

VERINT SYSTEMS INC
Form S-1/A
October 07, 2010

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As filed with the Securities and Exchange Commission on October 7, 2010

Registration No. 333-169025

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Amendment No. 1 to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
VERINT SYSTEMS INC.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

7373

(Primary Standard Industrial
Classification Code Number)

330 South Service Road

Melville, NY 11747

(631) 962-9600

11-3200514

(I.R.S. Employer
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Peter Fante, Esq.

Chief Legal Officer

Verint Systems Inc.

330 South Service Road

Melville, NY 11747

(631) 962-9600

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Randi C. Lesnick, Esq.

Jones Day

222 East 41st Street

New York, New York 10017

(212) 326-3939

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Accelerated filer

Non-accelerated filer

Smaller reporting
company

(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated October 7, 2010

PRELIMINARY PROSPECTUS

2,434,783 Shares
 VERINT SYSTEMS INC.
 Common Stock

This prospectus relates to the sale of 2,434,783 shares of our common stock by the sole selling stockholder identified in this prospectus, Comverse Technology, Inc. (Comverse). Comverse is our majority stockholder and, as of September 15, 2010, it beneficially owned 63.5% of our common stock assuming conversion of all of our Series A Convertible Preferred Stock, par value \$0.001 per share. We will not receive any of the proceeds from the sale of these shares. Our common stock is traded on the NASDAQ Global Market under the symbol **VRNT**. On October 6, 2010, the last reported sale price of our common stock on the NASDAQ Global Market was \$30.89 per share.

Investing in our common stock involves a high degree of risk. Before buying any shares of our common stock, you should carefully consider the risks set out under **Risk Factors, beginning on page 11 of this prospectus.**

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to the selling stockholder	\$	\$

The underwriters have the option to purchase up to 365,217 additional shares from the selling stockholder at the public offering price, less the underwriting discounts and commissions, to cover over-allotments, if any, within 30 days of the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about _____, 2010.

Prospectus dated _____, 2010

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We, the selling stockholder, and the underwriters have not authorized any other person to provide you with information different from that contained in this prospectus. The selling stockholder is offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

Some of the industry and market data contained in this prospectus are based on independent industry publications or other publicly available information, which we believe is reliable but have not independently verified, while other information is based on our internal sources.

VERINT, the VERINT logo, ACTIONABLE INTELLIGENCE, POWERING ACTIONABLE INTELLIGENCE, INTELLIGENCE IN ACTION, ACTIONABLE INTELLIGENCE FOR A SMARTER WORKFORCE, VERINT VERIFIED, WITNESS ACTIONABLE SOLUTIONS, STAR-GATE, RELIANT, VANTAGE, X-TRACT, NEXTIVA, EDGEVR, ULTRA, AUDIOLOG, WITNESS, the WITNESS logo, IMPACT 360, the IMPACT 360 logo, IMPROVE EVERYTHING, EQUALITY, CONTACTSTORE, EYRETEL, BLUE PUMPKIN SOFTWARE, BLUE PUMPKIN, the BLUE PUMPKIN logo, EXAMETRIC and the EXAMETRIC logo, CLICK2STAFF, STAFFSMART, AMAE SOFTWARE and the AMAE logo are trademarks and registered trademarks of Verint Systems Inc. Other trademarks mentioned in this prospectus are the property of their respective owners.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the information set forth in Risk Factors and the information incorporated herein by reference, before making an investment decision. In this prospectus, Verint , we , us , and our refer to Verint Systems Inc. and its subsidiaries, unless the context otherwise requires.

Verint Systems Inc.

Our Company

Verint is a global leader in Actionable Intelligence® solutions and value-added services. Our solutions enable organizations of all sizes to make timely and effective decisions to improve enterprise performance and make the world a safer place. More than 10,000 organizations in over 150 countries including over 80% of the Fortune 100 use Verint Actionable Intelligence solutions to capture, distill, and analyze complex and underused information sources, such as voice, video, and unstructured text.

In the enterprise market, our workforce optimization solutions help organizations enhance customer service operations in contact centers, branches, and back-office environments to increase customer satisfaction, reduce operating costs, identify revenue opportunities, and improve profitability. In the security intelligence market, our video intelligence, public safety, and communications intelligence solutions are vital to government and commercial organizations in their efforts to protect people and property and neutralize terrorism and crime.

We have established leadership positions in both the enterprise workforce optimization and security intelligence markets by leveraging our core competency in developing highly scalable, enterprise-class applications with advanced, integrated analytics for both unstructured and structured information. Our innovative solutions are developed by approximately 800 employees in research and development, representing approximately one-third of our total employees, and are evidenced by more than 480 patents and patent applications worldwide. In addition, we offer a range of customer services, from initial implementation to ongoing maintenance and support, to maximize the value our customers receive from our Actionable Intelligence solutions and to allow us to extend our customer relationships beyond the initial sale.

Our Markets Enterprise Workforce Optimization and Security Intelligence

We deliver our Actionable Intelligence solutions to the enterprise workforce optimization and security intelligence markets across a wide range of industries, including financial services, retail, healthcare, telecommunications, law enforcement, government, transportation, utilities, and critical infrastructure. Much of the information available to organizations in these industries is unstructured, residing in telephone conversations, video streams, Web pages, email, and other forms of text communication. We provide our advanced Actionable Intelligence solutions through our Enterprise Workforce Optimization (Workforce Optimization solutions), Video Intelligence (Video Intelligence solutions), and Communications Intelligence and Investigative (Communications Intelligence solutions) segments to enable our customers to collect and analyze large amounts of both structured and unstructured information in order to make better decisions.

Our Workforce Optimization Segment

We are a leading provider of enterprise workforce optimization software and services. Our solutions enable organizations to extract and analyze valuable information from customer interactions and related operational data in order to make more effective, proactive decisions for optimizing the performance of their customer service operations, improving the customer experience, and enhancing compliance. Marketed under the Impact 360® brand to contact centers, back offices, branch and remote offices, and public safety centers, these solutions comprise a unified suite of enterprise workforce optimization applications and services that include Internet Protocol (IP) and

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Time-Division Multiplexing (TDM) voice recording, quality monitoring, speech and data analytics, workforce management, customer feedback, eLearning and coaching, performance management, and desktop process analytics.

The Workforce Optimization Market and Trends

We believe that customer service is viewed more strategically than in the past, particularly by organizations whose interactions with customers regarding sales and services take place primarily through contact centers. Consistent with this trend, we believe that organizations seek workforce optimization solutions that enable them to strike a balance among driving sales, managing operating costs, and delivering the optimal customer experience.

We believe that key trends driving demand for our Workforce Optimization solutions include:

Integration of workforce optimization applications to improve collaboration among various functions throughout the enterprise.

Greater insight through customer interaction analytics to improve the performance of customer service operations.

Adoption of workforce optimization across the enterprise to enable performance measurement and improvement, consistent with what has historically been done in the contact center.

Migration to Voice over Internet Protocol (VoIP) technologies, which typically require new deployments of workforce optimization solutions designed to support IP or hybrid TDM/IP environments.

Based on industry sources, we believe that revenue for workforce optimization vendors was at least \$1.0 billion in 2009. See Risk Factors Risks Related to Our Business Competition and Markets Our business is impacted by changes in general economic conditions and information technology spending in particular.

Our Strengths in the Workforce Optimization Market

We believe that the following competitive strengths will enable us to sustain our leadership in the workforce optimization market:

Our comprehensive, unified suite of workforce optimization applications offers our customers many advantages in terms of both functionality and total cost of ownership.

Our advanced customer interaction analytics enable our customers to better understand workforce performance, the customer experience, and the factors underlying important business trends.

Our compelling Workforce Optimization solutions for back-office and branch operations enable the same type of performance measurement and improvement that has historically been available to contact centers.

Our focus on delivering best-in-class customer service helps enable our customers to derive maximum value from our Actionable Intelligence solutions.

Our strong Original Equipment Manufacturer (OEM) partner relationships expand our market coverage and provide our customers tighter integration with certain third-party solutions.

Our Video Intelligence Segment

We are a leading provider of networked IP video solutions designed to optimize security and enhance operations. Our Video Intelligence Solutions portfolio includes IP video management software and services, edge devices for capturing, digitizing, and transmitting video over different types of wired and wireless networks, video analytics, and networked Digital Video Recorders (DVRs). Marketed under the Nextiva® brand, this portfolio enables

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organizations to deploy an end-to-end IP video solution with analytics or evolve to IP video operations without discarding their previous investments in analog Closed Circuit Television (CCTV) technology.

The Networked IP Video Market and Trends

We believe that terrorism, crime, and other security threats around the world are generating demand for advanced video security solutions that can help detect threats and prevent security breaches. Consistent with this trend, the video security market continues to experience a technology transition from relatively passive analog CCTV video systems, which use analog equipment and closed networks and generally provide only basic video recording and viewing, to more sophisticated, proactive, network-based IP video systems that use video management software to efficiently collect, manage, and analyze large amounts of video over networks and utilize video analytics.

We participate in the multibillion dollar security industry, which consists of many smaller targeted submarkets, including video intelligence. We believe that video security is going through the aforementioned transition, and companies such as Verint that have a broad IP solution portfolio can benefit by helping customers migrate to and benefit from IP technology.

Our Strengths in the Networked IP Video Market

We believe that the following competitive strengths will enable us to sustain our leadership in the video intelligence market:

Our broad IP video solutions portfolio enables organizations to generate Actionable Intelligence from video and related data.

Our open platform facilitates interoperability with our customers' existing business and security systems and with complementary third-party products.

We are able to help our customers cost-effectively migrate to networked IP video without the need to discard their analog CCTV investments.

Our Communications Intelligence Segment

We are a leading provider of Communications Intelligence solutions that help law enforcement, national security, intelligence, and civilian government agencies effectively detect, investigate, and neutralize criminal and terrorist threats. Our solutions are designed to handle massive amounts of unstructured and structured information from different sources, quickly make sense of complex scenarios, and generate evidence and intelligence. Our portfolio includes solutions for communications interception, service provider compliance, mobile location tracking, fusion and data management, Web intelligence, and tactical communications intelligence.

The Communications Intelligence Solutions Market and Trends

We believe that terrorism, criminal activities, including financial fraud and drug trafficking, and other security threats, combined with an expanding range of communication and information media, are driving demand for innovative security solutions that collect, integrate, and analyze information from voice, video, and data communications, as well as from other sources, such as private and public databases.

We believe that key trends driving demand for our Communications Intelligence solutions include:

Increasingly complex communications networks and growing network traffic, in particular in IP and mobile networks.

Growing demand for advanced intelligence and investigative solutions that enable law enforcement and government agencies to integrate and analyze information from multiple sources.

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Legal and regulatory compliance requirements.

We participate in the multibillion dollar security industry, which consists of many smaller targeted submarkets, including communications intelligence. We believe, because of the trends discussed above, that companies such as Verint that have a broad and scalable communications intelligence portfolio and a deep understanding of customer challenges can benefit by helping law enforcement and government agencies generate Actionable Intelligence.

Our Strengths in the Communications Intelligence Market

We believe that the following competitive strengths will enable us to sustain our leadership in the communications intelligence market:

Our broad Communications Intelligence portfolio is designed to handle massive amounts of unstructured and structured information from different sources (including fixed and mobile networks, IP networks, and the Internet), can quickly make sense of complex scenarios, and can generate evidence and intelligence.

Our solutions can be deployed on a stand-alone basis or provided as part of a comprehensive, large-scale system and can also interface with third-party systems. This flexibility addresses the needs of various government agencies that require advanced, scalable solutions.

Our long-term customer relationships allow us to gain insight into emerging challenges and to develop new security solutions for a broader set of customers.

Our Strategy

Our strategy to further enhance our position as a leading provider of enterprise workforce optimization and security intelligence solutions worldwide includes the following key elements:

Continue to drive the development of Actionable Intelligence solutions for unstructured data. We were a pioneer in the development of solutions that help businesses and governmental organizations derive intelligence from unstructured data. We intend to continue our leadership in this area and to further drive the adoption of Actionable Intelligence solutions by delivering solutions to the enterprise workforce optimization and security intelligence markets that integrate Actionable Intelligence from unstructured data with data from other sources, including structured data, and that are designed to provide a high return on investment.

Maintain market leadership through innovation and customer centricity. We believe that to compete successfully we must continue to introduce solutions that better enable customers to derive Actionable Intelligence from their unstructured data. In order to do this, we intend to continue to make significant investments in research and development, protect our intellectual property through patents and other means, and maintain a regular dialogue with our customers in order to understand their business objectives and requirements.

Continue to expand our market presence through partnerships and alliances including OEM relationships. We have expanded our partnerships and alliances with integrators, resellers, distributors, OEMs and others. We believe that these relationships broaden our market coverage and we intend to continue expanding our existing relationships and creating new ones.

Augment our organic growth with acquisitions. We examine acquisition opportunities regularly as a means to add technology, increase our geographic presence, enhance our market leadership, or expand into adjacent markets. Historically, we have engaged in acquisitions for all these purposes and expect to continue doing so in the future, as strategic opportunities arise.

Table of Contents**Recent Developments**

Beginning with our Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2010 filed in June 2010, we resumed making timely filings with the Securities and Exchange Commission (SEC) after an extended filing delay. We have also filed Annual Reports on Form 10-K containing audited financial information for all prior periods for which we had not previously filed reports and Quarterly Reports on Form 10-Q for certain other periods. For more information about our extended filing delay arising from previously announced accounting reviews and internal investigations at our majority stockholder, Comverse Technology, Inc. (Comverse), and at Verint, together with the resulting restatement of certain items and the making of other corrective adjustments to our previously-filed historical financial statements, see our comprehensive Annual Report on Form 10-K for the years ended January 31, 2008, 2007, and 2006 filed on March 17, 2010.

We previously reported that on March 3, 2010, the SEC issued an Order Instituting Proceedings pursuant to Section 12(j) of the Securities Exchange Act of 1934, as amended (Exchange Act) to suspend or revoke the registration of our common stock because of our previous failure to file certain annual and quarterly reports. On May 28, 2010, we entered into an agreement in principle with the SEC's Division of Enforcement regarding the terms of a settlement of the Section 12(j) proceeding, which agreement was subject to approval by the SEC. On June 18, 2010, we satisfied the requirements of such agreement and subsequently submitted an Offer of Settlement to the SEC. On July 28, 2010, the SEC issued an Order accepting our Offer of Settlement and dismissing the Section 12(j) proceeding.

