all operating leases was $7.1 million, $10.1 million and $11.5 million for 1998, 1999 and 2000, respectively.

The aggregate future minimum payments on the above leases are as follows (in thousands):

YEAR ENDING DECEMBER 31	
2001	$ 10,594
2002	8,483
2003	7,606
2004	6,988
2005	6,047
THEREAFTER	59,797
	$ 99,515

The commitments above include approximately $4.5 million in aggregate facility lease payments for the years 2001 through 2005 and approximately $0.9 million payable in 2006 that relate to the Company's former North America headquarters and main distribution center in Indianapolis. The Company is currently attempting to sublease this facility.

13. EMPLOYEE SAVINGS PLAN

The Company maintains an employee savings plan which permits employees based in the United States with at least four months of service to make contributions by salary reduction pursuant to section 401(k) of the Internal Revenue Code. The Company matches 25% of employee contributions, up to 6% of each employee's salary, in Company common stock. In connection with the required match, the Company's contributions to the Plan were $0.1 million, $0.2 million and $0.2 million in 1998, 1999 and 2000, respectively.

14. FOREIGN CURRENCY DEVALUATION

On January 13, 1999, the Brazilian government allowed the value of its currency, the Real, to float freely against other currencies. Between that date and December 31, 1999, the Real's exchange rate to the U.S. Dollar declined

significantly. During 1999, the average exchange rate for the Real was approximately 36.5% lower than the average exchange rate in 1998. As most of the Company's transactions in Brazil are Real-denominated, translating the results of operations of the Company's Brazilian subsidiary into U.S. Dollars at devalued exchange rates resulted in a lower contribution to consolidated revenues and operating income in 1999. Based on the exchange rates on December 31, 1999, the Company's currency translation of the foreign investment in its Brazilian subsidiary from the Real (functional currency) to the U.S. Dollar resulted in a devaluation of approximately $5.7 million. Currency translation adjustments resulting from translating assets and liabilities from the functional currency to the U.S. Dollar are included as a component of other comprehensive loss in stockholders' equity. Valuation changes in the Real during 2000 were not significant.

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15. CONTINGENCIES (UNAUDITED)

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 asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 of the Exchange Act, based on allegations that false and misleading statements were rendered and/or statements were omitted concerning the Company's then current and future financial condition and business prospects. The action involves a purported class of purchasers of the Company's common stock during the period October 2, 1998 through March 10, 1999. The Company and the individual defendants filed a motion to dismiss the action. The court granted that motion on March 29, 2001. The plaintiffs have until April 26, 2001, to file a motion seeking leave to amend their complaint. If they do not do so, the court will enter final judgment dismissing the case. The outcome of any litigation is uncertain and it is possible that an unfavorable decision could have a material adverse effect on the Company's financial position, results of operations or cash flows.

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16. QUARTERLY RESULTS OF OPERATIONS - RESTATED (UNAUDITED)

The quarterly results of operations are as follows (in thousands, except per share data):

2000	FIRST	SECOND	THIRD
REVENUE	$ 477,772	$ 461,810	$ 517,360
GROSS PROFIT	43,079	44,516	42,971
NET INCOME BEFORE EXTRAORDINARY GAIN	7,239	9,905	9,170
NET INCOME	7,239	9,905	9,170

BASIC PER SHARE:

INCOME BEFORE EXTRAORDINARY GAIN	$ 0.13	$ 0.18	$ 0.16
NET INCOME	$ 0.13	$ 0.18	$ 0.16
DILUTED PER SHARE:			
INCOME BEFORE EXTRAORDINARY GAIN	$ 0.13	$ 0.18	$ 0.16
NET INCOME	$ 0.13	$ 0.18	$ 0.16

1999	First	Second	Third
Revenue	$ 369,545	$ 405,347	$ 458,532
Gross profit	25,867	22,679	36,916
Net income (loss) before accounting change	(3,713)	(84,846)	3,310
Net income (loss)	(17,117)	(84,846)	3,310
Basic per share:			
Income (loss) before accounting change	$ (0.07)	$ (1.59)	$ 0.06
Net income (loss)	$ (0.32)	$ (1.59)	$ 0.06
Diluted per share:			
Income (loss) before accounting change	$ (0.07)	$ (1.59)	$ 0.06
Net income (loss)	$ (0.32)	$ (1.59)	$ 0.06

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17. RESTATEMENTS OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

