BRIGHTPOINT INC
Form 10-Q
November 04, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

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

For the quarterly period ended September 30, 2008

0-23494
(Commission File no.)

Brightpoint, Inc.
(Exact name of registrant as specified in its charter)

Indiana	35-1778566
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
2601 Metropolis Parkway, Suite 210, Plainfield, Indiana	46168
(Address of principal executive offices)	(Zip Code)

(317) 707-2355
(Registrant s telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)
Yes o No þ

The number of shares of Common Stock outstanding as of October 31, 2008: 81,648,095

PART 1 FINANCIAL INFORMATION

Item 1. Financial Statements
Brightpoint, Inc.
Consolidated Statements of Operations
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2008	2007	**2008**	2007
Revenue				
Distribution revenue	**$1,098,800**	$1,067,791	**$3,292,703**	$2,377,940
Logistic services revenue	**111,169**	92,891	**321,694**	251,496
Total revenue	**1,209,969**	1,160,682	**3,614,397**	2,629,436
Cost of revenue				
Cost of distribution revenue	**1,054,383**	1,018,314	**3,145,861**	2,289,198
Cost of logistic services revenue	**68,638**	64,622	**202,620**	188,864
Total cost of revenue	**1,123,021**	1,082,936	**3,348,481**	2,478,062
Gross profit	**86,948**	77,746	**265,916**	151,374
Selling, general and administrative expenses	**63,475**	51,275	**206,043**	112,044
Amortization expense	**4,647**	3,892	**14,189**	4,636
Restructuring charge	**901**	166	**7,483**	166
Operating income from continuing operations	**17,925**	22,413	**38,201**	34,528
Interest, net	**4,435**	5,758	**18,616**	8,971
Other expenses	**1,782**	424	**2,809**	786
Income from continuing operations before income taxes	**11,708**	16,231	**16,776**	24,771
Income tax expense (benefit)	**5,648**	3,005	**5,469**	(7,771)
Income from continuing operations before minority interest	**6,060**	13,226	**11,307**	32,542
Minority interest, net of taxes	**33**	206	**366**	206
Income from continuing operations	**6,027**	13,020	**10,941**	32,336

Discontinued operations, net of income taxes:				
(Loss) gain from discontinued operations	**(538)**	(57)	**(7,013)**	153
(Loss) gain on disposal of discontinued operations	**(10)**	(1)	**(5)**	11
Total discontinued operations, net of income taxes	**(548)**	(58)	**(7,018)**	164
Net income	**$ 5,479**	$ 12,962	**$ 3,923**	$ 32,500
Earnings per share basic:				
Income from continuing operations	**$ 0.08**	$ 0.19	**$ 0.14**	$ 0.57
Discontinued operations, net of income taxes	**(0.01)**		**(0.09)**	
Net income	**$ 0.07**	$ 0.19	**$ 0.05**	$ 0.57
Earnings per share diluted:				
Income from continuing operations	**$ 0.07**	$ 0.18	**$ 0.13**	$ 0.56
Discontinued operations, net of income taxes	**(0.01)**		**(0.09)**	
Net income	**$ 0.06**	$ 0.18	**$ 0.04**	$ 0.56
Weighted average common shares outstanding:				
Basic	**78,549**	70,076	**77,968**	56,488
Diluted	**81,250**	71,125	**81,545**	57,551

See accompanying notes

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Brightpoint, Inc.
Consolidated Balance Sheets
(Amounts in thousands, except per share data)

	September 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 101,200**	$ 102,160
Accounts receivable (less allowance for doubtful accounts of $12,875 in 2008 and $17,157 in 2007)	**544,491**	754,238
Inventories	**312,869**	474,951
Other current assets	**66,236**	69,261
Total current assets	**1,024,796**	1,400,610
Property and equipment, net	**56,652**	55,732
Goodwill	**389,005**	349,646
Other intangibles, net	**118,619**	135,431
Other assets	**36,749**	30,942
Total assets	**$ 1,625,821**	$ 1,972,361
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	**$ 615,264**	$ 666,085
Accrued expenses	**147,226**	189,415
Current portion of long-term debt	**1,190**	19,332
Lines of credit and other short-term borrowings	**13**	
Total current liabilities	**763,693**	874,832
Long-term liabilities:		
Lines of credit, long-term	**1,502**	208,399
Long-term debt	**182,778**	233,122
Other long-term liabilities	**53,882**	54,425
Total long-term liabilities	**238,162**	495,946
Total liabilities	**1,001,855**	1,370,778
COMMITMENTS AND CONTINGENCIES		
Minority interest	**326**	818

Shareholders equity:		
Preferred stock, $0.01 par value: 1,000 shares authorized; no shares issued or outstanding		
Common stock, $0.01 par value: 100,000 shares authorized; 88,702 issued in 2008 and 88,418 issued in 2007	**887**	884
Additional paid-in-capital	**623,721**	584,806
Treasury stock, at cost, 7,063 shares in 2008 and 6,930 shares in 2007	**(59,983)**	(58,695)
Retained earnings	**33,389**	29,467
Accumulated other comprehensive income	**25,626**	44,303
Total shareholders equity	**623,640**	600,765
Total liabilities and shareholders equity	**$ 1,625,821**	$ 1,972,361

See accompanying notes

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Brightpoint, Inc.
Consolidated Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	Nine months ended September 30,	
	2008	**2007**
Operating activities		
Net income	$ 3,923	$ 32,500
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,249	14,658
Non-cash compensation	4,991	4,485
Restructuring charge	7,483	166
Change in deferred taxes	(13,910)	(18,132)
Minority interest	366	
Other non-cash	(910)	2,354
	30,192	36,031
Changes in operating assets and liabilities, net of effects from acquisitions and divestitures:		
Accounts receivable	197,999	(10,841)
Inventories	160,193	203,537
Other operating assets	(7,935)	(4,312)
Accounts payable and accrued expenses	(67,563)	(124,864)
Net cash provided by operating activities	312,886	99,551
Investing activities		
Capital expenditures	(16,064)	(16,172)
Acquisitions, net of cash acquired	(5,878)	(69,141)
Decrease (increase) in other assets	768	(5,391)
Net cash used in investing activities	(21,174)	(90,704)
Financing Activities		
Net (repayments on) proceeds from lines of credit	(213,843)	37,832
Repayments on debt assumed from Dangaard Telecom		(284,557)
Borrowings (repayments) on Global Term Loans	(67,076)	248,585
Deferred financing costs paid	(212)	(4,433)
Purchase of treasury stock	(1,288)	(400)
Excess tax benefit from equity based compensation	118	774
Proceeds from common stock issuances under employee stock option plans	39	1,903
Net cash used in financing activities	(282,262)	(296)
Effect of exchange rate changes on cash and cash equivalents	(10,410)	2,869

Net (decrease) increase in cash and cash equivalents	(960)	11,420
Cash and cash equivalents at beginning of period	102,160	54,331
Cash and cash equivalents at end of period	$ 101,200	$ 65,751

See accompanying notes

Brightpoint, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

General

The accompanying unaudited Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934. Accordingly, they do not include all of the information and footnotes necessary for fair presentation of financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles. Operating results from interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole. The Company is subject to seasonal patterns that generally affect the wireless device industry. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, but management does not believe such differences will materially affect Brightpoint, Inc. s financial position or results of operations. The Consolidated Financial Statements reflect all adjustments considered, in the opinion of management, necessary to fairly present the results for the periods. Such adjustments are of a normal recurring nature.

For further information, including the Company s significant accounting policies, refer to the audited Consolidated Financial Statements and the notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007. As used herein, the terms Brightpoint , Company , we , our and us mean Brightpoint, Inc. and consolidated subsidiaries.

Earnings Per Share

Basic earnings per share is based on the weighted average number of common shares outstanding during each period, and diluted earnings per share is based on the weighted average number of common shares and dilutive common share equivalents outstanding during each period. The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations (in thousands, except per share data):

	Three Months Ended September 30,		Nine months ended, September 30,	
	2008	2007	2008	2007
Income from continuing operations	$ 6,027	$ 13,020	$ 10,941	$ 32,336
Discontinued operations, net of income taxes	(548)	(58)	(7,018)	164
Net income	$ 5,479	$ 12,962	$ 3,923	$ 32,500
Earnings per share basic:				
Income from continuing operations	$ 0.08	$ 0.19	$ 0.14	$ 0.57
Discontinued operations, net of income taxes	(0.01)		(0.09)	
Net income	$ 0.07	$ 0.19	$ 0.05	$ 0.57
Earnings per share diluted:				
Income from continuing operations	$ 0.07	$ 0.18	$ 0.13	$ 0.56
Discontinued operations, net of income taxes	(0.01)		(0.09)	

Net income	$ 0.06	$ 0.18	$ 0.04	$ 0.56
Weighted average shares outstanding for basic earnings per share	78,549	70,076	77,968	56,488
Net effect of dilutive stock options, restricted stock units, shares held in escrow and restricted stock based on the treasury stock method using average market price	2,701	1,049	3,577	1,063
Weighted average shares outstanding for diulted earnings per share	81,250	71,125	81,545	57,551

Brightpoint, Inc.
Notes to Consolidated Financial Statements

Recently Issued Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 157, *Fair Value Measurements*. The provisions of SFAS 157 were effective for the Company on January 1, 2008 for financial assets and liabilities and are effective for the Company on January 1, 2009 for non-financial assets and liabilities. The adoption of SFAS 157 did not have a material impact on the Company s financial statements. The Company does not expect the adoption of SFAS 157 for non-financial assets and liabilities to have a material impact on the Company s financial statements. SFAS 157 defines fair value, provides guidance for measuring fair value and requires certain disclosures. SFAS No. 157 discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect the reporting entity s own assumptions.