On July 6, 2010, our common stock was relisted on the NASDAQ Global Market under the symbol **VRNT**. In July 2010, we amended our credit agreement to, among other things, (i) change the method of calculation of the applicable interest rate margin to be based on Verint's consolidated leverage ratio from time to time, (ii) add a 1.50% London Interbank Offered Rate (LIBOR) floor, (iii) increase the aggregate amount of incremental revolving commitment and term loan increases permitted under the credit agreement from \$50.0 million to \$200.0 million, and (iv) make certain changes to the negative covenants, including providing covenant relief with respect to the permitted consolidated leverage ratio. Also in July 2010, we amended our credit agreement to increase the revolving credit commitments thereunder from \$15.0 million to \$75.0 million. In addition, in July 2010 we terminated the interest rate swap we entered into in May 2007 in connection with entry into the credit agreement that had, in effect, fixed our interest exposure with respect to \$450.0 million of the term loans thereunder at a 5.18% interest rate. To terminate the swap prior to its May 2011 maturity, we paid approximately \$21.7 million to the counterparty, representing the approximate present value of the expected remaining quarterly settlement payments that otherwise were to have been due from us thereafter.

On October 5, 2010, the conversion feature of our Series A Convertible Preferred Stock, par value \$0.001 per share (preferred stock), was approved by our stockholders at a special meeting of our stockholders. See **Corporate History and Information** below for more information on Comverse's ownership of our preferred stock.

Corporate History and Information

As of September 15, 2010, Comverse beneficially owned 63.5% of our common stock assuming conversion of all of our preferred stock. After giving effect to this offering, Comverse will hold approximately 58.2% of our common stock assuming no exercise of the underwriters' over-allotment option and conversion of all of our preferred stock into common stock and approximately 57.4% of our common stock assuming full exercise of the underwriters' over-allotment option and conversion of all of our preferred stock into common stock. See **Principal and Selling Stockholders**. Because Comverse holds more than 50% of the voting power for the election of our directors, Comverse exerts a controlling interest on our board of directors, which has determined that we are eligible to and should rely on the controlled company exemption under NASDAQ Listing Rule 5615(c). As a result of our reliance on this exemption, we are not required to have a majority independent board or fully independent standing nominating and compensation committees. See **Risk Factors - Risks Related to Our Internal Investigation, Restatement, Internal Controls, and Ownership**. Our stockholders do not have the same protections generally available to stockholders of other NASDAQ-listed companies because we are currently a controlled company within the meaning of the NASDAQ Listing Rules for more information on the risks we face in connection with our status as a controlled company and **Risk Factors - Risks Related to Our Internal Investigation, Restatement, Internal Controls, and Ownership**. Comverse can control our business and affairs, including our board of directors, and will continue to control us after this offering.

for more information on the risks we face in connection with Comverse's beneficial ownership of a majority of our common stock.

Our principal executive offices are located at 330 South Service Road, Melville, New York 11747. Our telephone number at that address is (631) 962-9600. Our website is www.verint.com. The information contained on, or that can be accessed through, our website is not part of this prospectus, and you should not rely on any such information in making a decision about whether to purchase shares of our common stock.

Risks That We Face

You should consider carefully the risks described under the Risk Factors section and elsewhere in this prospectus. These risks could materially and adversely impact our business, financial condition, operating results, and cash flow, which could cause the trading price of our common stock to decline and could result in a partial or total loss of your investment.

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The Offering

Common stock offered by the selling stockholder	2,434,783 shares
Selling stockholder	Comverse Technology, Inc.
Common stock outstanding (both before and after this offering) (1)	35,157,845 shares
Use of Proceeds	We will not receive any proceeds from the sale of shares by the selling stockholder.
NASDAQ Global Market symbol	VRNT
(1) The common stock to be outstanding after this offering is based on the number of shares outstanding as of September 15, 2010, which excludes:	
	3,085,301 shares of common stock issuable upon exercise of stock options outstanding as of such date, at a weighted average exercise price of \$24.46 per share;
	3,056,568 shares of common stock issuable upon the vesting of restricted stock units outstanding as of such date, 638,450 of which vested on October 5, 2010;
	2,331,413 shares of common stock reserved as of such date for future issuance under our equity incentive plans (which includes shares reserved for future issuance under our 2010 Long-Term Stock Incentive Plan approved by our stockholders on October 5, 2010); and
	approximately 10.2 million shares of common stock issuable upon the conversion of our preferred stock if it were convertible as of such date.

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The summary consolidated statements of operations data for the years ended January 31, 2010, 2009 and 2008 and the summary consolidated balance sheet data as of January 31, 2010 and 2009 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for the three and six months ended July 31, 2010 and 2009 and summary consolidated balance sheet data as of July 31, 2010 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements were prepared on a basis consistent with our audited consolidated financial statements and include, in the opinion of management, all adjustments necessary for the fair presentation of the financial information contained in those statements. Historical results are not necessarily indicative of results to be expected in the future.

You should read the summary consolidated financial data below together with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

Consolidated Statements of Operations Data

	Three Months Ended July 31, (unaudited)		Six Months Ended July 31, (unaudited)		Year Ended January 31,		
	2010	2009	2010	2009	2010	2009	2008
in thousands (except per share data)							
Revenue	\$ 180,676	\$ 169,269	\$ 353,289	\$ 344,417	\$ 703,633	\$ 669,544	\$ 534,543
Operating income (loss)	23,799	13,709	19,817	49,718	65,679	(15,026)	(114,630)
Net income (loss)	12,391	1,482	(3,225)	22,054	17,100	(78,577)	(197,545)
Net income (loss) attributable to Verint Systems Inc.	11,475	1,598	(4,733)	21,232	15,617	(80,388)	(198,609)
Net income (loss) attributable to Verint Systems Inc. common shares	7,921	(1,808)	(11,690)	14,564	2,026	(93,452)	(207,290)
Net income (loss) per share attributable to Verint Systems Inc.:							
Basic	\$ 0.24	\$ (0.06)	\$ (0.35)	\$ 0.45	\$ 0.06	\$ (2.88)	\$ (6.43)
Diluted	0.23	(0.06)	(0.35)	0.45	0.06	(2.88)	(6.43)
Weighted-average shares:							
Basic	33,272	32,465	32,972	32,462	32,478	32,394	32,222
Diluted	35,006	32,465	32,972	32,606	33,127	32,394	32,222
Other financial data:							
Non-GAAP operating income (1)	\$ 46,323	\$ 44,639	\$ 88,602	\$ 101,808	\$ 195,627	\$ 120,444	\$ 75,405
Non-GAAP net income attributable to Verint Systems Inc. (1)	31,151	31,293	56,146	70,419	132,963	69,627	41,745

Consolidated Balance Sheet Data

	July 31, (unaudited)		January 31,	
	2010	2010	2010	2009
in thousands				
Total assets	\$ 1,342,144	\$ 1,396,337	\$ 1,396,337	\$ 1,337,393
Long-term debt, including current maturities	598,234	620,912	620,912	625,000
Preferred stock	285,542	285,542	285,542	285,542

Total stockholders equity (deficit)	1,642	(14,567)	(76,070)
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(1) Each of non-GAAP operating income and non-GAAP net income attributable to Verint Systems Inc. is a financial measure not prepared in accordance with generally accepted accounting principles (GAAP).

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A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures appears at the end of this summary consolidated financial information. For additional information, see Management Discussion and Analysis of Financial Condition and Results of Operations Results of Operations .

Non-GAAP financial measures should not be considered in isolation or as a substitute for comparable GAAP financial measures. The non-GAAP financial measures we present have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP and these non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures. These non-GAAP financial measures do not represent discretionary cash available to us to invest in the growth of our business, and we may in the future incur expenses similar to the adjustments made in these non-GAAP financial measures.

We believe that the non-GAAP financial measures we present provide meaningful supplemental information regarding our operating results primarily because they exclude certain non-cash charges or items that we do not believe are reflective of our ongoing operating results when budgeting, planning and forecasting, determining compensation, and when assessing the performance of our business with our individual operating segments or our senior management. We believe that these non-GAAP financial measures also facilitate the comparison by management and investors of results between periods and among our peer companies. However, those companies may calculate similar non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

Non-GAAP operating income

We define non-GAAP operating income as operating income (loss) adjusted to eliminate (i) revenue adjustments related to acquisitions, (ii) amortization and impairment of acquired technology, (iii) amortization of other acquired intangible assets, (iv) impairments of goodwill and other acquired intangible assets, (v) in-process research and development, (vi) integration costs, (vii) restructuring costs, (viii) other legal expenses (recoveries), (ix) stock-based compensation expenses, (x) other adjustments, and (xi) expenses related to our filing delay.

The following table provides further information regarding these adjustments and reconciles GAAP operating income (loss) to non-GAAP operating income. The footnotes for this reconciliation appear at the end of this summary consolidated financial information.

in thousands	Three Months Ended July 31, (unaudited)		Six Months Ended July 31, (unaudited)		Year Ended January 31,		
	2010	2009	2010	2009	2010	2009	2008
GAAP operating income (loss)	\$ 23,799	\$ 13,709	\$ 19,817	\$ 49,718	\$ 65,679	\$ (15,026)	\$ (114,630)
Revenue adjustments related to acquisitions (a)						5,890	37,254
Amortization and impairment of acquired technology (b) (c)	2,220	1,977	4,453	4,076	8,021	9,024	8,018
Amortization of other acquired intangible assets (b)	5,338	5,586	10,677	11,516	22,268	25,249	19,668
Impairments of goodwill and other acquired intangible assets (c)						25,961	22,934
In-process research and development (d)							6,682
Integration costs (e)						3,261	10,980

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Restructuring costs (f)		9		22	141	5,685	3,308
Other legal expenses (recoveries) (g)						(4,292)	8,708
Stock-based compensation expenses (h)	8,035	13,138	26,004	19,694	44,245	36,011	31,061
Other adjustments (i)	864		1,371		762		
Expenses related to our filing delay (j)	6,067	10,220	26,280	16,782	54,511	28,681	41,422
Non-GAAP operating income	\$ 46,323	\$ 44,639	\$ 88,602	\$ 101,808	\$ 195,627	\$ 120,444	\$ 75,405

Table of Contents**Non-GAAP net income attributable to Verint Systems Inc.**

We define non-GAAP net income attributable to Verint Systems Inc. as net income (loss) attributable to Verint Systems Inc. adjusted to eliminate (i) revenue adjustments related to acquisitions, (ii) amortization and impairment of acquired technology, (iii) amortization of other acquired intangible assets, (iv) impairments of goodwill and other acquired intangible assets, (v) in-process research and development, (vi) integration costs, (vii) restructuring costs, (viii) other legal expenses (recoveries), (ix) stock-based compensation expenses, (x) other adjustments, (xi) expenses related to our filing delay, (xii) unrealized gains and losses on investments and derivatives, and (xiii) non-cash tax adjustments.

The following table provides further information regarding these adjustments and reconciles GAAP net income (loss) attributable to Verint Systems Inc. to non-GAAP net income attributable to Verint Systems Inc. The footnotes for this reconciliation appear at the end of this summary consolidated financial information.

in thousands	Three Months Ended July 31, (unaudited)		Six Months Ended July 31, (unaudited)		Year Ended January 31,		
	2010	2009	2010	2009	2010	2009	2008
GAAP net income (loss) attributable to Verint Systems Inc.	\$ 11,475	\$ 1,598	\$ (4,733)	\$ 21,232	\$ 15,617	\$ (80,388)	\$ (198,609)
Revenue adjustments related to acquisitions (a)						5,890	37,254
Amortization and impairment of acquired technology (b)(c)	2,220	1,977	4,453	4,076	8,021	9,024	8,018
Amortization of other acquired intangible assets (b)	5,338	5,586	10,677	11,516	22,268	25,249	19,668
Impairments of goodwill and other acquired intangible assets (c)						25,961	22,934
In-process research and development (d)							6,682
Integration costs (e)						3,261	10,980
Restructuring costs (f)		9		22	141	5,685	3,308
Other legal expenses (recoveries) (g)						(4,292)	8,708
Stock-based compensation expenses (h)	8,035	13,138	26,004	19,694	44,245	36,011	31,061
Other adjustments (i)	864		1,371		762		
Expenses related to our filing delay (j)	6,067	10,220	26,280	16,782	54,511	28,681	41,422
Unrealized gains and losses on investments and derivatives (k)	(3,796)	(1,381)	(7,763)	(3,843)	(8,049)	(1,807)	26,703
Non-cash tax adjustments (l)	948	146	(143)	940	(4,553)	16,352	23,616
	\$ 31,151	\$ 31,293	\$ 56,146	\$ 70,419	\$ 132,963	\$ 69,627	\$ 41,745

Non-GAAP net income attributable to Verint Systems Inc.

- (a) Revenue adjustments related to acquisitions represent (1) the impact of fair value adjustments required under GAAP relating to acquired customer support contracts that would have otherwise been recognized on a standalone basis and (2) certain sales concession adjustments relating to accounts receivable balances that existed prior to the acquisition date, in each case with respect to the acquisition of Witness Systems, Inc. (Witness) in May 2007.
- (b) Amortization of acquired technology, and amortization of other acquired intangible assets, represent the amortization of intangible assets acquired

in business combinations. These expenses are non-cash charges, which are inconsistent in amount and frequency and are significantly impacted by the timing and size of acquisitions.

- (c) Impairments of acquired technology, and impairments goodwill and other acquired intangible assets, represent impairments of goodwill and intangible assets acquired in business combinations. These expenses are non-cash charges that we do not believe are reflective of our ongoing operations.