On November 13, 2001, the Company announced that it would restate its annual financial statements for 1998, 1999, 2000 and the interim periods of 2001. On January 31, 2002, the Company announced that it would further restate its financial statements for the same periods. The restated financial statements reflect the correction of an error in applying generally accepted accounting principles pertaining to the accounting for an agreement that was entered into with an insurance company, effective in 1998, relating to retrospective and prospective loss occurrences. The retrospective occurrences related primarily to losses the Company had sustained and recorded in connection with its closure and discontinuance of its trading division in the fourth quarter of 1998. The Company has responded to requests for information and subpoenas from the Securities and Exchange Commission (SEC) in connection with an investigation including the Company's accounting treatment of the agreement with the insurance company referenced above. In addition, certain officers or employees of the Company have provided testimony to the SEC and the Company believes that the staff of the SEC will subpoena additional testimony of certain officers and employees of the Company. In connection with those responses, the Company and its independent auditors reviewed the agreement with the insurance company and the accounting for the related transactions. In November of 2001, the Company and its independent auditors believed that insurance expense should have been accrued at the date the Company entered into the agreement, rather than prospectively over the periods covered by the agreement because the Company could not allocate the costs of the agreement between the retrospective and prospective loss occurrences. Accordingly, the Company's November 2001 restatement of its financial statements included an accrual in 1998 of

approximately $15 million of insurance expense related to this agreement. In January 2002, the Company's Board of Directors appointed an independent member of the Board to conduct an investigation of the circumstances surrounding the procurement and accounting treatment of the agreement with the insurance company and related matters. The independent member of the Board retained counsel to assist in the investigation and their report was made to the Board in February 2002. This report included findings and recommendations concerning the investigation and the independent members of the Board unanimously approved and adopted such findings and recommendations. In late January 2002, the Company and its independent auditors reviewed the results of the termination of the retrospective portion of the agreement and determined that the appropriate accounting method for the agreement is deposit accounting. Deposit accounting requires treating the Company's payments under this agreement as deposits rather than as premiums and the Company's receipts under the agreement as withdrawals rather than claims paid by the insurance company, resulting in no income or expense recognition during the term of the agreement. As a result of adopting this accounting method, the Company i) wrote-off an insurance receivable of approximately $12 million during the quarter ended December 31, 1998, ii) wrote-off an insurance premium payable of approximately $15 million during the quarter ended December 31, 1998, iii) reversed collectibility reserves that had previously been applied to the aforementioned insurance receivables, iv) recorded the applicable income tax impacts of the foregoing actions and v) did not recognize an anticipated gain related to the termination of the retrospective portion of the agreement in the quarter ended December 31, 2001. The restated financial statements also include certain adjustments and reclassifications that were previously deemed to be immaterial. The Company believes that the restatement had no effect on the Company's cash flow and will have no material effect on its financial position at any future date.

The following tables reconcile the effects of the restatements for the fiscal years ended December 31, 1998, 1999 and 2000. All information in the following tables is presented in thousands, except per share data.

	1998	1999
Income (loss) from operations as initially reported	$ 41,486	$(52,750)
Effects of November 2001 insurance accounting correction	(15,103)	2,852
Effects of January deposit accounting correction	3,285	2,685
Effects of adjustments previously deemed immaterial	(839)	(49)
Income (loss) from operations as restated	$ 28,829	$(47,262)
Income (loss) before income taxes, minority interest, accounting change and extraordinary gain as initially reported	$ 31,237	$(66,827)
Effects of November 2001 insurance accounting correction	(15,103)	2,852
Effects of January 2002 deposit accounting correction	3,285	2,685
Effects of adjustments previously deemed immaterial	(829)	(81)
Income (loss) before income taxes, minority interest, accounting change and extraordinary gain as restated	$ 18,590	$(61,371)

Net income (loss) as initially reported	$ 20,176	$(93,080)
Effects of November 2001 insurance accounting correction	(10,421)	1,968
Effects of January 2002 deposit accounting correction	(1,397)	2,685
Effects of adjustments previously deemed immaterial	(829)	580
Net income (loss) as restated	$ 7,529	$(87,847)
Net income (loss) per share (basic) as initially reported	$ 0.38	$ (1.75)
Effects of November 2001 insurance accounting correction	(0.20)	0.04
Effects of January 2002 deposit accounting correction	(0.03)	0.05
Effects of adjustments previously deemed immaterial	(0.01)	0.01
Net income (loss) per share (basic) as restated	$ 0.14	$ (1.65)
Net income (loss) per share (diluted) as initially reported	$ 0.38	$ (1.75)
Effects of November 2001 insurance accounting correction	(0.20)	0.04
Effects of January 2002 deposit accounting correction	(0.03)	0.05
Effects of adjustments previously deemed immaterial	(0.01)	0.01
Net income (loss) per share (diluted) as restated	$ 0.14	$ (1.65)