The following table summarizes the bases used to measure certain financial assets and financial liabilities at fair value on a recurring basis in the balance sheet (in thousands):

	Balance at September 30, 2008	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)
Financial instruments classified as assets			
Forward foreign currency contracts	$ 853	$	$ 853
Financial instruments classified as liabilities			
Interest rate swaps	$ 1,987	$	$ 1,987
Forward foreign currency contracts	274		274

In December 2007, FASB issued SFAS 141 (R). This statement amends SFAS 141, *Business Combinations*, and provides revised guidance for recognizing and measuring identifiable assets and goodwill acquired, liabilities assumed, and any noncontrolling interest in the acquiree. It also provides disclosure requirements to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The provisions of SFAS 141(R) are effective for the Company on January 1, 2009. The Company does not currently expect the adoption of SFAS 141(R) to have a material impact on its financial statements since the provisions of SFAS 141 (R) are applied prospectively.

In December 2007, the FASB issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB 51*. SFAS 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends certain of ARB 51 s consolidation procedures for consistency with the requirements of SFAS 141(R). The provisions of SFAS 160 are

effective for the Company on January 1, 2009. The Company does not expect the adoption of SFAS 160 to have a material impact on its financial statements.

In March 2008, the FASB issued SFAS 161, *Disclosures about Derivative Instruments and Hedging Activities*. This Statement enhances disclosures about derivative and hedging activities. The provisions of SFAS 161 are effective

Brightpoint, Inc.
Notes to Consolidated Financial Statements

for the Company on January 1, 2009. The Company does not expect the adoption of SFAS 161 to have a material impact on its financial statements.

Other Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income, unrealized gains and losses on marketable securities, unrealized gains or losses on derivative instruments, and gains or losses resulting from currency translations of foreign investments. The details of comprehensive income (loss) for the three and nine months ended September 30, 2008 and 2007 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended, September 30,	
	2008	**2007**	**2008**	**2007**
Net income	**$ 5,479**	$ 12,962	**$ 3,923**	$ 32,500
Unrealized gain (loss) on derivative instruments	**(124)**		**397**	
Unrealized gain (loss) on marketable securities:				
Net gain (loss) arising during the period		149	**(2,087)**	149
Reclassification adjustment for losses included in net income			**928**	
Foreign currency translation	**(58,252)**	18,673	**(17,915)**	25,326
Comprehensive (loss) income	**$ (52,897)**	$ 31,784	**$ (14,754)**	$ 57,975

2. Acquisitions

On April 28, 2008, the Company acquired the assets of Hugh Symons Group Ltd. s wireless distribution business for $0.6 million (0.3 million pounds sterling) and the value of inventory at the date of closing. In addition, the Company agreed to contingent cash earn out payments based upon certain operating performance measures which may be payable on the first, second and third anniversary of closing. The total earn out payments shall in no event exceed 3.6 million pounds sterling (approximately $6.5 million as of September 30, 2008).

On July 31, 2007 the Company completed its acquisition of Dangaard Telecom A/S (Dangaard Telecom). The purchase price for the Dangaard Telecom acquisition was $344.9 million (including direct acquisition costs and the fair value of shares of common stock that are held in escrow). The fair value of the Company s common stock was measured in accordance with EITF 99-12, *Determination of the Measurement Date for the Market Price of Acquirer Securities Issued in a Purchase Business Combination*. Total equity consideration was estimated using a stock price of $11.25 per share, which represents the average closing stock price beginning two trading days before and ending two trading days after February 20, 2007, the date of the public announcement of the definitive purchase agreement. The allocation of the purchase price was based upon the fair value of assets acquired and liabilities assumed. Results of operations related to this acquisition are included in the Company s Consolidated Statements of Operations beginning on August 1, 2007.

The following sets forth unaudited pro forma financial information in accordance with U.S. generally accepted accounting principles assuming the Dangaard Telecom acquisition took place at the beginning of the periods presented. The unaudited pro forma results include certain adjustments as described in the notes below (in thousands, except per share data):

Brightpoint, Inc.
Notes to Consolidated Financial Statements

Three months ended :
(amounts in 000s)

September 30, 2007	**Dangaard Telecom**	**Brightpoint**	**Adjustments**	**Note**	**Consolidated**
Revenue	$196,530	$1,160,682	$(26,393)	(1)	$1,330,819
Income (loss) from continuing operations	(7,170)	13,020	310	(2)	6,160
Net (loss) income	(7,170)	12,962	310		6,102
Weighted average shares outstanding diluted		71,125	9,783	(3)	80,908
Income from continuing operations diluted		$ 0.18			$ 0.08

Nine months ended:
(amounts in 000s)

September 30, 2007	**Dangaard Telecom**	**Brightpoint**	**Adjustments**	**Note**	**Consolidated**
Revenue	$1,268,373	$2,629,436	$(155,007)	(1)	$3,742,802
Income (loss) from continuing operations	(8,722)	32,336	(5,891)	(2)	17,723
Net (loss) income	(8,722)	32,500	(5,891)		17,887
Weighted average shares outstanding diluted		57,551	23,187	(3)	80,738
Income from continuing operations diluted		$ 0.56			$ 0.22

Pro forma adjustments:

(1) To reclassify the cost of revenue that was historically presented by Dangaard Telecom on a gross basis to a net basis to conform to EITF 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent* and Brightpoint accounting policy.

(2) To record the following:

amortization of the intangible assets recorded as a result of the acquisition, and

income tax provision for the effect of the pro forma adjustments above based on statutory tax rates.

(3) To adjust the weighted average number of shares outstanding used to determine diluted pro forma earnings per share assuming the 30,000,000 shares of the Company s unregistered Common Stock used to acquire Dangaard Telecom were issued at the beginning of the period presented.

As discussed further in Note 3, on June 30, 2008, the Company formally announced a plan to realign its European operations. Adjustments to the purchase price allocation under the plan resulted in additional liabilities of $16.0 million in 2008.

3. Restructuring

On June 30, 2008, the Company formally announced its plan to realign its European operations as a result of the acquisition of Dangaard Telecom. The Company incurred restructuring costs of $14.6 million in the third quarter of 2008 related to these initiatives. Approximately $13.7 million of the total restructuring costs were directly related to the Dangaard Telecom acquisition and thus resulted in additional goodwill recorded in purchase accounting. These additional liabilities that impact purchase accounting have been recognized as liabilities assumed in the business combination and included in the allocation of the acquisition costs in accordance with EITF 95-3, *Recognition of Liabilities in Connection with a Purchased Business Combination.* The remaining $0.9 million of restructuring costs incurred during the third quarter of 2008 were not directly related to the Dangaard Telecom acquisition and thus are included as restructuring charge in the Consolidated Statement of Operations for the three months ended September 30, 2008. All of these restructuring and integration costs are expected to result in future cash expenditures.

Brightpoint, Inc.
Notes to Consolidated Financial Statements

Reserve activity for the restructuring for the nine months ended September 30, 2008 is as follows (in thousands):

	Employee Terminations	Lease Termination Costs	Asset Impairment Charges	Other	Total
Balance at December 31, 2007	$ 3,336	$ 728	$	$	$ 4,064
Restructuring charge	1,584	3,732	2,167		7,483
Dangaard Telecom goodwill adjustment	4,373	10,630	733	297	16,033
Foreign currency translation	1,452	(1,177)		(25)	250
Total activity:	10,745	13,913	2,900	272	27,830
Less:					
Cash usage	(6,838)	(589)	(733)		(8,160)
Non-cash usage		(164)	(2,167)		(2,331)
Balance at September 30, 2008	$ 3,907	$ 13,160	$	$ 272	$ 17,339

Restructuring charge was $7.5 million for the nine months ended September 30, 2008. The restructuring charge consists of the following:

A $1.8 million charge in connection with the sale of certain assets in Colombia.

A $1.1 million charge to write-off IT projects that were abandoned after the acquisition of Dangaard Telecom.

A $3.6 million charge associated with the exit of our redundant warehouse and office facility in Germany

$1.0 million of other lease termination costs and severance costs associated with previously announced realignment of our European operations

Adjustments to goodwill acquired in the purchase of Dangaard Telecom related to exiting activities of the acquired operations include $16.0 million associated primarily with lease abandonment costs and the severance of certain employees under the previously announced reorganization plan of our Europe operations. During the third quarter of 2008, $13.6 million of these adjustments were recorded.

In October 2008 the Company reached an agreement with the landlord of its European headquarters to terminate the building s lease. The Company will record an additional charge of approximately $3.0 million to $3.5 million related to the termination of this lease in its results of operations for the fourth quarter of 2008.

4. Discontinued Operations

The consolidated statements of operations reflect the reclassification of the results of operations of the Company s locally branded PC notebook business in Slovakia to discontinued operations for all periods presented in accordance with U.S. generally accepted accounting principles. Details of discontinued operations for the three and nine months ended September 30, 2008 and 2007 are as follows (in thousands):

	Three Months Ended September 30,		Nine months ended, September 30,	
	2008	2007	2008	2007
Revenue	$ 11,065	$ 17,304	$ 16,646	$ 41,174

Income (loss) from discontinued operations before income taxes	$ (635)	$ (65)	$ (11,182)	$ 203
Income tax expense (benefit)	(97)	(8)	(4,169)	50
Gain (loss) from discontinued operations	$ (538)	$ (57)	$ (7,013)	$ 153

5. Borrowings

At September 30, 2008, the Company and its subsidiaries were in compliance with the covenants in each of its material credit agreements. Interest expense includes interest on outstanding debt, charges for accounts receivable factoring programs, fees paid for unused capacity on credit lines and amortization of deferred financing fees.