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- (d) In-process research and development represent the fair value of incomplete research and development projects that had not yet reached technological feasibility and had no known alternative future use as of the date of acquisition. These expenses are non-cash charges that we do not believe are reflective of our ongoing operations.
- (e) Integration costs represent expenses directly related to the integration of Witness that we do not believe are reflective of our ongoing operations.
- (f) Restructuring costs represent expenses associated with the restructuring of our operations due to internal or external market factors that we do not believe are reflective of our ongoing operations.
- (g) Other legal expenses (recoveries) represents other legal fees and settlements associated with certain intellectual property litigation assumed in connection witht may be amended prior to the Effective Time, either before or after stockholder approval, provided that the Merger Agreement may not be amended after stockholder approval if such amendment would (i) alter or change the number or kind of shares to be received by stockholders in the Merger, (ii) alter or change any term of the New Articles or New By-Laws or (iii) alter or change any of the terms and conditions of the Merger Agreement if such alteration or change would adversely affect the stockholders of the Company. Appraisal rights will not be available to holders of the Company's Common Stock in connection with the Reincorporation Proposal.
ANTITAKEOVER EFFECTS OF THE REINCORPORATION PROPOSAL
Certain provisions of the IBCL, specifically the Constituent Interests Provision and the Control Share Acquisitions Provisions as described in "Comparison of Rights of Stockholders" below, have no comparable provisions under Delaware law. These

statutory provisions and certain provisions of the New Articles and New By-Laws, specifically the provisions regarding Preferred Stock, and the supermajority vote required for certain business combinations, some of which are carried over from the Present Charter and Present By-Laws may have the effect of discouraging an unsolicited attempt by another person or entity to acquire control of the Company. Such provisions may make tender offers, and certain other transactions, more difficult or more costly and could discourage or limit stockholder participation in such types of transactions, whether or not such transactions were favored by the majority of the stockholders. As of this date, the Board of Directors is unaware of any specific effort to accumulate the Company's Common Stock or to obtain control of the Company by means of a merger, tender offer or otherwise. The Company is not pursuing the Reincorporation to take advantage of certain provisions of Indiana law which are considered to have potential anti-takeover effects. Specifically, in the original articles of incorporation of Brightpoint Indiana and the New Articles, the Company has opted out of the Business Combination Provisions and the Control Share Acquisition Provisions of the IBCL that would otherwise apply to it as an Indiana corporation. These provisions are discussed further below. As a result, the Company will not be subject to these anti-takeover provisions (which include what some commentators describe as a "control share acquisition" provision, a "fair price" provision, and a five-year "freeze out" provision). The Company could not become subject to these provisions of Indiana law unless the New Articles are amended in the future with the approval of the Company's stockholders. -39-

COMPARISON OF RIGHTS OF STOCKHOLDERS The DGCL differs from the IBCL in many respects. The material differences of these statutes are discussed below. Because of these statutory differences, certain changes from the Present Charter and Present By-Laws have

been made to the New Articles and New By-Laws. The material differences between the Present Charter and Present By-Laws as compared to the New Articles and New By-Laws are also discussed below. Capital Stock. The Reincorporation will not affect the capital stock of the Company except to the extent that rights of stockholders will be governed by Indiana law rather than Delaware law. The number of authorized shares will remain at 101,000,000, consisting of 100,000,000 shares of Common Stock, par value \$0.01 per share, and 1,000,000 shares of Preferred Stock, par value \$0.01 per share. After the Reincorporation, holders of Common Stock will continue to be entitled to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. As a result, the holders of Common Stock entitled to exercise more than 50% of the voting rights in an election of directors can elect all of the directors to be elected if they choose to do so. The holders of Common Stock will be entitled to such dividends as may be declared from time to time by the Board of Directors from funds legally available therefor, and will be entitled to receive, pro rata, all assets available for distribution to such holders upon liquidation. No shares of the Common Stock have any preemptive, redemption or conversion rights, or the benefits of any sinking fund. All of the shares issued by the surviving corporation in the Reincorporation will be validly issued, fully paid and nonassessable. Under the Present Charter, 22,000 shares of Preferred Stock, par value \$0.01 per share, have been designated as the Series A Junior Participating Cumulative Preferred Stock. The powers, designations, preferences and relative participating, optional and other special rights and the qualification, limitations and restrictions of the Series A Junior Participating Cumulative Preferred Stock under the New Articles will be identical to those outlined in the Present Charter. Both the DGCL and the IBCL permit the certificate or articles of incorporation to allow the board of directors

to issue and fix the dividend, voting and redemption rights, liquidation preferences and other rights, privileges and restrictions of one or more series of preferred stock without further stockholder action. The Company's Preferred Stock may be issued from time to time in one or more series with such relative dividend, voting and other rights, privileges and restrictions as the Board of Directors may determine. The ability of the Board to issue Preferred Stock and determine its relative dividend, voting and other rights without further stockholder action will not be affected by the Reincorporation. The issuance of Preferred Stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting power of the holders of Common Stock and, under certain circumstances, make it more difficult for a third party to gain control of the Company, discourage bids for the Company's Common Stock at a premium or otherwise affect the market price of Common Stock.

Size and Classification of the Board of Directors. Section 141(b) of the DGCL provides that the board of directors of a Delaware corporation shall consist of one or more members. The number of directors shall be fixed by, or in the manner provided in, the by-laws unless the certificate of incorporation fixes the number of directors, in which case a change in the number of directors shall be made only by amendment of the certificate.

Section 23-1-33-3 of the IBCL provides that the board of directors of an Indiana corporation must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or by-laws.

-40- Pursuant to Section 141(d) of the DGCL, the directors may, by the certificate of incorporation, by an initial by-law or by a by-law adopted by a vote of the stockholders, be divided into one, two or three classes. Section 23-1-33-6 of the IBCL provides that the articles of incorporation or the by-laws, may provide for staggering the terms of directors by dividing the total number of directors into

either two or three classes, with each class containing as closely as possible the same number of directors. The Company's Board of Directors is currently classified into three classes of members. Currently, two classes have three members and a third class has four members. The Board of Directors of the Company following the Reincorporation will have the same classifications. Removal of Directors. Section 141(k) of the DGCL provides that any director or the entire board of directors may generally be removed with or without cause by a majority stockholder vote. However, a director of a corporation with a classified board of directors may be removed only for cause unless the certificate of incorporation otherwise provided. Under Section 23-1-33-8 of the IBCL, directors may be removed in any manner provided in the articles of incorporation. In addition, unless the articles of incorporation provide otherwise, the stockholders or directors may remove one or more directors with or without cause. A director may be removed by the stockholders, if they are otherwise authorized to do so, only at a meeting called for that purpose and such purpose must be stated in the notice of the meeting. A director elected by a voting group of stockholders may be removed only by that voting group. The Present By-Laws permit directors to be removed from office with or without cause only by a majority stockholder vote. The removal provisions of the New Articles are the same as the Present By-Laws. Newly Created Directorships and Vacancies. Under Section 223 of the DGCL, unless the certificate of incorporation or the by-laws of a corporation provide otherwise, a majority vote of the directors then in office may fill vacancies and newly created directorships, even if the number of current directors is less than a quorum or only one director remains. If the directors filling a vacancy or newly created directorship on the board constitute less than a majority of the whole board (as measured before an increase in the size of the board), the Delaware Court of Chancery may, upon application of

stockholders holding at least 10% of the outstanding voting shares, summarily order an election to fill the vacancy or newly created directorship or replace directors chosen by the directors then in office.

Unless otherwise provided in the certificate of incorporation or by-laws, when one or more directors resign effective at a future date, a majority of directors then in office, including those who have so resigned, may vote to fill the vacancy. Under Section 23-1-33-9 of the IBCL, unless the articles of incorporation provide otherwise, if a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors, the remaining directors, even if less than a quorum, may fill the vacancy by majority vote. If the vacant office was held by a director elected by a voting group of stockholders, only the holders of shares of that voting group may vote to fill the vacancy if it is filled by stockholders. A vacancy that will occur at a specific later date by reason of resignation of a director effective at a later date may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

-41- The Present By-Laws permit vacancies, including any vacancy created by an increase in the number of directors, to be filled by a majority of the directors then in office, although less than a quorum. The New By-Laws contain the same provisions. Quorum and Vote Required to Take Action. Section 141(b) of the DGCL provides that a majority of the total number of directors shall constitute a quorum for the transaction of business unless the certificate of incorporation or by-laws of the corporation require a greater number. In addition, unless the certificate of incorporation provides otherwise, the by-laws may provide for a quorum of less than a majority, which in no case shall be less than one-third of the total number of directors. The board of directors shall act by the vote of a majority of the directors present at a meeting at which a quorum is present, unless the certificate of incorporation or the by-laws require the vote of a greater number. Under Section

23-1-34-5 of the IBCL, unless the articles of incorporation or by-laws require a greater number, a majority of the fixed or prescribed number of directors constitutes a quorum. Additionally, the articles of incorporation or by-laws may authorize a quorum of no fewer than one-third of the fixed or prescribed number of directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present is the act of the board of directors unless the articles of incorporation or by-laws provide otherwise. The Present By-Laws provide that the presence in person of a majority of the members of the Board of Directors constitutes a quorum for the transaction of business and that, unless otherwise provided by law, the certificate of incorporation or the by-laws, the act of a majority of the directors present at any meeting at which there is quorum is the act of the Board of Directors. The New By-Laws contain the same provisions.

Limitation on Directors' Liability. Section 102(b)(7) of the DGCL allows a corporation, through its certificate of incorporation, to limit or eliminate the personal liability of directors to the corporation and its stockholders for damages for breach of fiduciary duty as a director. However, this provision excludes any limitation on the liability of a director for (i) any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) willful or negligent violation of the laws governing the payment of dividends or the purchase or redemption of stock or (iv) any transaction from which the director derives an improper personal benefit.

Section 23-1-35-1 of the IBCL provides that a director is not liable for any action taken as a director, or any failure to act, unless the director has breached or failed to perform the duties of the director's office in compliance with Section 23-1-35-1 and the breach or failure to perform constitutes willful misconduct or recklessness. Subject to this standard, a director who votes or

assents to distributions in violation of the IBCL or the articles of incorporation is personally liable to the corporation for the amount of the illegal distribution and is entitled to contribution from the other directors who voted for or assented to such distribution and the stockholders who received the distribution. The Present Charter contains a provision limiting director liability as permitted by Section 102(b) of the DGCL. The New Articles contain a provision which outlines the necessary factors for compliance with Section 23-1-35-1 of the IBCL. -42- Indemnification of Directors and Officers. Section 145 of the DGCL provides that a corporation may indemnify any person who was or is a party or threatened to be made a party to any type of proceeding (other than actions by or in right of the corporation) because he or she is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; and in a criminal proceeding, if he or she had no reasonable cause to believe his or her conduct was unlawful. Expenses incurred by an officer or director (or other employees or agents as deemed appropriate by the board of directors) in defending a civil, criminal, administrative or investigative proceeding may be paid by the corporation in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it is ultimately determined that such person is not entitled to be indemnified by the corporation. To indemnify a party, the corporation must determine that the party met the applicable standards of conduct. Section 23-1-37-8 and Section 23-1-37-13

of the IBCL provide that a corporation may indemnify any individual made a party to a proceeding (including a proceeding by or in the right of the corporation) because the individual is or was a director, officer, employee or agent of the corporation against liability incurred in the proceeding if the individual acted in good faith and reasonably believed (i) in the case of conduct in the individual's official capacity with the corporation, that the individual's conduct was in the corporation's best interests and (ii) in all other cases, that the individual's conduct was at least not opposed to the corporation's best interests. In the case of any criminal proceeding, the individual must have also had either reasonable cause to believe the conduct was lawful or no reasonable cause to believe that it was unlawful. In addition, Section 23-1-37-9 and Section 23-1-37-13 provide that a corporation, unless limited by its articles of incorporation, must indemnify a director or officer who was wholly successful in the defense of any proceeding to which the director or officer was a party because the director or officer is or was a director or officer of the corporation against reasonable expenses incurred by the director or officer in connection with the proceeding. Both the Present Charter and the New Articles provide for mandatory indemnification to the fullest extent permitted by law. Loans to Directors. Section 143 of the DGCL allows a corporation to lend money to, or guarantee an obligation of, or otherwise assist an officer or employee, including one who acts as a director, if the assistance is reasonably expected to benefit the corporation. Such assistance may be provided without stockholder approval. Pursuant to Section 23-1-35-3 of the IBCL, a corporation may not lend money to, or guarantee the obligation of, a director of the corporation unless (i) the loan or guarantee is approved by a majority of the disinterested shares, or (ii) the board of directors determines that the loan or guarantee benefits the corporation and either approves the specific loan or guarantee or a general plan

authorizing loans and guarantees.

Dividends. Subject to any restrictions in a corporation's certificate of incorporation, Section 170 of the DGCL allows the board of directors of a Delaware corporation to declare and pay dividends out of surplus or, if there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year.

-43- Section 23-1-28-1 of the IBCL allows a board of directors to make distributions to stockholders, unless otherwise provided in the articles of incorporation. However, pursuant to Section 23-1-28-3 of the IBCL, no distribution may be made if it would cause (i) the corporation to be unable to pay its debts as they become due in the ordinary course of business or (ii) the corporation's assets to be less than the sum of its liabilities plus, except as otherwise specifically allowed by the articles of incorporation, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the rights of preferential stockholders whose rights are superior to those receiving the distribution. Action by Stockholders through Written Consent.

Under Section 228(a) of the DGCL, unless otherwise provided in a corporation's certificate of incorporation, any action required to be taken at an annual or special meeting of the stockholders may be taken in the absence of a meeting, without prior written notice and without a vote. Such action may be taken by the written consent of stockholders in lieu of a meeting setting forth the action so taken and signed by the holders of outstanding stock representing the minimum number of votes necessary to take such action at a meeting at which all shares entitled to vote were present and voted. Prompt notice of the taking of any corporate action without a meeting by less than unanimous written consent must be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting.