17. RESTATEMENTS OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (CONTINUED)

The effects of the restatements on the Consolidated Balance Sheets are as follows (in thousands):

	1998	1999
Total current assets as initially reported	$ 549,225	$ 504,919
Effects of January 2002 deposit accounting correction	(11,818)	(6,281)
Effects of adjustments previously deemed immaterial	(2,146)	236
Total current assets as restated	$ 535,261	$ 498,874
Total assets as initially reported	$ 714,450	$ 623,858
Effects of January 2002 deposit accounting correction	(11,818)	(6,281)
Effects of adjustments previously deemed immaterial	(3,292)	(77)
Total assets as restated	$ 699,340	$ 617,500
Total current liabilities as initially reported	$ 188,176	$ 236,781
Effects of November 2001 insurance accounting correction	10,421	8,454
Effects of January 2002 deposit accounting correction	(10,421)	(7,569)
Effects of adjustments previously deemed immaterial	(2,163)	171
Total current liabilities as restated	$ 186,013	$ 237,837
Total stockholders' equity as initially reported	$ 239,568	$ 156,191
Effects of November 2001 insurance accounting correction	(10,421)	(8,454)

Effects of January 2002 deposit accounting correction	(1,397)	1,288
Effects of adjustments previously deemed immaterial	(1,129)	(248)
Total stockholders' equity as restated	$ 226,621	$ 148,777

OTHER INFORMATION

COMMON STOCK INFORMATION (UNAUDITED)

The Company's Common Stock is listed on the NASDAQ Stock Market(R) under the symbol CELL. The following tables set forth, for the periods indicated, the high and low sale prices for the Common Stock as reported by the NASDAQ Stock Market(R).

2000	HIGH	LOW
FIRST QUARTER	$ 16.31	$ 11.44
SECOND QUARTER	12.94	8.53
THIRD QUARTER	9.50	4.41
FOURTH QUARTER	6.94	3.34

1999	High	Low
First quarter	$ 18.56	$ 5.81
Second quarter	7.25	5.31
Third quarter	7.28	3.53
Fourth quarter	14.88	6.84

At March 20, 2001, there were approximately 436 stockholders of record.

The Company has not paid cash dividends on its Common Stock other than S corporation distributions made to stockholders during periods prior to the rescissions of S corporation elections by the Company or its predecessors. In addition, the Company's bank agreements limit or prohibit the Company, subject to certain exceptions, from declaring or paying cash dividends, making capital distributions or other payments to stockholders (See Note 8 - Long-term Debt). The Board of Directors intends to continue a policy of retaining earnings to finance the Company's anticipated growth and development of its business and does not expect to declare or pay any cash dividends in the foreseeable future.

The Company has declared the following stock splits which were effected in the form of stock dividends:

DECLARATION DATE	DIVIDEND PAYMENT DATE	SPLIT RATIO
August 31, 1995	September 20, 1995	5 for 4

November 12, 1996	December 17, 1996	3 for 2
January 28, 1997	March 3, 1997	5 for 4
October 22, 1997	November 21, 1997	2 for 1

SELECTED FINANCIAL DATA (AS RESTATED, SEE NOTE 17 TO THE CONSOLIDATED FINANCIAL STATEMENTS (1)

(Amounts in thousands, except per share data)

	YEAR ENDED DECEMB		
	1996	1997	1998
Revenue (2)	$589,718	$1,006,116	$1,584,198
Gross profit (2)	45,840	85,171	123,373
Income (loss) from operations (2)	24,991	41,862	28,829
Net income (loss) before accounting change and extraordinary gain	11,037	25,510	7,529
Net income (loss)	11,037	25,510	7,529
Basic per share:			
Income (loss) before accounting change and extraordinary gain	$ 0.27	$ 0.55	$ 0.14
Cumulative effect of accounting change, net of tax	--	--	--
Extraordinary gain on debt extinguishment, net of tax	--	--	--
Net income (loss)	$ 0.27	$ 0.55	$ 0.14
Diluted per share:			
Income (loss) before accounting change and extraordinary gain	$ 0.26	$ 0.53	$ 0.14
Cumulative effect of accounting change, net of tax	--	--	--
Extraordinary gain on debt extinguishment, net of tax	--	--	--
Net income (loss)	$ 0.26	$ 0.53	$ 0.14