Brightpoint, Inc.
Notes to Consolidated Financial Statements

The table below summarizes the borrowings that were available to the Company as of September 30, 2008 (in thousands):

	Gross Availability	Outstanding	Letters of Credit & Guarantees	Net Availability
Global Term Loans	$183,968	$183,968	$	$
Global Credit Facility	300,000	1,502	338	298,160
Other	56,639	13		56,626
Total	$540,607	$185,483	$ 338	$354,786

Average daily debt outstanding was approximately $301.0 million in the third quarter of 2008. Additional details on the above available borrowings are discussed in the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

6. Guarantees

In accordance with FIN 45, *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,* guarantees are recorded at fair value and disclosed, even when the likelihood of making any payments under such guarantees is remote.

The Company has issued certain guarantees on behalf of its subsidiaries with regard to lines of credit. Although the guarantees relating to lines of credit are excluded from the scope of FIN 45, the nature of these guarantees and the amounts outstanding are described in the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

The Company has entered into indemnification agreements with its officers and directors, to the extent permitted by law, pursuant to which the Company has agreed to reimburse its officers and directors for legal expenses in the event of litigation and regulatory matters. The terms of these indemnification agreements provide for no limitation to the maximum potential future payments. The Company has a directors and officers insurance policy that may, in certain instances, mitigate the potential liability and payments.

Late in 2004, the Company entered into a non-exclusive agreement to distribute wireless devices in Europe for a certain supplier. Subject to this agreement, the Company provides warranty repair services on certain devices it distributes for this supplier. The warranty period for these devices ranges from 12 to 24 months, and the Company is liable for providing warranty repair services unless failure rates exceed a certain threshold. The Company records estimated expenses related to future warranty repair at the time the devices are sold. Estimates for warranty costs are calculated primarily based on management s assumptions related to cost of repairs and anticipated failure rates. During 2006, this supplier re-branded its devices and provides aftermarket support services including warranty repairs. The Company does not provide warranty repair services on the re-branded devices on behalf of the supplier; however, the Company does provide aftermarket support services including warranty repairs for wireless devices sold by one of the Company s European operations to one customer. Sales of devices for which the Company provides warranty repair services have decreased significantly since this supplier re-branded its devices. The Company assumed an obligation through the acquisition of Dangaard Telecom that is related to a similar program. Warranty accruals are adjusted from time to time when the Company s actual warranty claim experience differs from its estimates. A summary of the changes in the product warranty accrual is as follows (in thousands):

	Nine Months Ended September 30,

	2008	2007
January 1	**$ 3,944**	$ 3,063
Warranty liability assumed from Dangaard Telecom		3,308
Provision for product warranties	**3,045**	3,331
Settlements during the period	**(4,060)**	(5,514)
September 30	**$ 2,928**	$ 4,188

Brightpoint, Inc.
Notes to Consolidated Financial Statements

7. Operating Segments

The Company has operations centers and/or sales offices in various countries including Australia, Austria, Belgium, Colombia, Denmark, Finland, France, Germany, India, Italy, the Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom and the United States. All of the Company s operating entities generate revenue from the distribution of wireless devices and accessories and/or the provision of logistic services. During the third quarter of 2008, the Company reclassified its operating entities in South Africa and the United Arab Emirates into the Europe reporting segment from the Asia-Pacific reporting segment. The Europe reporting segment has been renamed the Europe Middle East and Africa reporting segment (EMEA). In the first quarter of 2008, the Company reclassified the financial information related to the global IT support cost center from the Asia-Pacific region to the Corporate and Reconciling section of the segment information presented below. Segment information as of and for the three and nine months ended September 30, 2007 has been reclassified to conform to the 2008 presentation. Segment information as of and for the three and nine months ended September 30, 2007 has been reclassified to conform to the 2008 presentation. The Company identifies its reportable segments based on management responsibility of its three geographic divisions: the Americas, Asia-Pacific, and EMEA. The Company s operating segments have been aggregated into these three geographic reporting segments.

The Company evaluates the performance of and allocates resources to these segments based on operating income from continuing operations (excluding corporate selling, general and administrative expenses and other unallocated expenses). A summary of the Company s operations by segment is presented below (in thousands) for the three and nine months ended September 30, 2008 and 2007:

	Americas	Asia-Pacific	EMEA	Corporate and Reconciling Items	Total
Three Months Ended September 30, 2008:					
Distribution revenue	**$169,345**	**$ 320,807**	**$ 608,648**	**$**	**$1,098,800**
Logistic services revenue	**45,615**	**13,425**	**52,129**		**111,169**
Total revenue from external customers	**$214,960**	**$ 334,232**	**$ 660,777**	**$**	**$1,209,969**
Operating income from continuing operations	**$ 12,553**	**$ 6,851**	**$ 6,354**	**$ (7,833)**	**$ 17,925**
Depreciation and amortization	**2,302**	**471**	**5,894**	**247**	**8,914**
Capital expenditures	**1,882**	**842**	**1,854**	**784**	**5,362**
Three Months Ended September 30, 2007:					
Distribution revenue	$256,013	$ 379,360	$ 432,418	$	$1,067,791
Logistic services revenue	51,083	9,259	32,549		92,891
Total revenue from external customers	$307,096	$ 388,619	$ 464,967	$	$1,160,682

Operating income from continuing operations	$ 13,036	$ 8,573	$ 7,632	$ (6,828)	$ 22,413
Depreciation and amortization	2,552	554	4,063	244	7,413
Capital expenditures	1,026	131	5,612	86	6,855
Nine Months Ended September 30, 2008:					
Distribution revenue	**$542,007**	**$ 941,477**	**$1,809,219**	**$**	**$3,292,703**
Logistic services revenue	**136,420**	**35,811**	**149,463**		**321,694**
Total revenue from external customers	**$678,427**	**$ 977,288**	**$1,958,682**	**$**	**$3,614,397**
Operating income from continuing operations	**$ 29,986**	**$ 20,734**	**$ 12,327**	**$ (24,846)**	**$ 38,201**
Depreciation and amortization	**7,490**	**1,704**	**18,268**	**787**	**28,249**
Capital expenditures	**3,591**	**885**	**9,990**	**1,597**	**16,063**
Nine Months Ended September 30, 2007:					
Distribution revenue	$662,882	$1,073,379	$ 641,679	$	$2,377,940
Logistic services revenue	142,636	24,855	84,005		251,496
Total revenue from external customers	$805,518	$1,098,234	$ 725,684	$	$2,629,436
Operating income from continuing operations	$ 26,981	$ 20,019	$ 7,844	$ (20,316)	$ 34,528
Depreciation and amortization	7,684	1,667	4,591	716	14,658
Capital expenditures	8,814	1,771	5,200	387	16,172

Brightpoint, Inc.
Notes to Consolidated Financial Statements

Additional segment information is as follows (in thousands):

	September 30, 2008	December 31, 2007
Total segment assets:		
Americas	$ 270,543	$ 354,910
Asia-Pacific	208,330	218,953
EMEA	1,120,314	1,367,752
Corporate	26,634	30,746
	$1,625,821	$1,972,361

8. Legal Proceedings and Contingencies

LN Eurocom

On June 11, 2008 LN Eurocom (LNE) filed a lawsuit in the City Court of Frederiksberg, Denmark against Brightpoint Smartphone A/S and Brightpoint International A/S, each a wholly owned subsidiary of the Company (collectively, Smartphone). The lawsuit alleges that Smartphone breached a contract relating to call center services performed or to be performed by LNE. The total amount claimed is approximately 9 million DKK (approximately $1.6 million as of September 30, 2008). Smartphone disputes this claim and intends to defend this matter vigorously.

On July 31, 2007, we acquired Dangaard Telecom which had the following material claims and/or disputes:

German value-added tax authorities

There are two disputes pending with *Finanzamt Flensburg,* the German value-added tax, or VAT, authorities (the Finanzamt):

1. Dangaard Telecom s subsidiary, Dangaard Telecom Denmark A/S, received an assessment from the Finanzamt claiming that local German VAT should be applied on sales made by Dangaard Telecom Denmark A/S to two specific German customers in 1997 and 1998. Finanzamt claimed approximately $2.9 million. The case is currently in abeyance waiting for a principal decision or settlement involving similar cases pending in Germany. Dangaard Telecom Denmark A/S continues to dispute this claim and intends to defend this matter vigorously. The former shareholders of Dangaard Telecom agreed to indemnify Dangaard Holding with respect to this dispute when Dangaard Holding acquired Dangaard Telecom, and Dangaard Holding has agreed in the purchase agreement to transfer and assign these indemnification rights to us (or enforce them on our behalf if such transfer or assignment is not permitted).

2. Dangaard Telecom s subsidiary, Dangaard Telecom Denmark A/S, received a notice from the Finanzamt claiming that local German VAT should be applied on all sales made by Dangaard Telecom Denmark A/S to German customers during the years 1999 to 2004. Finanzamt claimed approximately $8.1 million. The case is currently in abeyance waiting for a principal decision or settlement involving similar cases pending in Germany. Dangaard Telecom Denmark A/S continues to dispute this claim and intends to defend this matter vigorously. The former shareholders of Dangaard Telecom agreed to indemnify Dangaard Holding with respect to 80% of this claim when Dangaard Holding acquired Dangaard Telecom, and Dangaard Holding has agreed in the purchase agreement to transfer and assign these indemnification rights to us (or enforce them on our behalf if such transfer or assignment is not permitted).