Under Section 23-1-29-4 of the IBCL, any action required or permitted to be taken at a

meeting of stockholders of an Indiana corporation that has a class of equity securities registered under the Securities Exchange Act of 1934 may be taken without a meeting if a written consent thereto is signed by all the stockholders entitled to vote on the action. The New Articles contain a provision permitting stockholder action by unanimous written consent. Special Meetings of Stockholders. Under Section 211(d) of the DGCL, special meetings of stockholders may be called by the board of directors and by such other person or persons as may be authorized to do so by the corporation's certificate of incorporation or by-laws. Section 23-1-29-2 of the IBCL provides that a corporation with more than 50 stockholders must hold a special meeting of stockholders on demand of its board of directors or the person or persons specifically authorized to do so by the articles of incorporation or by-laws. Under the Present By-Laws, special meetings of the stockholders, for any purpose, unless otherwise prescribed by law, may be called by the President or Board of Directors. The New By-Laws contain the same provision. Cumulative Voting. Both Section 214 of the DGCL and Section 23-1-30-9 of the IBCL allow a corporation to provide for cumulative voting in the certificate of incorporation or the articles of incorporation. Neither the Present Charter nor the New Articles provide for cumulative voting. -44- Necessary Vote to Effect Merger (Not Involving Interested Stockholder). The DGCL requires a majority vote of the shares entitled to vote in order to effectuate a merger between two Delaware corporations (Section 251(c)) or between a Delaware corporation and a corporation organized under the laws of another state (a "foreign corporation") (Section 252(c)). However, unless required by the certificate of incorporation, Sections 251(f) and 252(e) do not require a vote of the stockholders of a constituent corporation surviving the merger if (i) the merger agreement does not amend that corporation's certificate of incorporation, (ii) each share of that

corporation's stock outstanding before the effective date of the merger is identical to an outstanding or treasury share of the surviving corporation after the merger and (iii) in the event the merger plan provides for the issuance of common stock or securities convertible into common stock by the surviving corporation, the common stock issued and the common stock issuable upon conversion of the issued securities do not exceed 20% of the shares outstanding immediately before the effective date of the merger. Section 23-1-40-3 of the IBCL requires a majority vote of the shares entitled to vote in order to effectuate a merger or share exchange unless the articles of incorporation or the board of directors require a greater vote or a vote by voting group. However, the vote of the stockholders of the surviving corporation on a plan of merger is not required if (i) the articles of incorporation of the surviving corporation will not differ from its articles before the merger, (ii) each stockholder of the surviving corporation whose shares were outstanding immediately before the effective date of the merger will hold the same proportionate number of shares relative to the number of shares held by all such stockholders (except for shares of the surviving corporation received solely as a result of the stockholder's proportionate shareholdings in the other corporations party to the merger), with identical designations, preferences, limitations and relative rights, immediately after the merger, (iii) the number of voting shares outstanding immediately after the merger, plus the number of voting shares issuable as a result of the merger (either by the conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger), will not exceed by more than 20% the total number of voting shares of the surviving corporation outstanding immediately before the merger and (iv) the number of participating shares outstanding immediately after the merger, plus the number of participating shares issuable as a result of the merger (either by the

conversion of securities issued pursuant to the merger or the exercise of rights and warrants issued pursuant to the merger), will not exceed by more than 20% the total number of participating shares of the surviving corporation outstanding immediately before the merger. Business Combinations Involving Interested Stockholders. Section 203 of the DGCL provides that, with certain exceptions, a Delaware corporation may not engage in any of a broad range of business combinations, such as mergers, consolidations and sales of assets, with an "interested stockholder" for a period of three years from the date that such person became an interested stockholder unless (i) the transaction that results in the person's becoming an interested stockholder or the business combination is approved by the board of directors of the corporation before the person becomes an interested stockholder, (ii) upon consummation of the transaction which results in the stockholder becoming an interested stockholder, the interested stockholder owns 85% or more of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by persons who are directors and also officers and shares owned by certain employee stock plans or (iii) on or after the date the person becomes an interested stockholder, the business combination is approved by the corporation's board of directors and by holders of at least two-thirds of the corporation's outstanding voting stock, excluding shares owned by the interested stockholder, at a meeting of stockholders. Under Section 203, an "interested stockholder" is defined as any person, other than the corporation and any -45- direct or indirect majority-owned subsidiary, that is (i) the owner of 15% or more of the outstanding voting stock of the corporation or (ii) an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined

whether such person is an interested stockholder. Section 203 does not apply to a corporation that so provides in an amendment to its certificate of incorporation or by-laws passed by a majority of its outstanding shares entitled to vote. Such stockholder action does not become effective for 12 months following its adoption and would not apply to persons who were already interested stockholders at the time of the amendment. Sections 23-1-43-1 to 23-1-43-23 of the IBCL (the "Business Combination Provisions") restrict the ability of a "resident domestic corporation" to engage in any business combination with an "interested shareholder" for five years (the "five year freeze") after the interested shareholder's date of acquiring shares unless the business combination or the purchase of shares by the interested shareholder on the interested shareholder's share acquisition date is approved by the board of directors of the resident domestic corporation before that date. If the combination was not previously approved, the interested shareholder may effect a combination after the five-year freeze period only if such shareholder receives approval from a majority of the disinterested shares or the offer meets certain "fair price" requirements. For purposes of the above provisions, "resident domestic corporation" means an Indiana corporation that has 100 or more stockholders. "Interested shareholder" means any person, other than the resident domestic corporation or its subsidiaries, who is (i) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the resident domestic corporation or (ii) an affiliate or associate of the resident domestic corporation and at any time within the five-year period immediately before the date in question was the beneficial owner of 10% or more of the voting power of the then outstanding shares of the resident domestic corporation. The above provisions do not apply to corporations that so elect in its original articles of incorporation or in an amendment to its articles of incorporation

approved by a majority of the disinterested shares. Such an amendment, however, would not become effective for 18 months after its passage and would apply only to stock acquisitions occurring after its effective date. The Present Charter does not exclude the Company from restrictions imposed under Section 203 of the DGCL. The original articles of incorporation for Brightpoint Indiana and the New Articles specifically exclude the Company from the Business Combination Provisions of the IBCL. Control Share Acquisitions. Pursuant to Sections 23-1-42-1 to 23-1-42-11 of the IBCL (the "Control Share Acquisitions Provisions"), an acquiring person who makes a "control share acquisition" in an "issuing public corporation" may not exercise voting rights on any "control shares" unless such voting rights are conferred by a majority vote of the disinterested stockholders of the issuing corporation at a special meeting of such stockholders held upon the request and at the expense of the acquiring person. Unless otherwise provided in a corporation's articles of incorporation or by-laws before a control share acquisition has occurred, in the event that control shares acquired in a control share acquisition are accorded full voting rights and the acquiring person acquires control shares with a majority or more of all voting power, all stockholders of the issuing corporation have dissenters' rights to receive the fair value of their shares. Under the IBCL, "control shares" means shares acquired by a person that, when added to all other shares of the issuing public corporation owned by that person or in respect of which that person may exercise or direct the exercise of voting power, would otherwise entitle that person to exercise voting power of the issuing public corporation in the election of directors within any of the following ranges: (i) one-fifth or more but less than one-third, (ii) one-third or more but less than a majority or (iii) a majority or more. "Control share acquisition" means, subject to certain exceptions, the acquisition, directly or indirectly, by any

person of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares. Shares acquired within 90 days or pursuant to a plan to make a control share acquisition are considered to have been acquired in the same acquisition. "Issuing public corporation" means a corporation which is organized in Indiana, has 100 or more stockholders, has its principal place of business, its principal office or substantial assets within Indiana and has either (i) more than 10% of its stockholders resident in Indiana, (ii) more than 10% of its shares owned by Indiana residents or (iii) 10,000 stockholders resident in Indiana. The above provisions do not apply if, before a control share acquisition is made, the corporation's articles of incorporation or by-laws (including a board adopted by-laws) provide that said provisions do not apply. There is no corresponding provision under the DGCL. The original articles of incorporation for Brightpoint Indiana and the New Articles specifically exclude the Company from the Control Share Provisions of the IBCL. Constituent Interests. Section 23-1-35-1 of the IBCL (the "Constituent Interests Provision") provides that the board of directors, in discharging its duties, may consider, in its discretion, both the long-term and short-term best interests of the corporation, taking into account, and weighing as the directors deem appropriate, the effects of an action on the corporation's stockholders, employees, suppliers and customers and the communities in which offices or other facilities of the corporation are located and any other factors the directors consider pertinent. Section 23-1-35-1 specifically provides that certain judicial decisions in Delaware and other jurisdictions, which might be looked upon for guidance in interpreting Indiana law, including decisions that propose a higher or different degree of scrutiny in response to a proposed acquisition of the corporation, are inconsistent with the proper application of that section. There is no corresponding provision in the DGCL. Procedures to

Regulate Changes in Control. Section 23-1-22-4 of the IBCL provides that, in addition to any other provision authorized by any other section of the IBCL or contained in the articles of incorporation or the by-laws, a corporation may establish one or more procedures to regulate transactions that would, when consummated, result in a change of "control" of the corporation. Such a procedure may be established in the original articles of incorporation or by-laws, by an amendment to the articles of incorporation or, notwithstanding the fact that a vote of the stockholders would otherwise be required by any other provision of the IBCL or the articles of incorporation, by an amendment to the by-laws. For the purposes of Section 23-1-22-4, "control" means, for any corporation that has 100 or more stockholders, the beneficial ownership, or the direct or indirect power to direct the voting, of not less than 10% of the voting shares of a corporation's outstanding voting shares. There is no corresponding provision under the DGCL. Appraisal Rights; Dissenters' Rights. Both Section 62 of the DGCL and Section 23-1-44-8 of the IBCL provide that stockholders have the right, in some circumstances, to dissent from certain corporate reorganizations and to instead demand payment of the fair value of their shares. Under Section 262 of the DGCL, unless a corporation's certificate of incorporation provides otherwise, -47- dissenters do not have the rights of appraisal with respect to (i) a merger or consolidation by a corporation, the shares of which are either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. ("NASD"), or held by more than 2,000 stockholders, if the stockholders receive (a) shares in the surviving corporation, (b) shares of another corporation that are publicly listed or held by more than 2,000 stockholders, (c) cash in lieu of fractional shares or (d) any combination of the above, or (ii) stockholders of a corporation

surviving a merger if no vote of the stockholders of the surviving corporation is required to approve the merger. Under Section 23-1-44-8 of the IBCL, dissenters do not have rights of appraisal (i) with respect to shares of any class or series of stock registered on a national securities exchange or traded on the NASD Automated Quotation System Over-the-Counter Markets-National Market Issues or a similar market or (ii) unless the articles of incorporation, by-laws or resolution of the board of directors provide that voting or non-voting stockholders are entitled to dissent, if they were not entitled to vote on the corporate reorganization. Redeemable Shares. Section 151(b) of the DGCL provides that the certificate of incorporation or a resolution of the board of directors may make any class of stock subject to redemption at the option of the corporation or the stockholders, or upon the happening of a specified event, as long as immediately following any such redemption the corporation has at least one share of at least on series of stock with full voting powers. Section 23-1-25-1 of the IBCL provides that the articles of incorporation of a corporation may authorize one or more classes of shares that are redeemable or convertible as specified in the articles of incorporation at the option of the corporation, the stockholder or another person or upon the occurrence of a designated event. Rights, Warrants or Options. Under Section 157 of the DGCL, rights or options to purchase shares of any class of stock may be authorized by a corporation's board of directors subject to the provisions of the certificate of incorporation. The terms of such rights or options must be fixed and stated in the certificate of incorporation or in a resolution or resolutions adopted by the board of directors. Under Section 23-1-26-5 of the IBCL, a corporation, acting through its board of directors, may create or issue rights, options or warrants for the purchase of shares or other securities of the corporation or any successor in interest of the corporation. The board of directors shall

determine the terms upon which the rights, options or warrants are issued, their form and content and the consideration for which the shares or other securities are to be issued. Preemptive Rights. Under Section 102(b)(3) of the DGCL and Section 23-1-27-1 of the IBCL, absent an express provision in a corporation's certificate of incorporation or articles of incorporation, a stockholder does not, by operation of law, possess preemptive rights to subscribe to an additional issue of stock. Neither the Present Charter nor the New Articles provide for preemptive rights. Amendment of Certificate or Articles of Incorporation and By-Laws. Section 242 of the DGCL and Sections 23-1-38-3 and 23-1-38-4 of the IBCL permit a corporation to amend its certificate of incorporation or articles of incorporation in any respect, provided the amendment contains only provisions that would be lawful in an original certificate of incorporation or articles of incorporation filed at the time of amendment. To amend a certificate of incorporation or the articles of incorporation, -48- the board must adopt a resolution presenting the proposed amendment. In addition, under the DGCL, a majority of the shares entitled to vote, as well as a majority of shares of each class entitled to vote, must approve the amendment to make it effective. Under the IBCL, an amendment to the articles of incorporation of an Indiana corporation generally may be adopted if the votes cast favoring the amendment exceed the votes cast opposing the amendment, except that any amendment that would create dissenters' rights must be approved by a majority of the votes entitled to be cast. Under the DGCL and the IBCL, when the substantial rights of a class of shares will be affected by an amendment, the holders of those shares are entitled to vote as a class even if the shares are non-voting shares. When one or more series in a class of shares, and not the entire class, will be adversely affected by an amendment, the affected series may vote as a class. Under Section 242(b)(2) of the DGCL, the right to vote as a class may be limited in certain

circumstances. Any provision in the certificate of incorporation which requires a greater vote than required by law cannot be amended or repealed except by such greater vote. Section 242(c) of the DGCL provides that, in its resolution proposing an amendment, the board may insert a provision allowing the board to abandon the amendment, without concurrence by stockholders, after the amendment has received stockholder approval but before its filing with the Secretary of State. The majority vote of the holders of the outstanding Common Stock of the Company is required to amend the provisions of the Present Charter relating to the number of authorized shares of any class of stock. The New Articles require the affirmative vote of at least two-thirds of the outstanding shares of voting stock as well as the majority vote of the independent stockholders, if applicable, to amend the provisions of the New Articles relating to (1) the votes needed to approve certain business combinations, a change in the number of directors, the removal of one or more directors or the amendment of any other provisions of the New Articles, or (2) the number of shares which must be represented to demand a special meeting of the stockholders. Section 109 of the DGCL provides that the power to amend the by-laws rests with the stockholders entitled to vote, although the certificate of incorporation may confer the power to amend the by-laws upon the board of directors. Section 109 further provides that the fact that the certificate of incorporation confers such power upon the board of directors neither limits nor divests the stockholders of the power to amend the by-laws. Section 23-1-39-1 of the IBCL, on the other hand, provides that, unless the articles of incorporation provide otherwise, only the board of directors of a corporation may amend the by-laws. The Present By-Laws provide that the by-laws of the corporation may be amended by a majority vote of the stockholders or by the Board of Directors, except that any amendment with respect to the election and classification of

directors requires the vote of two-thirds of the Company's outstanding stock entitled to vote thereon. The amendment provisions of the New By-Laws are the same as the Present By-Laws. Inspection of Books and Records. Section 220 of the DGCL entitles any stockholder of record of a corporation, in person or by an agent, upon written demand under oath stating the purpose thereof, to inspect during usual business hours, for any proper purpose, the corporation's stock ledger, a list of its stockholders and its other books and records, and to make copies or extracts therefrom. A proper purpose means a purpose reasonably related to such person's interest as a stockholder. -49- Section 23-1-52-2 of the IBCL entitles any stockholder of a corporation to inspect and copy, during regular business hours, certain enumerated corporate records if the stockholder gives the corporation at least five days' advance written notice. Certain records may be inspected only if: (i) the stockholder's demand is made in good faith and for a proper purpose, (ii) the stockholder describes with reasonable particularity the stockholder's purpose and (iii) the records to be inspected are directly connected with the stockholder's purpose. Advance Notice Provisions. The Present By-Laws establish an advance notice procedure for stockholders to make nominations of candidates for election as directors or to bring other business before any meeting of stockholders of the Company. The Present By-Laws provide that only persons who are nominated by the Board of Directors or a committee appointed by the Board of Directors or any stockholder entitled to vote in the election of directors generally and who has given timely written notice to the Secretary of the Company prior to the meeting at which directors are to be elected, will be eligible for election as directors of the Company. The Present By-Laws also provide that at a meeting of stockholders only such business may be conducted as has been brought before the meeting, by or at the direction of, the Board of Directors or the chairman of

the meeting or by a stockholder who has given timely written notice to the Secretary of the Company of such stockholder's intention to bring such business before such meeting. Under the Present By-Laws, for notice of stockholder nominations or other business to be made at a meeting to be timely, such notice must be received by the Company not less than 50 days nor more than 75 days prior to the meeting, or in the event that less than 65 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Under the Present By-Laws, a stockholder's notice must also contain certain information specified in the by-laws. The advance notice provisions of the Present By-Laws are carried over into the New By-Laws.