	DECEMBER 31		
	1996	1997	1998
Working capital	$143,481	$ 281,063	$ 349,248
Total assets	299,045	456,702	699,340
Long-term obligations	79,894	146,963	286,706
Total liabilities	203,125	257,411	472,719
Stockholders' equity	94,982	199,291	226,621

(1) Operating data includes non-recurring charges and other unusual items that were recorded in the years presented as follows: merger expenses in 1996; investment gains on marketable equity securities in 1997 and 1998; trading, restructuring and other unusual charges in 1998, 1999, and 2000; the results of those operations that were terminated or sold in 1999 in accordance with the Company's Restructuring Plan; the cumulative effect of an accounting change in 1999 and an extraordinary gain on debt extinguishment in 2000. See Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements.

(2) The Company has reclassified certain prior year amounts to conform to the 2000 presentation primarily to reflect certain classification requirements of accounting pronouncements issued in 2000. The amounts reclassified were not significant and had no effect on net income or earnings per share.

BRIGHTPOINT, INC.
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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders
Brightpoint, Inc.

We have audited the Consolidated Financial Statements of Brightpoint, Inc. as of December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000, and have issued our report thereon dated January 22, 2001 (except for Notes 8 and 17, as to which the dates are November 16, 2001 and January 31, 2002, respectively). Our audits also included the financial statement schedule listed in Item 14(a) of this Form 10-K/A Amendment No. 3. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Indianapolis, Indiana
January 22, 2001

CONSENT OF ERNST & YOUNG LLP

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-87863) pertaining to the Brightpoint, Inc. 1994 Stock Option Plan, as amended, the 1996 Brightpoint, Inc. Stock Option Plan, as amended, the Brightpoint, Inc. Non-employee Director Stock Option Plan, and the Brightpoint, Inc. Employee Stock Purchase Plan, in the Registration Statement (Form S-8 No. 333-2242) pertaining to the Brightpoint, Inc. 401(k) Plan, in the Registration Statement (Form S-3 No. 33-91112) pertaining to certain options and warrants of Brightpoint, Inc., in the Registration Statement (Form S-3 No. 333-3569) pertaining to certain warrants of Brightpoint, Inc., and in the Registration Statements (Form S-3 Nos. 333-15663, 333-29533, 333-07892, 333-37587, 333-55945, 333-58863, 333-34952, and 333-37022) pertaining to certain common stock of Brightpoint, Inc. of our report dated January 22, 2001 (except for Notes 8 and 17, as to which the dates are November 16, 2001 and January 31, 2002, respectively) with respect to the Consolidated Financial Statements and our report dated January 22, 2001 with respect to the financial statement schedule, both included in this Annual Report (Form 10-K/A Amendment No. 3) of Brightpoint, Inc.

/s/ ERNST & YOUNG LLP

Indianapolis, Indiana
February 25, 2002

BRIGHTPOINT, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

DESCRIPTION	COL. A BALANCE AT BEGINNING OF PERIOD	COL. B CHARGED TO COSTS AND EXPENSES(1)	COL. C CHARGED TO OTHER ACCOUNTS
Year ended December 31, 2000:			
Deducted from asset accounts:			
Allowance for doubtful accounts	$6,220,000	$ 6,328,000	$ --
Total	$6,220,000	$ 6,328,000	$ --
Year ended December 31, 1999:			
Deducted from asset accounts:			
Allowance for doubtful accounts	$6,045,000	$ 10,906,000	$ --
Total	$6,045,000	$ 10,906,000	$ --
Year ended December 31, 1998:			
Deducted from asset accounts:			
Allowance for doubtful			

accounts	$3,394,000	$ 5,601,000	$ --
Total	$3,394,000	$ 5,601,000	$ --

(1) Does not include impairments of accounts receivable recognized in connection with the Company's trading, restructuring and other unusual charges. See notes to Consolidated Financial Statements.

(2) Uncollectible accounts written off.