Fleggaard group of companies

The former headquarters of Dangaard Telecom was in premises rented from a member of the Fleggaard group of companies, which was a former shareholder of Dangaard Telecom. A fire in March 2006 caused by another tenant in the building destroyed the headquarters and Dangaard Telecom had to leave the building while awaiting renovation of

its space. Because of Fleggaard s failure to renovate the space, Dangaard Telecom terminated the lease. Fleggaard has disputed the lease termination and has claimed $1.4 million in damages. Dangaard Telecom continues to dispute this claim and intends to defend this matter vigorously.

Brightpoint, Inc.
Notes to Consolidated Financial Statements

Norwegian tax authorities

Dangaard Telecom's subsidiary, Dangaard Telecom Norway AS Group, received notice from the Norwegian tax authorities regarding tax claims in connection with certain capital gains. The Norwegian tax authorities have claimed $2.7 million. Dangaard Telecom Norway AS Group has disputed this claim; however, The Norwegian Tax Authorities ruled against Dangaard Telecom Norway AS in April 2008. The case is currently pending before the Tax Appeal Board. The former shareholders of Dangaard Telecom agreed to indemnify Dangaard Holding with respect to 80% of this claim when Dangaard Holding acquired Dangaard Telecom, and Dangaard Holding agreed in the purchase agreement with the Company to transfer and assign these indemnification rights to the Company (or enforce them on our behalf if such transfer or assignment is not permitted).

German tax authorities

Dangaard Telecom s subsidiary, Dangaard Telecom Germany Holding GmbH, received notice from the German tax authorities regarding tax claims in connection with the deductibility of certain stock adjustments and various fees during the period 1998 to 2002. Dangaard Telecom Germany Holding GmbH agreed to pay part of the claim, and the current amount in dispute is $1.8 million. Dangaard Telecom Germany Holding GmbH continues to dispute this claim and intends to defend this matter vigorously. The former shareholders of Dangaard Telecom are obliged to indemnify Dangaard Holding with respect to any such tax claims. Due to the claim s limited size, however, it will be below an agreed upon threshold, therefore the indemnification would not be activated by this claim if no other claims for indemnification have been or are asserted.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.
OVERVIEW AND RECENT DEVELOPMENTS

This discussion and analysis should be read in conjunction with the accompanying Consolidated Financial Statements and related notes. Our discussion and analysis of the financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in conformity with U.S. generally accepted accounting principles. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. Our estimates were based on our historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates but we do not believe such differences will materially affect our financial position or results of operations. Our critical accounting estimates, the estimates we believe are most important to the presentation of our financial statements and require the most difficult, subjective and complex judgments are outlined in our Annual Report on Form 10-K for the year ended December 31, 2007, and have not changed significantly. Certain statements made in this report may contain forward-looking statements. For a description of risks and uncertainties relating to such forward-looking statements, see the cautionary statements contained in Exhibit 99.1 to this report and our Annual Report on Form 10-K for the year ended December 31, 2007.

Brightpoint, Inc. is a global leader in the distribution of wireless devices and accessories and provision of customized logistic services to the wireless industry. We have operations centers and/or sales offices in various countries including Australia, Austria, Belgium, Colombia, Denmark, Finland, France, Germany, India, Italy, the Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Singapore, Slovakia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, the United Kingdom and the United States. We provide customized integrated logistic services including procurement, inventory management, software loading, kitting and customized packaging, fulfillment, credit services and receivables management, call center and activation services, website hosting, e-fulfillment solutions and other services within the global wireless industry. Our customers include mobile network operators, mobile virtual network operators (MVNOs), resellers, retailers and wireless equipment manufacturers. We distribute wireless communication devices and we provide value-added distribution and logistic services for wireless products manufactured by companies such as High Tech Computer Corp., Kyocera, LG Electronics, Motorola, Nokia, Samsung, Siemens, Sony Ericsson and UTStarcom.

On July 31, 2007 we completed our acquisition of Dangaard Telecom A/S (Dangaard Telecom). Results of operations related to this acquisition are included in our Consolidated Statements of Operations beginning on August 1, 2007.

During the third quarter of 2008, we reclassified our operating entities in South Africa and the United Arab Emirates into the Europe reporting segment from the Asia-Pacific reporting segment. The Europe reporting segment has been renamed the Europe, Middle East and Africa reporting segment (EMEA). In the first quarter of 2008, we reclassified the financial information related to the global IT support cost center from the Asia-Pacific region to the Corporate section. Segment information as of and for the three and nine months ended September 30, 2007 has been reclassified to conform to the 2008 presentation.

The consolidated statements of operations reflect the reclassification of the results of operations of our locally branded PC notebook business in Slovakia to discontinued operations for all periods presented in accordance with U.S. generally accepted accounting principles. This business was previously reported in our EMEA reporting segment.

RESULTS OF OPERATIONS
Revenue and wireless devices handled by division and service line

	Three Months Ended September 30,				
	2008	% of Total	2007	% of Total	Change
	(Amounts in 000s)				
Distribution revenue					
Americas	$ 169,345	15%	$ 256,013	24%	(34%)
Asia-Pacific	320,807	29%	379,360	36%	(15%)
EMEA	608,648	56%	432,418	40%	41%
Total	$1,098,800	100%	$1,067,791	100%	3%
Logistic services revenue					
Americas	$ 45,615	41%	$ 51,083	55%	(11%)
Asia-Pacific	13,425	12%	9,259	10%	45%
EMEA	52,129	47%	32,549	35%	60%
Total	$ 111,169	100%	$ 92,891	100%	20%
Total revenue					
Americas	$ 214,960	18%	$ 307,096	26%	(30%)
Asia-Pacific	334,232	27%	388,619	34%	(14%)
EMEA	660,777	55%	464,967	40%	42%
Total	$1,209,969	100%	$1,160,682	100%	4%

	Three Months Ended September 30,				
	2008	% of Total	2007	% of Total	Change
	(Amounts in 000s)				
Wireless devices sold through distribution					
Americas	1,360	21%	1,966	27%	(31%)
Asia-Pacific	2,810	43%	3,670	49%	(23%)
EMEA	2,348	36%	1,780	24%	32%
Total	6,518	100%	7,416	100%	(12%)

Wireless devices handled through logistic services					
Americas	12,051	87%	13,310	91%	(9%)
Asia-Pacific	495	4%	405	3%	22%
EMEA	1,284	9%	898	6%	43%
Total	13,830	100%	14,613	100%	(5%)
Total wireless devices handled					
Americas	13,411	66%	15,276	70%	(12%)
Asia-Pacific	3,305	16%	4,075	18%	(19%)
EMEA	3,632	18%	2,678	12%	36%
Total	20,348	100%	22,029	100%	(8%)

	Nine Months Ended September 30,				
	2008	% of Total	2007	% of Total	Change
	(Amounts in 000s)				
Distribution revenue					
Americas	$ 542,007	16%	$ 662,882	28%	(18%)
Asia-Pacific	941,477	29%	1,073,379	45%	(12%)
EMEA	1,809,219	55%	641,679	27%	182%
Total	$3,292,703	100%	$2,377,940	100%	38%
Logistic services revenue					
Americas	$ 136,420	42%	$ 142,636	57%	(4%)
Asia-Pacific	35,811	11%	24,855	10%	44%
EMEA	149,463	47%	84,005	33%	78%
Total	$ 321,694	100%	$ 251,496	100%	28%
Total revenue					
Americas	$ 678,427	19%	$ 805,518	31%	(16%)
Asia-Pacific	977,288	27%	1,098,234	42%	(11%)
EMEA	1,958,682	54%	725,684	27%	170%
Total	$3,614,397	100%	$2,629,436	100%	37%

	Nine Months Ended September 30,				
	2008	% of Total	2007	% of Total	Change
	(Amounts in 000s)				
Wireless devices sold through distribution					
Americas	4,273	22%	4,958	29%	(14%)
Asia-Pacific	8,295	43%	9,306	55%	(11%)
EMEA	6,661	35%	2,552	16%	161%
Total	19,229	100%	16,816	100%	14%
Wireless devices handled through logistic services					

Americas	37,840	89%	36,794	94%	3%
Asia-Pacific	1,378	3%	1,139	3%	21%
EMEA	3,580	8%	1,236	3%	190%
Total	42,798	100%	39,169	100%	9%
Total wireless devices handled					
Americas	42,113	68%	41,752	75%	1%
Asia-Pacific	9,673	16%	10,445	19%	(7%)
EMEA	10,241	16%	3,788	6%	170%
Total	62,027	100%	55,985	100%	11%

The following table presents the percentage changes in revenue for the three and nine months ended September 30, 2008 by service line compared to the same period in the prior year, including the impact to revenue from changes in wireless devices handled, average selling price, foreign currency, and acquisitions.

	2008 Percentage Change in Revenue vs. 2007						
	Wireless devices handled (1)	Average Selling Price (2)	Non-handset based revenue (3)	Foreign Currency	Subtotal (4)	Acquisitions	Total Percentage Change in Revenue
Three months ended September 30, 2008:							
Distribution	(18%)	(4%)	3%	2%	(17%)	20%	3%
Logistic services	(1%)	(4%)	14%	2%	11%	9%	20%
Total	(17%)	(4%)	4%	2%	(15%)	19%	4%
Nine months ended September 30, 2008:							
Distribution	(17%)	(4%)	2%	3%	(16%)	54%	38%
Logistic services	2%	(4%)	11%	1%	10%	18%	28%
Total	(15%)	(4%)	3%	2%	(14%)	51%	37%

(1) Handset-based volume represents the percentage change in revenue due to the change in quantity of wireless devices sold through our distribution business and the change in quantity of wireless devices handled through our logistic services business.