Rights Plan. The Company has a stockholder rights plan which could discourage unwanted or hostile takeover attempts which are not negotiated with its Board of Directors. The Rights Plan discourages such attempts by causing substantial dilution to any person who acquires an amount in excess of a specified percentage of the Company's Common Stock and by making an acquisition of the Company without the consent of its Board of Directors prohibitively expensive.

Following the Merger, Brightpoint Indiana will assume the Company's obligations under the Rights Plan, and the Rights will continue to be in effect in relation to the Indiana Shares.

FEDERAL INCOME TAX CONSEQUENCES OF THE

REINCORPORATION The Company has been advised by counsel that, for federal income tax purposes, the Reincorporation will constitute a reorganization under Section 368 of the Internal Revenue Code of 1986, as amended, and that consequently the holders of the Company's Common Stock will not recognize any gain or loss as a result of the Merger. In addition, for federal income tax purposes, each

stockholder will retain the same tax basis in the Indiana Shares issued in the Merger as in the corresponding share of the Company's Common Stock held immediately prior to the Effective Time, and the holding period for the Indiana Shares will include the period during which the corresponding Company's Common Stock was held, provided that such corresponding Common Stock was held as a capital asset at the Effective Time. -50-

Although it is not anticipated that state or local income tax consequences will vary from the federal income tax consequences described above, stockholders should consult their own tax advisors as to the effect of the reorganization under state, local or foreign income tax laws. The Company further has been advised by counsel that the Company as an Indiana corporation will not recognize any gain, loss or income for federal income tax purposes as a result of the Reincorporation and Merger and that it will succeed, without adjustment, to the tax attributes of the Company as a Delaware corporation.

RECOMMENDATION OF THE BOARD

The Board of Directors believes that the Reincorporation will allow the Company to avoid the higher tax cost imposed by Delaware's system of taxation and to become incorporated in the State where its headquarters and significant operations are located without materially diminishing any substantive rights of stockholders. THE BOARD OF DIRECTORS BELIEVES THAT THE REINCORORATION PROPOSAL IS IN THE BEST INTERESTS OF THE COMPANY AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS A

VOTE FOR THE APPROVAL OF THE REINCORORATION PROPOSAL. -51- PROPOSAL 5 RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT AUDITORS The Company has engaged Ernst & Young LLP as its independent auditors since October 1994. Ernst & Young LLP reported on the financial statements of the Company for the fiscal year ended December 31, 2003 and

the Audit Committee of the Board of Directors has appointed Ernst & Young LLP to audit and report on the financial statements of the Company for the year ending December 31, 2004. Although stockholder approval of the appointment of Ernst & Young LLP is not required by law, the Board of Directors believes that it is advisable to give stockholders an opportunity to ratify this appointment. Furthermore, although the appointment of Ernst & Young LLP is being submitted for stockholder ratification, the Audit Committee reserves the right, even after ratification by stockholders, to change the appointment of Ernst & Young LLP as auditors, at any time during the 2004 fiscal year, if it deems such change to be in the best interests of the Company. Representatives of Ernst & Young LLP will be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Audit Fees. The aggregate fees for professional services rendered by Ernst & Young LLP for the audit of the Company's annual financial statements for the years ended December 31, 2003 and 2002, the review of the financial statements included in the Company's Forms 10-Q for 2003 and 2002 and statutory audits of foreign subsidiaries totaled \$1,041,515 and \$980,810, respectively.

Audit-Related Fees. The aggregate fees for assurance and related services by Ernst & Young LLP that are related to the performance of the audit or review of the Company's financial statements, for the years ended December 31, 2003 and 2002, and are not disclosed in the paragraph captioned "Audit Fees" above, were \$53,820 and \$27,500, respectively. The services performed by Ernst & Young LLP in connection with these fees consisted of employee benefit plan audits and internal controls consultation.

Tax Fees. The aggregate fees for professional services rendered by Ernst & Young LLP for tax compliance, for the years ended December 31, 2003 and 2002, were \$281,200 and \$189,200, respectively.

The aggregate fees billed by Ernst & Young LLP for professional services rendered for tax advice and tax planning, for the years ended December 31, 2003 and 2002, were \$215,050 and \$140,300, respectively. The services performed by Ernst & Young LLP in connection with these advisory and planning fees consisted of the following: tax audits and consultation regarding various tax issues. All Other Fees. There were no fees for products and services by Ernst & Young LLP, other than the services described in the paragraphs captioned "Audit Fees", "Audit-Related Fees", and "Tax Fees" above for the years ended December 31, 2003 and 2002. The Audit Committee has established its pre-approval policies and procedures, pursuant to which the Audit Committee approved the foregoing audit and permissible non-audit services provided by Ernst & Young LLP in 2003. The Audit Committee's pre-approval policy is as follows: Consistent with the Audit Committee's responsibility for engaging our independent auditors, all audit and permitted non-audit services require pre-approval by the Audit Committee. All requests or applications for services to be provided by the independent auditor that do not require specific approval by the Audit Committee -52- will be submitted to the Chief Financial Officer and must include a detailed description of the services to be rendered. The Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the independent auditor. Request or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the independent auditor and the Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. The Audit Committee has designated the Vice President of Internal Audit to monitor the

performance of all services provided by the independent auditor and to determine whether such services are in compliance with this policy. The Vice President of Internal Audit will report to the Audit Committee on a periodic basis on the results of its monitoring. The Vice President of Internal Audit and management will immediately report to the chairman of the Audit Committee any breach of this policy that comes to the attention of the Vice President of Internal Audit or any member of management. The Audit Committee will also review the internal auditor's annual internal audit plan to determine that the plan provides for the monitoring of the independent auditor's services. Pursuant to these procedures the Audit Committee approved the foregoing audit and permissible non-audit services provided by Ernst & Young LLP in 2003.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2004. -53- STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

Stockholders who wish to present proposals appropriate for consideration at the Company's Annual Meeting of Stockholders for its fiscal year ending December 31, 2004 to be held in the year 2005 must submit the proposal in proper form to the Secretary of the Company at its address set forth on the first page of this Proxy Statement (or such other address as then constitutes its executive offices) not later than December 28, 2004 in order for the proposition to be considered for inclusion in the Company's proxy statement and form of proxy relating to such annual meeting. Such proposals must be presented in a manner consistent with the Company's By-Laws and applicable laws. Any such proposals, as well as any questions related thereto, should be directed to the Secretary of the Company at 501 Airtech Parkway, Plainfield, Indiana 46168. Under the Company's Corporate Governance

Principles Nominees for Directors should be sent to the Company's Lead Independent Director at:

board.directors@brightpoint.com. If a stockholder submits a proposal after the December 28, 2004 deadline but still wishes to present the proposal at the Company's Annual Meeting of Stockholders (but not in the Company's proxy statement) for the fiscal year ending December 31, 2004, the proposal, which must be presented in a manner consistent with the Company's By-Laws and applicable law, must be submitted to the Secretary of the Company in proper form at the address set forth above no later than March 12, 2005. The Company did not receive notice of any proposed matter to be submitted by stockholders for a vote at this Annual Meeting and, therefore, in accordance with Exchange Act Rule 14a-4(c) any proxies held by persons designated as proxies by the Company's Board of Directors and received in respect of this Annual Meeting will be voted in the discretion of the Company's management on such other matter which may properly come before the Annual Meeting. Moreover, if the Company does not receive notice by March 12, 2005 of a proposed matter to be submitted by a stockholder for stockholders vote at the Annual Meeting of Stockholders for the fiscal year ending December 31, 2004, then, in accordance with Exchange Act Rule 14a-4(c) any proxies held by persons designated as proxies by the Company's Board of Directors in respect of such Annual Meeting may be voted at the discretion of such persons on such matter if it shall properly come before such Annual Meeting. The qualities and skills sought in prospective members of the board are determined by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee requires that director candidates be qualified individuals who, if added to the Board, would provide the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Company. Criteria for selection of

candidates will include, but not be limited to: (i) business and financial acumen, as determined by the Committee in its discretion, (ii) relevant education or training, (iii) a commitment to business ethics and the "Brightpoint Values", (iv) tenure and breadth of experience in a significant leadership capacity, as well as qualities reflecting a proven record of accomplishment and ability to work with others, (v) knowledgeable in the Company's industry, (vi) relevant experience and knowledge of corporate governance practices, and (vii) expertise in an area relevant to the Company. Any prospective director nominee must be "independent" under NASDAQ Marketplace Rules and the Company's Corporate Governance Principles. Such persons should not have commitments that would conflict with the time commitments of a Director of the Company. Such persons shall be of high repute and recognized integrity and not have been convicted in a criminal proceeding or be named a subject of a pending criminal proceeding (excluding traffic violations and other minor offenses). Such person shall not have been found in a civil proceeding to have violated any federal or state securities or commodities law, and shall not be subject to any court or regulatory order or decree limiting his or her business activity, including in connection with the purchase or sale of any security or commodity. Such persons shall have other characteristics considered appropriate for membership on the Board of Directors, as determined by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee has complete discretion in considering nominations to the Board. A stockholder who wishes to recommend a qualified candidate to the Company's Board of Director's may write to the Company's Secretary at the address set forth above, stating in detail the qualifications of the person they recommend. Pursuant to our Company's By-laws, all nominations for the 2005 Annual Meeting must be submitted not less than 50 days nor more than 75 days

prior to the Annual Meeting. With respect to the deadlines discussed above, if the date of the Annual Meeting to be held in 2005 is advanced by more than thirty days or delayed (other than as a result of adjournment) by more than thirty days from the anniversary of the Annual Meeting held in 2004, a stockholder must submit any such proposal to the Company no later than the close of business on the sixtieth day prior to the date of the 2005 Annual Meeting. OTHER INFORMATION A copy of the Company's 2003 Annual Report to Stockholders is being furnished herewith to each stockholder of record as of the close of business on April 19, 2004. Copies of the Company's Annual Report on Form 10-K will be provided upon written request to the Company at 501 Airtech Parkway, Plainfield, Indiana 46168, Attention Investor Relations. The Form 10-K also is available on the Company's website at www.brightpoint.com. The Board of Directors is aware of no other matters, except for those incident to the conduct of the Annual Meeting, that are to be presented to stockholders for formal action at the Annual Meeting. If, however, any other matters properly come before the Annual Meeting or any adjournments thereof, it is the intention of the persons named in the proxy to vote the proxy in accordance with their judgment. By order of the Board of Directors, /s/ Steven E. Fivel Steven E. Fivel Secretary April __, 2004 -55-

APPENDIX A BRIGHTPOINT, INC.
CORPORATE GOVERNANCE
PRINCIPLES The Board of Directors ("Board") of Brightpoint, Inc. ("Company" or "Brightpoint") believes that effective corporate governance is built on adherence to a number of "best practices." These practices are consistent with the Board's responsibilities to effectively oversee the Company's strategy, evaluate and compensate Company executives, and plan for management succession. Most importantly, these practices are believed to strengthen the Company and protect shareholders' interests. As such, the Board has developed and follows a program of

corporate governance that includes the following elements: - Board Independence - The Board shall be comprised of a majority of independent directors. Director independence, at a minimum, is consistent with applicable rules and regulations for Nasdaq-traded issuers. The Board believes that independence is best achieved when independent directors, their family members, or their primary employers receive no consulting, legal, or other fees from Brightpoint other than in their service as Board members. - An Independent Director is specifically defined as a director who: - Is not an affiliate of the Company, the Company's affiliates, any member of the Company's senior management, or the Company's suppliers or customers; - Has not been employed by the Company or its affiliates within the past five years; - Has no personal services contract, such as a consulting or advising relationship, with the Company, its affiliates, or the Company's executives; - Has no business relationship with the Company or its affiliates (other than in his or her service as a Board member) that requires Brightpoint to make disclosure under Nasdaq or Securities and Exchange Commission rules and regulations; - Is not affiliated with a not-for-profit organization that receives substantial contributions from the Company or its affiliates, as specified by Nasdaq rules or regulations; - Is not employed by an organization at which an executive of Brightpoint serves as a Board member; - Is not a family member of any individuals with the aforementioned relationships; - Has not been affiliated with or employed by a present or former auditor of the Company or its affiliates until five years after the end of either the affiliation or auditing relationship. - The Board is committed to Board Committee independence. Each Board Committee will be chaired by an Independent Director of the Board. Committee chairs, their family members, or their primary employers shall receive no consulting, legal, or other fees from Brightpoint other than in their service as Board members. In compliance with