(2) Average selling price represents the percentage change in revenue due to

the change in the average selling price of wireless devices sold through our distribution business and the change in the average fee per wireless device handled through our logistic services business.

(3) Non-handset distribution revenue represents the percentage change in revenue from accessories sold, freight and non-voice navigation devices sold through our distribution business. Non-handset based logistic services revenue represents the percentage change in revenue from the sale of prepaid airtime, freight billed, and fee based services other than fees earned from wireless devices handled. Changes in non-handset based revenue do not include changes in reported

wireless devices.

(4) The subtotal represents the percent change in distribution revenue and logistic services revenue excluding the impact the acquisitions of the North America and Latin America operations of CellStar on March 31, 2007 and the acquisition of Dangaard Telecom on July 31, 2007.

Revenue and wireless devices handled by division:

Americas	Three Months Ended September 30,					Nine Months Ended September 30,				
(Amounts in 000s)	**2008**	**% of Total**	**2007**	**% of Total**	**Change**	**2008**	**% of Total**	**2007**	**% of Total**	**Change**
REVENUE:										
Distribution	$169,345	79%	$256,013	83%	(34%)	$542,007	80%	$662,882	82%	(18%)
Logistic services	45,615	21%	51,083	17%	(11%)	136,420	20%	142,636	18%	(4%)
Total	$214,960	100%	$307,096	100%	(30%)	$678,427	100%	$805,518	100%	(16%)
WIRELESS DEVICES HANDLED :										
Distribution	1,360	10%	1,966	13%	(31%)	4,273	10%	4,958	12%	(14%)
Logistic services	12,051	90%	13,310	87%	(9%)	37,840	90%	36,794	88%	3%
Total	13,411	100%	15,276	100%	(12%)	42,113	100%	41,752	100%	1%

The following table presents the percentage changes in revenue for our Americas division by service line for the three and nine months ended September 30, 2008 compared to the same period in the prior year, including the impact to revenue from changes in wireless devices handled, average selling price, foreign currency, and the CellStar acquisition.

	2008 Percentage Change in Revenue vs. 2007						
	Wireless devices handled	**Average Selling Price**	**Non-handset based revenue**	**Foreign Currency**	**Subtotal**	**CellStar Acquisition**	**Total Percentage Change in Revenue**
Three months ended September 30, 2008:							
Distribution	(30%)	(3%)	(1%)	0%	(34%)	0%	(34%)
Logistic services	(5%)	(2%)	(4%)	0%	(11%)	0%	(11%)
Total	(26%)	(3%)	(1%)	0%	(30%)	0%	(30%)
Nine months ended September 30, 2008:							
Distribution	(40%)	6%	(1%)	0%	(35%)	17%	(18%)
Logistic services	1%	(5%)	(1%)	1%	(4%)	0%	(4%)
Total	(33%)	4%	(1%)	1%	(29%)	13%	(16%)

The decrease in distribution handset based volume for the three and nine months ended September 30, 2008 was primarily due to weaker market conditions in North America compared to the same period in the prior year as well as the loss of key customers including Dobson Communications, Suncom, and Rural Cellular Corporation as a result of industry consolidation.

The decrease in wireless devices handled through logistic services for the three months ended September 30, 2008 was primarily due to the sale of certain assets in Colombia, which resulted in approximately 0.9 million fewer wireless devices handled compared to the third quarter of 2007. The decrease in average fulfillment fee per unit was primarily driven by a shift in mix between customers and services compared to the same period in the prior year. The decrease in non-handset based revenue was primarily due to a decrease in revenue from an agreement with a network operator due to lower demand for their products.

The increase in wireless devices handled through logistic services for the nine months ended September 30, 2008 was primarily due to the successful launch of the T-Mobile logistic services business during the second quarter of 2007. This increase was partially offset by lower volumes resulting from current economic conditions as well as by the sale of certain assets in Colombia, which resulted in approximately 1.9 million fewer wireless devices handled compared to the same period in the prior year. The decrease in average fulfillment fee per unit was primarily driven by the successful launch of the T-Mobile logistic services business.

	Three Months Ended September 30,					Nine Months Ended September 30,				
Asia-Pacific (Amounts in 000s)	**2008**	**% of Total**	**2007**	**% of Total**	**Change**	**2008**	**% of Total**	**2007**	**% of Total**	**Change**
REVENUE:										
Distribution	$320,807	96%	$379,360	98%	(15%)	$941,477	96%	$1,073,379	98%	(12%)
Logistic services	13,425	4%	9,259	2%	45%	35,811	4%	24,855	2%	44%
Total	$334,232	100%	$388,619	100%	(14%)	$977,288	100%	$1,098,234	100%	(11%)

WIRELESS DEVICES HANDLED :											
Distribution	2,810	85%	3,670	90%	(23%)	8,295	86%	9,306	89%	(11%)
Logistic services	495	15%	405	10%	22%	1,378	14%	1,139	11%	21%
Total	3,305	100%	4,075	100%	(19%)	9,673	100%	10,445	100%	(7%)

The following table presents the percentage changes in revenue for our Asia-Pacific division by service line for the three and nine months ended September 30, 2008 compared to the same period in the prior year, including the impact to revenue from changes in wireless devices handled, average selling price, and foreign currency.

	2008 Percentage Change in Revenue vs. 2007				
	Wireless devices handled	**Average Selling Price**	**Non-handset based revenue**	**Foreign Currency**	**Total Percentage Change in Revenue**
Three months ended September 30, 2008:					
Distribution	(22%)	6%	1%	0%	(15%)
Logistic services	5%	8%	33%	(1%)	45%
Total	(21%)	6%	1%	0%	(14%)
Nine months ended September 30, 2008:					
Distribution	(10%)	(4%)	1%	1%	(12%)
Logistic services	4%	9%	31%	0%	44%
Total	(10%)	(4%)	2%	1%	(11%)

The decrease in wireless devices sold in our Asia-Pacific division for the three months ended September 30, 2008 was driven by fewer devices sold in India due to lower availability of high demand products compared to the same period in the prior year as well as overall weaker demand in markets served by our in Singapore business. The increase in average selling price was driven by an increase in average selling price in our Australia business due to a higher mix of converged devices sold compared to the same period in the prior year.

The increase in wireless devices handled through logistic services for the three months ended September 30, 2008 was primarily due to an increase in wireless devices handled for our largest customer in Australia. The increase in average fulfillment fee per unit was due primarily to a favorable mix of wireless devices handled. The increase in non-handset based logistic services revenue was primarily due to an increase in repair services in India compared to the same period in the prior year.

The decrease in wireless devices sold in our Asia-Pacific division for the nine months ended September 30, 2008 was driven by fewer devices sold in India due to lower availability of high demand products compared to the same period in the prior year as well as overall weaker demand in markets served by our Singapore business. The decrease in average selling price for the nine months ended September 30, 2008 was driven by our Singapore business as a result of a shift in mix to lower priced handsets due to market demand as well as lower availability of higher priced devices compared the same period in the prior year. This decrease in average selling price in Singapore was partially offset by an increase in average selling price in our Australia business due to a higher mix of converged devices sold compared to the same period in the prior year.

The increase in wireless devices handled through logistic services for the nine months ended September 30, 2008 was primarily due to an increase in wireless devices handled for our largest customer in Australia. The increase in average fulfillment fee per unit was due primarily to a favorable mix of wireless devices handled. The increase in non-handset based logistic services revenue was primarily due to an increase in revenue from repair services in India compared to the same period in the prior year as well as an increase in revenue from non-handset based logistic services in our New Zealand operation.

EMEA (Amounts in 000s)	Three Months Ended September 30, 2008	% of Total	2007	% of Total	Change	Nine Months Ended September 30, 2008	% of Total	2007	% of Total	Change
REVENUE:										
Distribution	$608,648	92%	$432,418	93%	41%	$1,809,219	92%	$641,679	88%	182%
Logistic services	52,129	8%	32,549	7%	60%	149,463	8%	$ 84,005	12%	78%
Total	$660,777	100%	$464,967	100%	42%	$1,958,682	100%	$725,684	100%	170%
WIRELESS DEVICES HANDLED :										
Distribution	2,348	65%	1,780	66%	32%	6,661	65%	2,552	67%	161%
Logistic services	1,284	35%	898	34%	43%	3,580	35%	1,236	33%	190%
Total	3,632	100%	2,678	100%	36%	10,241	100%	3,788	100%	170%

The following table presents the percentage changes in revenue for the three and nine months ended September 30, 2008 by service line for our EMEA division compared to the same period in the prior year, including the impact to revenue from changes in wireless devices handled, average selling price, foreign currency, and the Dangaard Telecom acquisition.

	2008 Percentage Change in Revenue vs. 2007						
	Wireless devices handled	Average Selling Price	Non-handset based revenue	Foreign Currency	Subtotal	Dangaard Acquisition	Total Percentage Change in Revenue
Three months ended September 30, 2008:							
Distribution	(7%)	(14%)	8%	5%	(8%)	49%	41%
Logistic services	3%	(11%)	37%	4%	33%	27%	60%
Total	(6%)	(14%)	10%	5%	(5%)	47%	42%
Nine months ended September 30, 2008:							
Distribution	(5%)	(13%)	8%	7%	(3%)	185%	182%
Logistic services	1%	(4%)	24%	2%	23%	55%	78%
Total	(4%)	(11%)	10%	6%	1%	169%	170%

The increase in distribution revenue for the three months ended September 30, 2008 was primarily due to the acquisition of Dangaard Telecom. The acquisition of Dangaard Telecom expanded our Europe division to include nine additional countries in which we historically did not have a significant operating presence. In countries in which both companies had a significant operating presence, the acquisition of Dangaard Telecom allowed us to increase our market share. Excluding the Dangaard Telecom operations, distribution revenue in our Europe division was estimated

to have decreased 8% when assuming that revenue from legacy Brightpoint operations in overlapping countries (Germany, Norway, and Sweden) remained constant from the third quarter of 2007. The decrease in handset based volume and average selling price for the three months ended September 30, 2008 was due to overall weaker market conditions in Europe compared to the same period in the prior year. The increase in non-handset based revenue was primarily due to an increase in sales of non-handset based navigation devices in Sweden.