Sarbanes-Oxley and Nasdaq rules and regulations, the Audit Committee is comprised of three -56- Independent Directors. In addition, the Audit Committee chair shall be deemed a "financial expert", as specified by Nasdaq rules and Section 407(b) of the Sarbanes-Oxley Act of 2002 and any rules implemented by the Securities and Exchange Commission. Committee chairs and members serve one year renewable terms. Any director that is no longer considered an Independent Director will be required to resign from any Committee on which he or she serves. - The Board presently believes that it is in the best interests of the Company for the positions of Chief Executive Officer and Board Chairperson to be combined, as this structure provides for unified vision and leadership within the Company. This combined leadership structure will be periodically evaluated. Should the Board determine that such separation is appropriate, these positions will be formally separated. The CEO/Chairperson serves a critical role in establishing and maintaining effective communications with the Company's shareholders, customers, suppliers, employees, creditors, communities, governments, and other stakeholders. Communications between the Company and stakeholders will be primarily through the CEO/Chairperson of the Board. - When the Chief Executive Officer and Board Chairperson positions are combined, the Board will maintain a Lead Independent Director. This director will be selected by the Independent Directors of the Board from among the Independent Directors of the Board. The Lead Independent Director serves as an important liaison between the Board and Management. A key role of the Lead Independent Director is to work closely with the Corporate Secretary so that Board members receive meeting agendas and related materials with sufficient time to effectively prepare for discussion at Board and/or Committee meetings. The Lead Independent Director is also responsible for scheduling meetings whereby the

Independent Directors meet in executive session. Executive sessions include only Independent Directors, with guests invited at the discretion of the Independent Directors. Management Board members and other Management representatives will not, as a rule, be present in these sessions. The Lead Independent Director sets the executive session meeting agendas and presides over these meetings. The Lead Independent Director also serves a central role as liaison between the Board and external advisors retained by the Board. The Lead Independent Director serves for a one year renewable term. The Lead Independent Director is evaluated by the full Board on an annual basis. - As a matter of policy, and to ensure Board independence, Independent Directors or directors who are not employed by the Company or its affiliates, their family members, and their primary employers will refrain from conducting any business with the Company outside of directors' service as Board members. This is consistent with the definition of an Independent Director contained herein. Board member independence will be assessed and affirmed annually. Consideration will be given to replacing non-management directors no longer considered independent. - Board Budget - In recognition of the Board's commitment to maintaining independence, the Board maintains an operating budget separate from Company funds. These funds are provided by the Company. This enables the Board to engage in activities such as determining Director compensation and hiring external experts such as the external auditors and -57- compensation consultants without having to request such operating funds from Management. The Board's budget is overseen by the Lead Independent Director and Audit Committee Chairperson. - Committee Charter - The Board will maintain and make publicly available Board Committee Charters for the three standing Board committees. These Charters, the Company's Corporate Governance Guidelines, and the Company's Code of Business Conduct and Ethics, which may be

modified as appropriate, are made available to the public via the Company's website (www.brightpoint.com). - Board Size - The Board shall be comprised of between eight to 12 members. Board size will be a function of the current needs of the Company and the ability to effectively staff standing Board committees. Board size will be, in part, a function of a purposeful desire to enhance Board member diversity. Diversity is accomplished through the inclusion of directors with varying background characteristics and knowledge bases. Directors are selected for their ability to provide unique diverse perspectives and skills in their service as Board members. Directors are re-evaluated as to their ability to meet Board member diversity goals and effectively contribute to the Board in the event their primary occupation or employment status changes during their term. Consideration will be given to replacing directors not fulfilling these goals due to their occupational or employment status change. - Director Compensation - The Board believes that it is important to rely on director compensation practices that promote director independence. Directors' compensation is therefore in the form of a Board retainer. No special fees are granted for Board or Committee meeting attendance. The Lead Independent Director, Board Committee chairs, and Audit Committee members receive additional compensation in recognition of their additional service responsibilities. The Board also believes that its Independent Directors should make a meaningful investment in Company stock. Consistent with this guideline, 30 percent of an Independent Director's annual compensation will be, subject to receipt of necessary approvals, in the form of restricted stock grants until the fair market value of the Director's stock holdings in the Company reach a level two times that of the Director's annual Board retainer. Once a Director's stock holdings reach this level, the Director generally may elect to receive the annual retainer in the form of cash or a combination of cash and restricted stock

grants. Directors may also choose to have the annual Board retainer paid entirely in restricted shares. Unless the fair market value of the shares of Common Stock held by a Director reaches a level of two times that of the annual Board retainer the Director may not sell any restricted shares issued as part of the Director's annual Board compensation until six months after the Director's retirement/resignation from the Board. Once a Director's stock holdings reach the two times annual retainer level (which holdings shall be measured in December of each year) all restricted shares previously issued to the Director as part of the Director's annual Board retainer and all restricted shares to be issued to the Director in the ensuing year may be sold in the ensuing year without the need to comply with the restrictions set forth above. Any director stock transactions will be posted on the Company's website

(www.brightpoint.com). -58- - Board Meetings and Attendance - The Board is committed to open communication among Board members and between the Board and Management. Consistent with this, the Board and Board Committees shall meet on a quarterly basis. Board meeting dates are established on an annual basis and approved by Board vote. Additional Board and/or Committee meetings are scheduled on an "as needed" basis. The Board believes that it is important for directors to participate in scheduled Board and/or Committee meetings. Directors who participate in less than 75 percent of scheduled Board and Committee meetings are subject to being terminated as a Board member or not receiving re-nomination to the Board. -

Director Access to Management - Consistent with the need for open communication channels between the Board and Management, non-management directors have direct access to Company Management outside of formal Board and/or Committee meetings. - Board Education and Evaluation - The Board is committed to ensuring that directors receive ongoing educational opportunities that enhance their abilities to effectively serve

the Company. To this end, the Board engages in continuing education experiences. Each director is required to attend one director training seminar per calendar year. Also, the Board as a whole engages in a joint professional development experience each year. Additionally, new Board members are provided with a comprehensive manual that assists in their orientation to the Board and the Company. The Board is also committed to evaluating the overall effectiveness of the Board and individual directors. Board and Board Committee evaluation occurs annually. Directors are formally evaluated at the conclusion of their Board term and prior to their consideration for re-nomination to the Board.

-59- APPENDIX B

BRIGHTPOINT, INC. AUDIT COMMITTEE CHARTER

ORGANIZATION This charter, which has been adopted by the board of directors of Brightpoint, Inc. ("Company") governs the operations of the Audit Committee of the Board of Directors of the Company ("Committee"). The Committee shall review and reassess the adequacy of the charter at least annually and obtain the approval of the board of directors of the Company for any changes in the charter recommended by the Committee. The Committee shall be members of, and appointed by, the board of directors and shall comprise at least three directors, each of whom are independent of management and the Company ("Independent Directors"). Members of the Committee shall be considered Independent Directors as long as they are in compliance with the definition of Independent Directors as defined and set forth in the Company's Corporate Governance Principles. All Committee members shall be financially literate, and, at least one member shall be a "financial expert," as defined by SEC regulations. **PURPOSE** The Audit Committee shall provide assistance to the board of directors in fulfilling the board's oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to: - the

integrity of the Company's financial statements and the related public reports, disclosures and regulatory filings in which they appear ; - the systems of internal control over financial reporting, operations, and legal/regulatory compliance; - the performance, qualifications and independence of the Company's independent accountants; - the performance, qualifications and independence of the Company's internal audit function, and; - compliance with the Company's ethics policies and applicable legal and regulatory requirements. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent accountants, the internal auditors, and management of the Company. **AUTHORITY** In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage and determine the compensation of independent counsel and other advisers as it determines necessary to carry out its duties.

ADMINISTRATION The Committee will meet at least four times each year, one of which shall be an annual meeting with authority to convene additional meetings, as circumstance require. The Committee shall fix its own rules of procedure, which shall be consistent with the by-laws of the Company and this charter. Unless a chair is elected by the board of directors, the members of the Committee may designate a chair by majority vote of the full Committee. -60- The chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee. A majority of the Committee shall constitute a quorum. The Committee may form subcommittees for any purposes that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. Following each of its meetings, the Committee shall deliver a report on the meeting, in the form of minutes or

otherwise, to the board of directors, including a description of all actions taken by the Committee at the meeting. Members of the Committee shall serve until their resignation, retirement or removal by the board of directors or until their successors shall be appointed and qualify. No member of the Committee shall be removed unless by a majority vote of the full board of directors. A member of the Committee shall promptly notify the chair of the Committee and the board of directors if the member is no longer an Independent Director. The chair of the Committee shall promptly notify the full board of directors if the chair is no longer an Independent Director. All Committee members are expected to attend each meeting, in person or via tele- or video conference. The Committee may invite members of management, counsel, auditors or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of each meeting will be prepared. DUTIES AND RESPONSIBILITIES The primary responsibility of the Audit Committee is to oversee the Company's financial reporting process on behalf of the board and report the results of their activities to the board. While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent accountants are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements. In carrying out their responsibilities, the policies and procedures of the Committee shall remain flexible, in

order to best react to changing conditions and circumstances. The following sections of this charter set forth the principal duties and responsibilities of the Audit Committee, as a guide, with the understanding that the Committee may supplement them as appropriate.

Relationship with the Independent Accountants The independent accountants shall report directly to the Committee. - The Committee shall be directly responsible for the appointment and termination (subject to shareholder ratification, if applicable or required as determined by the full board of directors), compensation, and oversight of the work of the independent accountants, including pre-approval of all audit services provided by the independent accountants and resolution of any disagreements between management and the independent accountants regarding financial reporting.

-61- - At least annually, the Committee shall obtain and review a report by the independent accountants describing: - The accounting firm's internal quality control procedures. - Any material issues raised by the most recent internal quality control review, or peer review, of the accounting firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues. - All relationships between the independent accountant and the Company (to assess the auditor's independence). - The Committee shall set clear hiring policies for employees or former employees of the independent accountants that comply with SEC regulations and applicable regulations on any stock exchange or quotation medium where the Company's securities are listed for trading.

Accounting Matters and Financial & Regulatory Reporting - The Committee shall receive regular reports from the independent accountant on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have

been discussed with management. - Prior to their release, the Committee shall review and discuss with management and the Company's Disclosure Committee, if then in existence, earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. The chair of the Committee may represent the entire Committee for purpose of this review. - The Committee shall review the interim financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with management and the independent accountants prior to the filing of the Company's Quarterly Report on Form 10-Q. The Committee shall also discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent accountants under generally accepted auditing standards. The chair of the Committee may represent the entire Committee for the purposes of this review. - The Committee shall review with management and the independent accountants the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including their judgment about the quality of accounting principles, the reasonableness of significant judgments, and the clarity and completeness of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent accountants under generally accepted auditing standards. - The Committee shall prepare its report to be included in the Company's annual proxy statement, as required by SEC regulations. Non-Audit Services Provided by the Independent Accountant - The Committee shall pre-approve all non-audit services provided by the independent accountants and shall not engage the independent

accountants to perform the specific non-audit services prohibited by law or regulation. -62- - The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre-approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting.

Internal Audit - The Internal Audit Director shall report to the Committee. The Committee may delegate certain administrative responsibilities in connection with the oversight of the Internal Audit Director to the Chief Financial Officer of the Company or such other officer of the Company, from time to time. The Committee shall review and approve the appointment, replacement or dismissal of the Internal Audit Director. - The Committee shall review with management and the Internal Audit Director, the internal audit charter, plans, activities, staffing and organizational structure of the internal audit function and shall approve the annual internal audit plan and approval of the budget with respect thereto. - The Committee shall review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing. Adequacy of Audit Scopes and Resources - The Committee shall discuss with the internal auditors and the independent accountants the overall scope and plans for their respective audits, including the adequacy of staffing and resources.

Internal Controls - The Committee shall discuss with management, the internal auditors, and the independent accountants the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (e.g., Company's Code of Conduct). - The Committee shall review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the

independent accountants' report on management's assertion. Private & Executive Sessions - The Committee shall meet separately and periodically with management, the internal auditors, and the independent accountants to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the internal auditors and the independent accountants to meet privately with the members of the Committee. The Committee shall review with the internal auditors and the independent accountants any audit problems or difficulties and management's response. Other Matters - The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. - The Committee shall receive corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty. -63- - The Committee shall institute and oversee special investigations as needed. - The Committee shall perform an evaluation of the Committee's and individual members' performance at least annually to determine whether it is functioning effectively. - The Committee shall perform any other activities related to this charter as may be requested by the board of directors or as the Committee determines is necessary to carry out its duties and responsibilities. -64- APPENDIX C BRIGHTPOINT, INC. AMENDED AND RESTATED INDEPENDENT DIRECTOR STOCK COMPENSATION PLAN 1. Purpose. The Amended and Restated Independent Director Stock Compensation (the "Plan") is established to attract, retain and compensate for service highly qualified individuals who qualify as independent directors of Brightpoint, Inc. (the "Company") under the Company's Corporate Governance Principles ("CGP"), as may be amended from time to time

("Independent Directors"), and to strengthen the commonality of interest between Independent Directors and stockholders of the Company through the Independent Directors' ownership in the Company's common stock, \$.01 par value (the "Common Stock"). 2. Eligibility. All members of the Company's Board of Directors who qualify as Independent Directors under the CGP shall participate in the Plan, provided, however, that in no event shall a member of the Company's Board of Directors be eligible to participate in the Plan if he or she is employed by the Company or any of its subsidiaries. 3. Scope and Duration. A maximum of 900,000 shares of Common Stock may be issued under the Plan, which shares may be, in whole or in part, authorized but unissued shares or shares reacquired by the Company. As provided in Section 9 of the Plan, the Plan shall become effective on the date that the Plan is approved by the Company's stockholders. 4. Awards of Common Stock; Restrictions on Resale of Common Stock. (a) Initial Awards. Persons who are elected or appointed as Independent Directors and who did not previously receive options under the Company's Non-Employee Director Stock Option Plan shall automatically receive, on the date such person is first elected or appointed to the Board of Directors of the Company (or on such other date as determined by the Board of Directors for those Independent Directors first elected or appointed on or after January 1, 2003 but prior to June 5, 2004), an award of shares of Common Stock in an amount determined by the Company's Board of Directors at or prior to the commencement of such director's term of office with the Company (or such other date as determined by the Board of Directors for those Independent Directors first elected or appointed on or after January 1, 2003 but prior to June 5, 2004). Such award shall not exceed 2,000 shares (or such greater or lesser number of shares resulting from any anti-dilution adjustment pursuant to Section 6 of the Plan). Shares awarded under this Section