Logistic services revenue for the three months ended September 30, 2008 increased due to the acquisition of Dangaard Telecom. In order to conform to Brightpoint accounting policies and US GAAP, Dangaard Telecom changed its revenue recognition for arrangements where Dangaard Telecom serves as the agent in the transaction. The revenue from these arrangements is included in logistic services revenue. Excluding the Dangaard Telecom operations, logistics services revenue increased 33%, primarily due an increase in revenue from the sale of prepaid airtime in Sweden as well as an increase in revenue from non-handset based logistic services agreements from the re-launch of our Middle East based business in which we resumed operations in August 2007.

The increase in distribution revenue for the nine months ended September 30, 2008 was due to the acquisition of Dangaard Telecom. Excluding the Dangaard Telecom operations, distribution revenue in our Europe division was estimated to have decreased 3% when assuming that revenue from legacy Brightpoint operations in overlapping countries (Germany, Norway, and Sweden) remained constant from the nine months ended September 30, 2007. The decrease in handset based volume and average selling price for the nine months ended September 30, 2008 was due to overall weaker market conditions in Europe compared to the same period in the prior year.

The increase in logistic services revenue for the nine months ended September 30, 2008 was primarily due to the acquisition of Dangaard Telecom. In order to conform to Brightpoint accounting policies and US GAAP, Dangaard Telecom changed its revenue recognition for arrangements where Dangaard Telecom serves as the agent in the transaction. The revenue from these arrangements is included in logistic services revenue. Excluding the Dangaard Telecom operations, logistic services revenue in our Europe division increased 23% due to an increase in revenue from the sale of prepaid airtime in Sweden as well as an increase in revenue from non-handset based logistic services agreements from the re-launch of our Middle East based business in which we resumed operations in August 2007.

Gross Profit and Gross Margin

	Three Months Ended September 30,					**Nine Months Ended September 30,**				
	2008	**% of Total**	**2007**	**% of Total**	**Change**	**2008**	**% of Total**	**2007**	**% of Total**	**Change**
	(Amounts in 000s)					(Amounts in 000s)				
Distribution	$44,417	51%	$49,477	64%	(10%)	$146,842	55%	$ 88,742	59%	65%
Logistic services	42,531	49%	28,269	36%	50%	119,074	45%	62,632	41%	90%
Gross profit	$86,948	100%	$77,746	100%	12%	$265,916	100%	$151,374	100%	76%
Distribution	4.0%		4.6%		(0.6) points	4.5%		3.7%		0.8 points
Logistic services	38.3%		30.4%		7.9 points	37.0%		24.9%		12.1 points
Gross margin	7.2%		6.7%		0.5 points	7.4%		5.8%		1.6 points

The 0.5 percentage point increase in gross margin for the three months ended September 30, 2008 was driven by a 7.9 percentage point increase in gross margin from our logistic services business, partially offset by a 0.6 percentage point decrease in gross margin from our distribution business. The increase in gross margin from logistic services was driven by an improved cost structure resulting from the impact of spending reductions in our North America operations. In addition, the increase in gross profit and gross margin from logistic services was positively impacted by incremental gross profit from the Dangaard Telecom operations. The decreases in distribution gross profit and gross margin were driven by inventory write-downs which resulted in a negative impact to gross profit of approximately $4.0 million for the three months ended September 30, 2008 as well as the impact of selling through aged product at lower margins in an effort to improve the overall aging of our inventory.

The 1.6 percentage point increase in gross margin for the nine months ended September 30, 2008 was driven by both a 0.8 percentage point increase in gross margin from our distribution business and a 12.1 percentage point increase in gross margin from our logistic services business. The increases in gross profit and gross margin from logistic services were driven by incremental logistic services gross profit and gross margin from the Dangaard Telecom operations as well the impact of conforming Dangaard Telecom to Brightpoint accounting policies. In addition, gross margin from logistic services was positively impacted by an improved cost structure resulting from the impact of spending reductions in our North America operations. The increases in distribution gross profit and gross margin were primarily driven by a shift in mix toward higher margin distribution business in Europe resulting from the acquisition of Dangaard Telecom.

Selling General and Administrative (SG&A) Expenses

	Three Months Ended September 30,			**Nine Months Ended September 30,**		
	2008	**2007**	**Change**	**2008**	**2007**	**Change**

	(Amounts in 000s)			(Amounts in 000s)		
SG&A expenses	$63,475	$51,275	24%	$206,043	$112,044	84%
Percent of revenue	5.2%	4.4%	0.8 points	5.7%	4.3%	1.4 points

The increase in SG&A expenses for the three months ended September 30, 2008 compared to the same period in the prior year was primarily driven by the impact of the Dangaard Telecom acquisition. As a percent of revenue, SG&A expenses increased 0.8 percentage points for the three months ended September 30, 2008. The increase in SG&A as a percent of revenue was largely driven by the impact of the Dangaard Telecom operations including the impact of conforming Dangaard Telecom to Brightpoint accounting policies. In addition, SG&A as a percent of revenue was

negatively impacted by the lower than expected revenue resulting from overall weakness in the markets in which we operate. SG&A expenses included $1.6 million of non-cash stock based compensation expense for the three months ended September 30, 2008 and 2007, respectively.

The increase in SG&A expenses for the nine months ended September 30, 2008 compared to the same period in the prior year was primarily driven by the impact of the Dangaard Telecom and CellStar acquisitions. As a percent of revenue, SG&A expenses increased 1.4 percentage points for the nine months ended September 30, 2008. The increase in SG&A as a percent of revenue was largely driven by the impact of the Dangaard Telecom operations including the impact of conforming Dangaard Telecom to Brightpoint accounting policies. In addition, SG&A as a percent of revenue was negatively impacted by the lower than expected revenue resulting from overall weakness in the markets in which we operate. SG&A expenses included $5.0 million and $4.9 million of non-cash stock based compensation expense for the nine months ended September 30, 2008 and 2007, respectively.

Amortization Expense

Amortization expense was $4.6 million and $14.2 million for the three and nine months ended September 30, 2008, respectively, compared to $3.9 and $4.6 million for the same periods in the prior year. The increase in amortization expense relates to finite-lived intangible assets acquired in connection with the CellStar and Dangaard Telecom transactions. We allocated the purchase price of the Dangaard Telecom and CellStar acquisitions based on the fair value of assets acquired and liabilities assumed. The assets acquired in connection with the Dangaard Telecom transaction included $123.1 million of finite-lived intangible assets assigned to the customer relationships as of July 31, 2007. The acquired finite-lived intangible assets have a useful life of approximately fifteen years and are being amortized over the period that the assets are expected to contribute to our future cash flows. The assets are being amortized on an accelerated method based on the projected cash flows used for valuation purposes. We believe that these cash flows are most reflective of the pattern in which the economic benefit of the finite-lived intangible assets will be consumed.

Restructuring Charge

Restructuring charge was $0.9 million for the three months ended September 30, 2008. The restructuring charge primarily consists of a $0.2 million charge in connection with the sale of certain assets in Colombia and $0.7 million of charges related to the previously announced realignment of our Europe operations.

Restructuring charge was $7.5 million for the nine months ended September 30, 2008. The restructuring charge primarily consists of a $1.8 million charge in connection with the sale of certain assets in Colombia, a $1.1 million charge to write-off IT projects that were abandoned after terminating Dangaard Telecom s implementation of SAP, $3.6 million associated with the exit of our redundant warehouse and office facility in Germany as well as $1.0 million of lease abandonment costs and severance costs associated with previously announced realignment of our European operations.

In October 2008 we reached an agreement with the landlord of our European headquarters in Denmark to terminate the building s lease. We will record an additional charge of approximately $3.0 to $3.5 million related to the termination of this lease in its results of operations for the fourth quarter of 2008.

Operating Income from Continuing Operations

	Three Months Ended September 30,					Nine Months Ended September 30,				
	2008	% of Total	2007	% of Total	Change	2008	% of Total	2007	% of Total	Change
	(Amounts in 000s)					(Amounts in 000s)				
Americas	$ 12,553	70%	$ 13,036	58%	(4%)	$ 29,986	78%	$ 26,981	78%	11%
Asia-Pacific	6,851	38%	8,573	38%	(20%)	20,734	55%	20,019	58%	4%
EMEA	6,354	36%	7,632	34%	(17%)	12,327	32%	7,844	23%	57%
Corporate	(7,833)	(44%)	(6,828)	(30%)	(15%)	(24,846)	(65%)	(20,316)	(59%)	(22%)
Total	$ 17,925	100%	$ 22,413	100%	(20%)	$ 38,201	100%	$ 34,528	100%	11%

Operating Income as a Percent of Revenue by Division:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	2007	Change	2008	2007	Change
Americas	5.8%	4.2%	1.6 points	4.4%	3.3%	1.1 points
Asia-Pacific	2.0%	2.2%	(0.2) points	2.1%	1.8%	0.3 points
EMEA	1.0%	1.6%	(0.6) points	0.6%	1.1%	(0.5) points
Total	1.5%	1.9%	(0.4) points	1.1%	1.3%	(0.2) points

Operating income in our Americas division decreased $0.5 million for the three months ended September 30, 2008 primarily due to the decrease in revenue resulting from the loss of certain key customers. The increase in operating income as a percent of revenue of 1.6 percentage points for the three months ended September 30, 2008 was driven by an increase in gross margin from an improved cost structure resulting from the impact of spending reductions in our North America operations.

Operating income in our Americas division increased $3.0 million and 1.1 percentage points as a percent of revenue for the nine months ended September 30, 2008 as a result of an increase in gross margin from an improved cost structure resulting from the impact of spending reductions in our North America operations, partially offset by a $1.8 million restructuring charge in connection with the sale of certain assets in Colombia.

Operating income in our Asia-Pacific division decreased $1.7 million and 0.2 percentage points as a percent of revenue for the three months ended September 30, 2008 primarily due to lower profitability from devices sold to customers served by our Singapore business. This decrease was partially offset by higher gross profit from our logistic services business in Australia compared to the same period in the prior year.

Operating income in our Asia-Pacific division increased $0.7 million 0.3 percentage points as a percent of revenue for the nine months ended September 30, 2008 as a result of higher gross profit from our logistic services business in Australia and our repair business in India compared to the same period in the prior year. These increases were partially offset by lower profitability from devices sold to customers served by our Singapore business.

Operating income in our EMEA division decreased $1.3 million and 0.6 percentage points as a percent of revenue for the three months ended September 30, 2008 despite the acquisition of Dangaard Telecom primarily due to lower than expected gross profit resulting from impact of selling through aged product at lower margins in an effort to improve overall aging of our inventory as well as overall weakness in the markets in which we operate. In addition, operating

income in our EMEA division was negatively impacted by inventory write-downs recorded during the third quarter of 2008.

Operating income in our EMEA division increased $4.5 million for the nine months ended September 30, 2008 primarily due to the acquisition of Dangaard Telecom. Operating income as a percent of revenue decreased 0.5 percentage points for the nine months ended September 30, 2008 primarily due to an increase in SG&A expenses for the nine months ended September 30, 2008 associated with the acquisition of Dangaard Telecom.

The increased operating loss from our corporate function for the three and nine months ended September 20, 2008 was due to an increase in personnel costs primarily due to an increase in headcount in support of managing our expanded global operations.

Interest, net

The components of interest, net are as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	**2007**	**Change**	**2008**	**2007**	**Change**
	(Amounts in 000s)			(Amounts in 000s)		
Interest expense	$ 6,043	$6,218	(3%)	$22,446	$9,931	126%
Interest income	(1,608)	(460)	250%	(3,830)	(960)	299%
Interest, net	$ 4,435	$5,758	(23%)	$18,616	$8,971	108%

Interest expense includes interest on outstanding debt, charges for accounts receivable factoring programs, fees paid for unused capacity on credit lines and amortization of deferred financing fees.

The increase in interest expense for the nine months ended September 30, 2008 compared to the same period in the prior year was primarily due to the debt assumed in the Dangaard Telecom acquisition. We have made $280.9 million of repayments of borrowings during the nine months ended September 30, 2008. Average daily debt outstanding was approximately $301.0 million in the third quarter of 2008.

The increase in interest income for the three and nine months ended September 30, 2008 compared to the same periods in the prior year is due to an inventory financing arrangement with certain customers in our Asia-Pacific division.

Other Expense

Other expense was $1.8 million and $2.8 million for the three and nine months ended September 30, 2008, respectively. The increase in other expense was primarily due to foreign currency transaction losses. Other expense for the nine months ended September 30, 2008 includes a $0.9 million loss from the sale of shares of Tessco, Inc. common stock resulting from a privately negotiated transaction with Tessco, Inc. to sell these shares.

Income Tax Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	**2007**	**Change**	**2008**	**2007**	**Change**
	(Amounts in 000s)			(Amounts in 000s)		
Income tax expense (benefit)	$5,648	$3,005	88%	$5,469	$(7,771)	(170)%
Effective tax rate	48.2%	18.5%	29.7 points	32.6%	(31.4%)	64.0 points

Income tax expense for the third quarter of 2008 was $5.6 million resulting in an effective tax rate of 48.2% compared to an effective tax rate of 18.5% for the same period in the prior year. The effective tax rate is higher than the U.S. statutory tax rate for the third quarter of 2008 primarily due to an unfavorable mix of income. The mix of income has shifted toward higher tax jurisdictions for which the negative impact of adjusting for our revised estimated annual tax rate for the year is reflected in the third quarter of 2008. Income tax expense for the nine months ended September 30, 2008 includes a $3.0 million benefit from the reversal of a valuation allowance on deferred tax assets resulting from previous net operating losses in Germany. Income tax expense for the third quarter of 2007 included a $2.1 million tax benefit resulting from a reduction in the statutory tax rate in Germany. We still expect our effective tax rate to be within a range of 32.0% to 35.0% for the 2008 fiscal year.

Discontinued Operations

The consolidated statements of operations reflect the reclassification of the results of operations of our locally branded PC notebook business in Slovakia to discontinued operations for all periods presented in accordance with U.S. generally accepted accounting principles. Details of discontinued operations for the three and nine months ended September 30, 2008 and 2007 are as follows (in thousands):

	Three Months Ended September 30,		Nine months ended, September 30,	
	2008	2007	2008	2007
Revenue	$ 11,065	$ 17,304	$ 16,646	$ 41,174
Income (loss) from discontinued operations before income taxes	$ (635)	$ (65)	$ (11,182)	$ 203
Income tax expense (benefit)	(97)	(8)	(4,169)	50
Gain (loss) from discontinued operations	$ (538)	$ (57)	$ (7,013)	$ 153

Return on Invested Capital from Operations (ROIC)

We believe that it is important for a business to manage its balance sheet as well as it manages its statement of operations. A measurement that ties the statement of operations performance to the balance sheet performance is Return on Invested Capital from Operations, or ROIC. We believe that if we are able to grow our earnings while minimizing the use of invested capital, we will be optimizing shareholder value while preserving resources in preparation for further potential growth opportunities. We take a simple approach in calculating ROIC: we apply an estimated average tax rate to the operating income of our continuing operations with adjustments for unusual items, such as facility consolidation charges, and apply this tax-adjusted operating income to our average capital base, which, in our case, is our shareholders equity plus debt. The details of this measurement are outlined below.

(Amounts in 000s)	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Trailing Four Quarters Ended September 30, 2008	Trailing Four Quarters Ended September 30, 2007
Operating income after taxes:				
Operating income from continuing operations	$ 17,925	$ 22,413	$ 68,880	$ 46,747
Plus: restructuring charge	901	166	15,979	166
Less: estimated income taxes (1)	(9,082)	(4,180)	(8,287)	9,075
Operating income after taxes	$ 9,744	$ 18,399	$ 76,572	$ 55,988
Invested Capital:				
Debt	$ 185,483	$ 377,290	$ 185,483	$ 377,290
Shareholders equity	623,640	599,878	623,640	599,878
Invested capital	$ 809,123	$ 977,168	$ 809,123	$ 977,168
Average invested capital (2)	$ 863,922	$ 650,514	$ 956,676	$ 396,954
ROIC (3)	5%	11%	8%	14%

(1) Estimated income taxes were calculated by multiplying the sum of operating income from continuing operations and the facility consolidation charge by the respective periods effective tax rate.

(2) Average invested capital for quarterly periods represents the simple average of the beginning and ending invested capital amounts for the respective quarter.

(3) ROIC is calculated by dividing operating income after taxes by average invested capital. ROIC for quarterly periods is stated on an annualized basis and is calculated by dividing operating income after taxes by average invested capital and multiplying the results by four.

The decline in ROIC for the three months ended September 30, 2008 compared to the same period in the prior year was primarily due to the increase in average invested capital compared the prior year and the decrease in operating

income after taxes. Average invested capital was negatively impacted by an increase in invested capital to fund the acquisition of Dangaard Telecom.

Operating income after taxes was negatively impacted for the three and nine months ended September 30, 2008 by $4.6 million and $14.2 million (pre-tax), respectively, of non-cash amortization expense related to finite-lived intangible assets in connection with the acquisitions of Dangaard Telecom and certain assets of CellStar. ROIC was positively impacted for trailing four quarters ended September 30, 2007 by the $14.1 million tax benefit related to the reversal of valuation allowances on certain foreign tax credit carryforwards.

Return on Tangible Capital from Operations (ROTC)

Beginning in the third quarter of 2008, the Company started using Return on Tangible Capital, or ROTC, to provide a measurement which can be consistently and fairly applied internally to all operating entities to determine the effectiveness of each entity s management. ROTC eliminates the influence of intangible asset balances, cash transfer capabilities and income tax rates which vary amongst Brightpoint operating entities and are not controllable by operating entity management. ROTC indicates the return which can be expected on the tangible capital consumed and replaced through the normal business cycle. To calculate ROTC, we adjust our operating income from continuing operations for restructuring charges and amortization of intangible assets and apply this adjusted operating income to our average tangible capital. Average tangible capital is calculated as total assets less cash, investments, goodwill, intangible assets, and current liabilities excluding short term borrowings. The details of this measurement are outlined below.