4(a) shall vest as follows: 50% on the first anniversary of the date of award and 50% on the second anniversary of the date of award; provided, however, that if an individual ceases to serve as an Independent Director for any reason prior to the second anniversary of an award under this Section 4(a), the Board of Directors, in its discretion, can accelerate the vesting of any unvested shares awarded under this Section 4(a) to enable such individual to receive, in addition to any shares that had already vested, the number of shares that he or she would have received if he or she had served for the -65- entire year in which his or her service terminated. Unless receipt of these shares is deferred pursuant to an election made by the Independent Director pursuant to the provisions of Section 4(j) of the Plan, the vested shares for any given year shall be issued to the Independent Director promptly after the date such shares have vested. No shares granted under this Section 4(a) or any interest therein may be sold or otherwise transferred by the Independent Director prior to the third anniversary of the date of award of such shares. Awards of shares of Common Stock granted under this Section 4(a) and Section 4(b) of the Plan are collectively referred to as ("Automatic Awards"). (b) Annual Awards. Each individual serving in any calendar year as an Independent Director of the Company shall automatically receive, on (i) January 1 of such calendar year; or (ii) the date on which the Independent Director commences service as an Independent Director, for such service in the calendar year an award of shares of Common Stock in an amount determined by the Company's Board of Directors prior to the commencement of the calendar year except that grants for the calendar year 2004 may be determined by the Board of Directors at any time prior to stockholder approval of the amended Plan. Such amount shall not exceed 2,000 shares (or such greater or lesser number of shares resulting from any anti-dilution adjustment pursuant to Section 6 of the Plan); provided, that with respect to an Independent Director who only served as such for a part of a

calendar year, the number of shares granted under this Section 4(b) for such calendar year shall not exceed 2,000 shares (or such greater or lesser number of shares resulting from any anti-dilution adjustment pursuant to Section 6 of the Plan) multiplied by a fraction, the numerator of which is the actual number of calendar days in which the Independent Director served in that year and the denominator of which is 365. Shares awarded under this Section 4(b) shall vest as follows: 50% on the first anniversary of the date of award and 50% on the second anniversary of the date of award; provided, however, that if an individual ceases to serve as an Independent Director for any reason prior to the second anniversary of an award under this Section 4(b), the Board of Directors, in its discretion, can accelerate the vesting of any unvested shares awarded under this Section 4(b) to enable such individual to receive, in addition to any shares that had already vested, the number of shares that he or she would have received if he or she had served for the entire year in which his or her service terminated. Unless receipt of these shares is deferred pursuant to an election made by the Independent Director pursuant to the provisions of Section 4(j) of the Plan, the vested shares for any given year shall be issued to the Independent Director promptly after the date such shares have vested. No shares granted under this Section 4(b) may be sold or otherwise transferred by the Independent Director prior to the third anniversary of the date of award of such shares. (c) Elective Awards. Awards of Common Stock made under this Section 4(c) ("Elective Awards") shall be consistent with the director compensation provisions set forth in the CGP. As set forth in the CGP, 30% (or such other percentage as may be set forth in an amendment to the CGP subsequent to the effective date of the Plan) of the annual cash compensation to be paid by the Company to an Independent Director for Board services rendered by the Independent Director ("Board Compensation") shall be paid through the issuance of shares of Common Stock

pursuant to the Plan (the "Required Share Condition"). Automatic Awards and Elective Awards granted under the Plan in any given year, regardless of whether or not vested, shall be included in the calculation of determining whether an Independent Director has satisfied the Required Share Condition. For purposes of the Plan, Board Compensation shall not include amounts paid to an Independent Director for (i) services as a member of a Committee of the Board or (ii) travel and other expenses incurred by or on behalf of an Independent Director for attending Board or Board Committee meetings. Notwithstanding the foregoing, if the Fair Market Value (as defined below) of the shares of Common Stock issued to an Independent Director under the Plan, regardless of whether or not vested, or owned by the Independent Director as of December 15 of any given year (which ownership shall consist of shares owned directly or indirectly (e.g., in a controlled entity or a pension plan) but shall not include shares underlying derivative securities such as options or warrants but which shall take into account Automatic or Elective Awards made on or about December 15 of that year as provided in Section 4(e) of the Plan, even if the certificates for the shares have not yet been issued), is equal to or in excess of 200% of the annual Board Compensation to be received by the Independent Director for the immediately succeeding year (the "Threshold Amount") then in lieu of receiving the shares subject to the Required Share Condition the Independent Director may elect to receive all or a portion of the Board Compensation for the immediately succeeding year that would otherwise be payable in shares of Common Stock in cash or a combination of cash and Common Stock to be awarded under the Plan. In addition, any Independent Director may, for any succeeding year elect to receive all or a portion of his or her Board Compensation, that would otherwise be payable in cash, in the form of Common Stock awarded under the Plan. Any such election(s) must be received by the Company on or before

December 31, and, once made, an election shall govern the form of compensation to be received by the Independent Director for such succeeding year. All elections must be made in 10% increments. (d) Grant of Elective Awards. Each Elective Award shall be payable in arrears for Board services rendered by the Independent Director in the six month period immediately preceding the date of the Award (the "Service Period"). The number of shares of Common Stock subject to an Elective Award and the payment dates of the Elective Award shall be determined as provided below. (e) Payment of Elective Awards. On the 15th day of June and December in each year (or the immediately preceding business day if June 15 or December 15 is not a business day) (each, an "Elective Award Date"), each Independent Director who served as an Independent Director at any time during the applicable Service Period shall, except as provided in Section 4(f) of the Plan, automatically be awarded that number of shares of Common Stock determined by dividing (i) the amount of Board Compensation that the Independent Director was entitled to receive for services rendered by the Independent Director during the applicable Service Period as determined in Section 4(d) of the Plan, by (ii) the average of the Fair Market Value of the Common Stock for the five trading days ending on the third business day immediately preceding the applicable Elective Award Date. Certificates evidencing the shares of Common Stock constituting Awards shall be registered in the respective names of the participants in the Plan and shall be issued to each participant promptly after an Elective Award Date but, in any event, no later than twenty (20) business days after an Elective Award Date. With respect to an Independent Director who only served as such for a portion of a Service Period the Independent Director shall be entitled to receive that percentage of an Elective Award determined by multiplying (x) the number of shares of Common Stock that the Independent Director would have received if he or she had served for the entire Service

Period by (y) a fraction, the numerator of which is the actual number of days during the applicable Service Period in which the Independent Director served and the denominator of which is the total number of days in the applicable Service Period. (f)

Cash Election. Notwithstanding the provisions set forth in Sections 4(c) and 4(e) of the Plan, no Elective Award shall be granted to an Independent Director who (i) is not subject to the Required Share Condition because the value of the Common Stock issued to such Independent Director under the Plan or owned by the Independent Director as of December 15 of any given year is equal to or in excess of the Threshold Amount for such year, and who has elected to receive his or her Board Compensation in the form of cash in lieu of Common Stock for the Service Period covered by the Elective Award and (ii) provides written notification of the election by the time specified in Section 4(c) of the Plan, addressed to the General Counsel of the Company at the Company's then principal executive offices (currently located at 501 Airtech Parkway, Plainfield, IN 46168), that he or she wishes to receive a cash payment equal to the portion of the director compensation that would otherwise be payable in Common Stock. -67- (g)

Restrictions on Sale and Transfer of Elective Awards. Shares of Common Stock issued as Elective Awards may not be sold or transferred by an Independent Director until the Fair Market Value of his or her share holdings have reached the Threshold Amount which determination shall be made on December 15 of each year. Once an Independent Director has reached the Threshold Amount in any given year he or she shall thereafter not be subject to any restrictions under the Plan from selling, during the immediately succeeding year, any shares of Common Stock that have been received by the Independent Director as Elective Awards under the Plan at any time prior to the end of such immediately succeeding year. If the Fair Market Value of the Independent Director's share holdings do not reach the Threshold Amount then the

shares of Common Stock that are issued under the Plan as Elective Awards may not be sold until six months (or such other period as specified in the CGP) after the Independent Director ceases to be a director of the Company. (h) Restrictive Legends. If applicable, the certificates representing the shares of Common Stock issued under the Plan shall also contain a legend with respect to any restrictions on transfer of the shares set forth in the Plan, and stop transfer orders shall be placed with the transfer agent for the Common Stock with respect to such restrictions. (i) No Fractional Shares. No fractional share of Common Stock shall be issued under the Plan and any fractional share shall be rounded up to the next nearest number of whole shares. All determinations to be made by the Company hereunder shall be made by the Board of Directors. (j) Deferral of Board Compensation and Awards. Notwithstanding anything in the Plan to the contrary, an Independent Director may, by completing an Election Form and delivering it to the General Counsel of the Company on or before December 15 of any year, elect (the "Elective Deferral") to defer the receipt of any portion or all of the (i) Board Compensation; (ii) Automatic Awards; or (iii) Elective Awards (in each case whether in cash or stock) to be received by the Independent Director in the immediately succeeding year ("Deferred Compensation"), on such terms as the Company's Board of Directors may permit. An Elective Deferral shall be irrevocable, except that the Board of Directors of the Company, in its sole discretion, may allow an Independent Director to change or revoke such Elective Deferral. The Company shall establish an account for each Independent Director who makes an Elective Deferral reflecting Elective Deferrals made for such director's benefit together with any additions to reflect any dividends paid upon any shares of Common stock that have been deferred pursuant to an Elective Deferral (the "Deferred Shares"). The Company shall establish sub-accounts for each Independent Director who has

more than one Elective Deferral in effect under the Plan and such other sub-accounts as are necessary for the proper administration of the Plan. As of December 15 of each year, the Company shall provide the Independent Director with a statement of his or her account reflecting the number of Deferred Shares or other Deferred Compensation, and any dividends on the Deferred Shares credited thereto and distributions from such account since the prior statement. An Independent Director who makes an Elective Deferral shall be immediately vested in and shall have a nonforfeitable right to, all Deferred Compensation and all dividends, if any, on any Deferred Shares credited to his or her account. In the event of the Company's insolvency, the Independent Director shall have the same rights as a general creditor of the Company with respect to his or her account balance. -68- An Independent Director who makes an Elective Deferral shall designate (on the Election Form used to make Elective Deferrals under the Plan) the date(s) at which the Deferred Compensation and any dividends credited to his or her account will be distributed to him or her, or his or her designated beneficiary (in the event of death before full distribution), or estate if no such beneficiary, or legal representative in the event of incompetence before full distribution. The number of shares of Common Stock, if any, which are attributable to dividends and credited to his or her account shall be based on the per share Fair Market Value on the date of such dividend. Distributions shall be made in cash and/or Common Stock in the proportions deferred. Deferred Shares and shares attributable to dividends on any Deferred Shares shall be subject to adjustment as set forth in Section 6 of the Plan. Each such election regarding the date(s) for payments shall be irrevocable, except that the Board of Directors of the Company, in its sole discretion, may allow the Participant to change or revoke such election. 5. Administration and Amendment of the Plan. Although to the extent possible,

the Plan is intended to be self-executing, the Plan shall be administered, to the extent necessary, by the Board of Directors of the Company. The Plan may be terminated or amended by the Board of Directors, as they deem advisable. No amendment to the Plan may be made without stockholder approval which would (i) increase the number of shares of Common Stock available for issuance under the Plan, other than as a result of the application of the anti-dilution adjustments as provided for in Section 6 of the Plan, (ii) cause the Plan to fail to comply with Rule 16b-3 under the Securities Exchange Act of 1934, or any successor rule or (iii) cause the Plan to fail to comply with any applicable rule of either a principal securities exchange or national securities association on which the Company's common stock is listed for trading.

6. Anti-Dilution Adjustments. Notwithstanding any other provision of the Plan, the Board of Directors of the Company may, at any time, make or provide for such adjustments to the Plan, to the number and class of shares issuable thereunder or to any outstanding Award as it shall deem appropriate to prevent dilution or enlargement of rights, including adjustments in the event of changes in the outstanding Common Stock by reason of stock dividends, split-ups, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations, liquidations and the like. Any such determination by the Board of Directors shall be conclusive. Any fractional shares resulting from such adjustments shall be eliminated.

7. Compliance with SEC and Other Regulations. It is the Company's intent that the Plan comply in all respects with Rule 16b-3 of the Securities Exchange Act of 1934 and any regulations promulgated thereunder. If any provision of the Plan is later found not to be in compliance with said rule or any successor rule, the provisions shall be deemed null and void. Neither the Plan nor the Company shall be obligated to issue any shares of Common Stock pursuant to the Plan at any time

unless and until all applicable requirements imposed by any federal and state securities and other laws, rules and regulations, by any regulatory agencies or by any stock exchanges or quotation medium upon which the Common Stock may be listed or traded have been fully met. As a condition precedent to any issuance of shares of Common Stock and delivery of certificates -69- evidencing such shares pursuant to the Plan, the Board may require a participant in the Plan to take any such action and to make any such covenants, agreements and representations as the Board, in its sole discretion deems necessary or advisable to ensure compliance with such requirements. The Company shall in no event be obligated to register the shares of Common Stock deliverable under the Plan pursuant to the Securities Act of 1933, or to qualify or register such shares under any securities laws of any state upon their issuance under the Plan or at any time thereafter, or to take any other action in order to cause the issuance and delivery of such shares under the Plan or any subsequent offer, sale or other transfer of such shares to comply with any such law, regulation or requirement. Participants in the Plan are responsible for complying with all applicable federal and state securities and other laws, rules and regulations in connection with any offer, sale or other transfer of the shares of Common Stock issued under the Plan or any interest therein including, without limitation, compliance with the registration requirements of the Securities Act of 1933 (unless an exemption therefrom is available), or with the provisions of Rule 144 promulgated thereunder, if applicable, or any successor provisions. 8.