(Amounts in 000s)	**Three Months Ended September 30, 2008**	**Three Months Ended September 30, 2007**	**Trailing Four Quarters Ended September 30, 2008**	**Trailing Four Quarters Ended September 30, 2007**
Operating income before amortization and restructuring charges:				
Operating income from continuing operations	$ 17,925	$ 22,413	$ 68,880	$ 46,747
Plus: amortization expense	4,647	3,892	20,081	4,707
Plus: restructuring charge	901	166	15,978	166
Operating income before amortization and restructuring charges:	$ 23,473	$ 26,471	$ 104,939	$ 51,620
Tangible Capital:				
Total assets	$ 1,625,821	$ 1,752,914	$ 1,625,821	$ 1,752,914
Less: cash and cash equivalents	101,200	65,751	101,200	65,751
Less: short term investments		2,494		2,494
Less: goodwill	389,005	354,302	389,005	354,302
Less: other intangibles, net	118,619	136,981	118,619	136,981
Net tangible assets	$ 1,016,997	$ 1,193,386	$ 1,016,997	$ 1,193,386
Total current liabilities	763,693	875,472	763,693	875,472
Less: current portion of long-term debt	1,190	14,137	1,190	14,137
Less: lines of credit and other short term borrowings	13	82,748	13	82,748
Net current liabilities	$ 762,490	$ 778,587	$ 762,490	$ 778,587

Net tangible capital	$ 254,507	$ 414,799	$ 254,507	$ 414,799
Average tangible capital (1)	$ 294,146	$ 399,462	$ 437,428	$ 250,904
ROTC (2)	32%	27%	24%	21%

(1) Average tangible capital for quarterly periods represents the simple average of the beginning and ending tangible capital amounts for the respective quarter.

(2) ROTC is calculated by dividing operating income before amortization and restructuring charges by average tangible capital. ROTC for quarterly periods is stated on an annualized basis and is calculated by dividing operating income before amortization and restructuring charges by average tangible capital and multiplying the results by four.

ROTC increased for the three months and trailing four quarters ended September 30, 2008 compared to the same period in the prior year primarily as a result of decreases in tangible capital employed.

We anticipate improving our trailing four quarter ROTC to a range of 35%-40% as we increase operating income through better employment of tangible capital.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity Analysis

We measure liquidity as the sum of total unrestricted cash and unused borrowing availability, and we use this measurement as an indicator of how much access to cash we have to either grow the business through investment in new markets, acquisitions, or through expansion of existing service or product lines or to contend with adversity such as unforeseen operating losses potentially caused by reduced demand for our products and services, material uncollectible accounts receivable, or material inventory write-downs, as examples. The table below shows our liquidity calculation.

(Amounts in 000s)	September 30, 2008	December 31, 2007	% Change
Unrestricted cash	$ 100,670	$ 101,582	(1%)
Unused borrowing availability	354,786	130,435	172%
Liquidity	$ 455,456	$ 232,017	96%

Funds generated by operating activities, available unrestricted cash, and our unused borrowing availability continue to be our most significant sources of liquidity. However, we may not have access to all of the unused borrowing availability because of covenant restrictions in our credit agreements. We believe funds generated from the expected results of operations and available unrestricted cash will be sufficient to finance strategic initiatives for the remainder of fiscal 2008. In addition, our unused borrowing availability can be used for additional working capital needs and investment opportunities. There can be no assurance, however, that we will continue to generate cash flows at or above current levels or that we will be able to maintain our ability to borrow under our credit facilities.

As of September 30, 2008, our outstanding debt was primarily term debt. The required principal payments of the term debt for the fourth quarter of 2008 and the next four years are as follows (amounts in 000s):

Fourth Quarter 2008	$
2009	5,052
2010	24,094
2011	89,578
2012	65,244

Consolidated Statement of Cash Flows

We use the indirect method of preparing and presenting our statements of cash flows. In our opinion, it is more practical than the direct method and provides the reader with a good perspective and analysis of the Company s cash flows.

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Change
	(Amounts in 000s)		
Net cash provided by (used in):			
Operating activities	$ 312,886	$ 99,551	$ 213,335
Investing activities	(21,174)	(90,704)	69,530
Financing activities	(282,262)	(296)	(281,966)

Effect of exchange rate changes on cash and cash equivalents	(10,410)	2,869	(13,279)
Net increase (decrease) in cash and cash equivalents	$ (960)	$ 11,420	$ (12,380)

Net cash provided by operating activities was $312.9 million for the nine months ended September 30, 2008 compared to $99.6 million for the same period in the prior year. The change was primarily due to:

$219.2 million more cash provided by working capital primarily due to lower purchases of inventory and higher collections of receivables for the nine months ended September 30, 2008 and $57.3 million fewer payments of accounts payable and accrued expenses compared to the same period in the prior year. Cash used by working capital for the nine months ended September 30, 2007 was negatively impacted by the timing of payments for wireless devices procured in connection with our global relationship with a major original equipment manufacturer. These changes were partially offset by

$5.8 million less cash provided by operating activities before changes in operating assets and liabilities for the nine months ended September 30, 2008 compared to the same period in the prior year.

A large customer within our Europe division experienced IT difficulties at the end of December 2007, resulting in $62.2 million of anticipated payments in the fourth quarter being delayed into the first quarter. This payment was received on January 2, 2008. We do not expect similar payment delays due to IT difficulties from this customer in the future. Had this payment been received in 2007, net cash provided by operating activities would have been $250.7 million for the nine months ended September 30, 2008. However, our outstanding debt balance would not have changed at September 30, 2008.

Net cash used for investing activities was $21.2 million for the nine months ended September 30, 2008 compared to $90.7 million for the same period in the prior year. This decrease is primarily due to the $67.5 million of cash used in connection with the acquisition of certain assets and assumption of certain liabilities related to the U.S. operations and the Miami-based Latin America business of CellStar Corporation during the first quarter of 2007.

Net cash used in financing activities was $282.3 million for the nine months ended September 30, 2008 compared to $0.3 million for the same period in the prior year. This change is primarily due to $280.9 million of repayments of borrowings during the nine months ended September 30, 2008 compared to $1.9 million of proceeds from credit facilities used in the acquisition of CellStar and debt assumed in the acquisition of Dangaard Telecom in same period in the prior year.

Cash Conversion Cycle

	Three Months Ended		
	September 30, 2008	**September 30, 2007**	**June 30 2008**
Days sales outstanding in accounts receivable	28	40	31
Days inventory on-hand	24	34	29
Days payable outstanding	(42)	(42)	(45)
Cash Conversion Cycle Days	10	32	15

A key source of our liquidity is our ability to invest in inventory, sell the inventory to our customers, collect cash from our customers and pay our suppliers. We refer to this as the cash conversion cycle. For additional information regarding this measurement and the detailed calculation of the components of the cash conversion cycle, please refer to our Annual Report on Form 10-K for the year ended December 31, 2007.

Because of the Dangaard Telecom acquisition on July 31, 2007, we believe it is more meaningful to compare cash conversion cycle days for the third quarter of 2008 to the second quarter of 2008. For the three months ended September 30, 2008, the cash conversion cycle decreased 5 days from 15 days for the second quarter of 2008. The decrease in the cash conversion cycle was driven by an overall improvement in inventory levels as well as improved collections of accounts receivable.

There can be no assurances that our cash conversion cycle will remain as low in the future as in the third quarter of 2008. Increases in the cash conversion cycle would have the effect of consuming our cash, potentially causing us to

borrow from lenders to fund the related increase in working capital.

Borrowings

The table below summarizes the borrowings that were available to the Company as of September 30, 2008 (in thousands):

	Gross Availability	Outstanding	Letters of Credit & Guarantees	Net Availability
Global Term Loans	$ 183,968	$ 183,968	$	$
Global Credit Facility	300,000	1,502	338	298,160
Other	56,639	13		56,626
Total	$ 540,607	$ 185,483	$ 338	$ 354,786

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our exposure to market risk since the disclosure in our Form 10-K for the year ended December 31, 2007.

Item 4. Controls and Procedures.

The Company, under the supervision and with the participation of its management, including its Principal Executive Officer and Principal Financial Officer has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that the Company s disclosure controls and procedures are effective.

There has been no change in the Company s internal control over financial reporting during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting except we have integrated the Dangaard Telecom operations and incorporated these operations as part of our internal controls.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is from time to time involved in certain legal proceedings in the ordinary course of conducting its business. While the ultimate liability pursuant to these actions cannot currently be determined, the Company believes these legal proceedings will not have a material adverse effect on its financial position or results of operations. For more information on legal proceedings, see Note 8 Legal Proceedings and Contingencies, in the Notes to Consolidated Financial Statements.

Norwegian tax authorities

Dangaard Telecom's subsidiary, Dangaard Telecom Norway AS Group, received notice from the Norwegian tax authorities regarding tax claims in connection with certain capital gains. The Norwegian tax authorities have claimed $2.7 million. Dangaard Telecom Norway AS Group has disputed this claim; however, The Norwegian Tax Authorities ruled against Dangaard Telecom Norway AS in April 2008. The case is currently pending before the Tax Appeal Board. The former shareholders of Dangaard Telecom agreed to indemnify Dangaard Holding with respect to 80% of this claim when Dangaard Holding acquired Dangaard Telecom, and Dangaard Holding agreed in the purchase agreement with the Company to transfer and assign these indemnification rights to the Company (or enforce them on our behalf if such transfer or assignment is not permitted).

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2007, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

None.

Item 6. Exhibits.

Exhibit Number	**Description**
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, implementing Section 302 of the Sarbanes-Oxley Act of 2002(1)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002(1)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002(1)
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002(1)
99.1	Cautionary Statements(1)

(1) Filed herewith

SIGNATURES

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

	Brightpoint, Inc. (Registrant)
Date: November 4, 2008	/s/ Robert J. Laikin
	Robert J. Laikin Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Date: November 4, 2008	/s/ Anthony W. Boor
	Anthony W. Boor Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
Date: November 4, 2008	/s/ Vincent Donargo
	Vincent Donargo Vice President, Corporate Controller, Chief Accounting Officer (Principal Accounting Officer)