Miscellaneous. (a) Nothing in the Plan or any action taken pursuant to the Plan shall be construed as creating or constituting evidence of any agreement or understanding, express or implied, that the Company will retain an Independent Director who participates in the Plan as a director or in any other capacity for any period of time or at a particular retainer or other rate of compensation, as conferring

upon any participant any legal or other right to continue as a director or in any other capacity, or as limiting, interfering with or otherwise affecting the right of the Company to terminate a participant in his or her capacity as a director or otherwise at any time for any reason, with or without cause, and without regard to the effect that such termination might have upon him or her as a participant under the Plan. (b) As said term is used in the Plan, the "Fair Market Value" of a share of Common Stock on any day means: (i) if the principal market for the Common Stock is a national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ"), the closing sales price of the Common Stock on such day as reported by such exchange or market system, or on a consolidated tape reflecting transactions on such exchange or market system, or (ii) if the principal market for the Common Stock is not a national securities exchange or NASDAQ the mean between the highest bid and lowest asked prices for the Common Stock on such day as reported by the National Quotation Bureau, Inc.; provided that if clauses (i) and (ii) of this Section 8(b) are all inapplicable, or if no trades have been made or no quotes are available for such day, the Fair Market Value of the Common Stock shall be determined by the Board of Directors whose determination shall be conclusive as to the Fair Market Value of the Common Stock. (c) No participant in the Plan shall have the right to assign the right to receive any Award or any other right or interest under the Plan, contingent or otherwise (except that upon the death of a participant in the Plan any Award accrued but not paid shall be paid to the participant's designated beneficiary or if none, to the executor, executrix or administrator of the estate of the participant), or to cause or permit any encumbrance, pledge or charge of any nature to be imposed on any such Award (prior to the issuance of stock certificates evidencing such Award) or any such right or interest. (d) In the event that any

provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of the Plan. (e) To the extent not preempted by Federal law, the Plan shall be governed by the laws of the State of Indiana. -70- 9. Effective Date. The Plan shall become effective on the first business day following approval of the Plan by the stockholders of the Company and shall terminate ten years from such date. No Award shall be made prior to stockholder approval of the Plan or prior to the effective date of a Registration Statement on Form S-8 to be filed by the Company with the Securities and Exchange Commission to register the shares of Common Stock that may be issued under the Plan. -71-

APPENDIX D BRIGHTPOINT, INC. 2004
LONG-TERM INCENTIVE PLAN

SECTION 1: PURPOSE. The purpose of the Brightpoint, Inc. 2004 Long-Term Incentive Plan is to enable Brightpoint, Inc. to offer to those of its employees and to the employees of its Subsidiaries and directors, consultants and other persons who are expected to contribute to the success of the Company and its Subsidiaries Awards under the Plan, thereby enhancing the Company's ability to attract, retain and reward such key employees or other persons, and to increase the interest of those employees or other persons in the welfare of the Company and its Subsidiaries.

SECTION 2: DEFINITIONS. For purposes of the Plan, unless the context requires otherwise, the following terms shall be defined as set forth below: (a) "Award" means an award granted under the Plan in one of the forms provided in Section 3. (b) "Beneficiary" as applied to a participant in the Plan, means a person or entity (including a trust or the estate of the participant) designated in writing by the participant on such forms as the Committee may prescribe to receive benefits under the Plan in the event of the death of the participant; provided, however, that if, at the death of a participant, there shall not be any living person or entity in existence so designated, the term "beneficiary" shall

mean the legal representative of the participant's estate. (c) "Board" means the Board of Directors of the Company. (d) "Cash Award" means an Award granted pursuant to Section 11. (e) "Cause" has the meaning ascribed thereto in Section 6(b)(ix). (f) "Change of Control" has the meaning ascribed thereto in Section 12. (g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto. (h) "Committee" means the Compensation and Human Resources Committee of the Board or any other committee of the Board which the Board may designate, consisting of two or more members of the Board each of whom shall meet the definition of an "independent director" under the listing rules of any securities exchange or national securities association on which the Stock is listed for trading and the requirements set forth in any other law, rule or regulation applicable to the Plan hereinafter enacted, provided, however, that (i) with respect to any Award that is intended to satisfy the requirements of Rule 16b-3, such Award shall be granted and administered by a committee of the Board consisting of at least such number of directors as are required from time to time by Rule 16b-3, and each such committee member shall meet such qualifications as are required by Rule 16b-3 and(ii)with respect to any Award -72- that is intended to satisfy the requirements of Section 162(m) of the Code, such Award shall be granted and administered by a committee of the Board consisting of at least such number of directors as are required from time to time by Section 162(m) of the Code, and each such committee member shall meet such qualifications as are required by Section 162(m) of the Code. (i) "Company" means Brightpoint, Inc., a corporation organized under the laws of the State of Delaware or any successor entity. (j) "Covered Employee" shall mean any employee of the Corporation or any of its Subsidiaries who is deemed to be a "covered employee" within the meaning of Section 162(m) of the Code. (k) "Deferred Stock" means Stock to be received, under

an Award made pursuant to Section 9, at the end of a specified deferral period. (l)

"Disability" "Disability" of a participant in the Plan shall mean the permanent and total disability as defined by Section 22(e)(3) of the Code. (m) "Early Retirement" means

retirement, with the approval of the Committee for purposes of one or more Award(s) hereunder, from active

employment with the Company or any Parent or Subsidiary prior to age 65. (n)

"Elective Deferral" has the meaning ascribed thereto in Section 18. (o)

"Employee" means any common law employee of the Company, any Parent or any Subsidiary (as defined in accordance with the Regulations and Revenue Rulings then applicable under Section 3401(c) of the Code), including any employee who is also a director and/or officer of such. (p)

"Exchange Act" means the Securities Exchange Act of 1934, as amended, as in effect from time to time. (q) "Fair Market Value", unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, means, as of any given date: (i) if the principal market for the Stock is a national securities exchange or the National Association of Securities Dealers Automated Quotations System ("NASDAQ), the closing sales price of the Stock on such day as reported by such exchange or market system, or on a consolidated tape reflecting transactions on such exchange or market system, or (ii) if the principal market for the Stock is not a national securities exchange and the Stock is not quoted on NASDAQ, the mean between the highest bid and lowest asked prices for the Stock on such day as reported by NASDAQ or the National Quotation Bureau, Inc.; provided that if clauses (i) and (ii) of this paragraph are both inapplicable, or if no trades have been made or no quotes are available for such day, the Fair Market Value of the Stock shall be determined in good faith by the Board or the Committee, as the case may be, which determination shall be conclusive as to the Fair Market Value of the Stock. In no event shall "Fair Market Value" be less than the par value of

the Stock. (r) "Non-Qualified Stock Option" means any Stock Option that is not an incentive stock option within the meaning of Section 422 of the Code. (s) "Normal Retirement" means retirement from active employment with the Company or any Parent or Subsidiary on or after age 65. -73-

(t) "Other Stock-Based Award" means an award under Section 10 that is valued in whole or in part by reference to, or is otherwise based upon, Stock. (u) "Parent" means any present or future parent of the Company, as such term is defined in Section 424(e) of the Code, or any successor thereto. (v) "Performance Cycle" means the period of time established by the Committee within which the Performance Goals are required to be attained or satisfied. (w) "Performance Goals" means the performance goals established by the Committee with respect to the Company or any Subsidiary, in the Committee's sole discretion in writing, based upon any one or any combination of the following business criteria or such other business criteria as the Committee shall determine: (i) return on equity, (ii) operating income, (iii) earnings and (iv) return on invested capital. (x) "Performance Unit" means a contingent right granted pursuant to Section 7 to receive an award, payable either in cash and/or in Stock, if the Performance Goals established by the Committee are attained. (y) "Plan" means this Brightpoint, Inc. 2004 Long-Term Incentive Plan, as hereinafter amended from time to time. (z) "Restricted Stock" means Stock, received under an award made pursuant to Section 8, that is subject to restrictions under said Section 8. (aa) "Restricted Stock Agreement" shall have the meaning set forth in Section 8(b)(iv). (bb) "Retirement" means Normal Retirement or Early Retirement. (cc) "Rule 16b-3" means Rule 16b-3 of the General Rules and Regulations under the Exchange Act, as in effect from time to time. (dd) "Securities Act" means the Securities Act of 1933, as amended, as in effect from time to time. (ee) "Stock" means the common stock of the Company, par value \$.01 per share, which the Company is currently authorized

to issue or may in the future be authorized to issue or, in the event that the outstanding shares of such common stock are hereinafter converted into or exchanged for shares of a different stock or security of the Company or another corporation pursuant to the terms of this Plan, such other stock or security. (ff) "Stock Option" or "Option" means any option to purchase shares of Stock which is granted pursuant to the Plan. (gg) "Stock Option Agreement" has the meaning set forth in Section 6(b)(xi). (hh) "Subsidiary" means any present or future subsidiary corporation of the Company, as such term is defined in Section 424(f) of the Code, or any successor thereto. -74- (ii) "Termination of Service" occurs when a participant of the Plan who is an Employee shall cease to serve as an Employee for any reason; or, when a participant in the Plan who is a non-employee director shall cease to serve as a director of the Company, any Parent and any Subsidiary for any reason. Except as may be necessary or desirable to comply with applicable federal or state law, a "Termination of Service" shall not be deemed to have occurred when a participant in the Plan changes his or her status as an Employee or non-employee director so long as after such change in status, the participant is either an employee or non-employee director. SECTION 3: ADMINISTRATION; TYPES OF AWARDS; DELEGATION OF AUTHORITY BY THE COMMITTEE. The Plan shall be administered by the Committee. The Committee shall have the authority to grant, pursuant to the terms of the Plan, to officers and other key employees or other persons eligible under Section 5 the following type of Awards: (a) Stock Options, in accordance with Section 6, (b) Performance Units in accordance with Section 7, (c) Restricted Stock, in accordance with Section 8, (d) Deferred Stock, in accordance with Section 9, (e) Other Stock-Based Awards, in accordance with Section 10 and/or (f) Cash Awards in accordance with Section 11. For purposes of illustration and not of limitation, the Committee shall have the authority (subject

to the express provisions of this Plan): (i) to select the officers, other employees of the Company or any Parent or Subsidiary and other persons to whom Awards may be from time to time granted hereunder: (ii) to determine the Non-Qualified Stock Options, Performance Units, Restricted Stock, Deferred Stock and/or Other Stock-Based Awards and/or Cash Awards, or any combination thereof, if any, to be granted hereunder to one or more eligible Employees and other persons to whom Awards may be from time to time granted hereunder; (iii) to determine the number of shares of Stock and/or the amount of any cash to be covered by each Award granted hereunder; (iv) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, share price, any restrictions or limitations, and any vesting, acceleration or forfeiture provisions); (v) to determine the terms and conditions under which Awards granted hereunder are to operate on a tandem basis and/or in conjunction with or apart from other awards made by the Company or any Parent or Subsidiary outside of this Plan; (vi) to determine the extent and circumstances under which Stock and other amounts payable with respect to an Award hereunder shall be deferred; and (vii) to substitute (A) new Stock Options for previously granted Stock Options, including previously granted Stock Options having less favorable terms, provided, however, that without stockholder approval, no such substitution shall result in the reduction of the exercise price of a previously granted Stock Option, and (B) new awards of any other type for previously granted awards of the same type, including previously granted awards which contain less favorable terms, provided that the exercise price of any new Stock-based Award may not be reduced without stockholder approval. -75- Subject to Section 13 hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to

interpret the terms and provisions of the Plan and any Award issued under the Plan (and to determine the form and substance of all agreements relating thereto), and otherwise to supervise the administration of the Plan. Subject to the express provisions of the Plan, all decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee's sole discretion and shall be final and binding upon all persons, including the Company, its Parent and Subsidiaries and the Plan participants. Subject to the provisions of the Plan and notwithstanding anything to the contrary above, the Committee may, in its sole discretion, from time to time delegate to the Chief Executive Officer of the Company (the "CEO") the authority, subject to such terms as the Committee shall determine, to determine and designate from time to time the eligible persons to whom Awards may be granted and to perform other specified functions under the Plan; provided, however, that the CEO may not grant any Award to, or perform any function related to an Award to, himself or any individual (i) then subject to Section 16 of the Exchange Act or (ii) who is or, in the determination of the Board or the Committee, may become a Covered Employee, and any such grant or function relating to such individuals shall be performed solely by the Committee to ensure compliance with the applicable requirements of the Exchange Act and the Code or (iii) where the grant or performance of such function by the CEO will cause the Plan not to comply with any applicable regulation of any securities exchange or automated quotation system where the Stock is listed for trading. Any such delegation of authority by the Committee shall be by a resolution adopted by the Committee and shall specify all of the terms and conditions of the delegation. The resolution of the Committee granting such authority may authorize the CEO to grant Awards pursuant to the Plan and may set forth the types of Awards that may be granted; provided, however, that the resolution shall (i) specify the maximum

number of shares of Stock that may be awarded to any individual Plan participant and to all participants during a specified period of time, (ii) specify the maximum amount of any Cash Award and any conditions, limitations, or restrictions to be imposed on Cash Awards, and (iii) specify the exercise price (or the method for determining the exercise price) of an Award, the vesting schedule, and any other terms, conditions, or restrictions that may be imposed by the Committee in its sole discretion. The resolution of the Committee shall also require the CEO to provide the Committee, on at least a quarterly basis, a report that identifies the Awards granted and, with respect to each Award: the name of the participant, the date of grant of the Award, the number of shares of Stock subject to discretion as set forth in the resolutions of the Committee granting such authority. The Committee may also delegate to other officers of the Company, pursuant to a written delegation, the authority to perform specified functions under the Plan that are not inconsistent with Rule 16b-3 or other rules or regulations applicable to the Plan. Any actions taken by any officers of the Company pursuant to such written delegation of authority shall be deemed to have been taken by the Committee.

SECTION 4: STOCK SUBJECT TO PLAN. The total number of shares of Stock reserved and available for distribution under the Plan shall be 1,500,000 shares. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares. -76- If any shares of Stock that have been optioned cease to be subject to a Stock Option for any reason, or if any shares of Stock that are subject to any Restricted Stock Award, Deferred Stock Award, Performance Unit or Other Stock-Based Award are forfeited or any such Award otherwise terminates without the issuance of such shares, such shares shall again be available for distribution under the Plan.

SECTION 5: ELIGIBILITY. Officers and other employees of the Company or any Parent or Subsidiary (but excluding any person whose eligibility would adversely

affect the compliance of the Plan with the requirements of Rule 16b-3) who are at the time of the grant of an Award under the Plan employed by the Company or any Parent or Subsidiary and who are responsible for or contribute to the management, growth and/or profitability of the business of the Company or any Parent or Subsidiary, are eligible to be granted Awards under the Plan. In addition, Awards may be granted under the Plan to any person, including, but not limited to, directors independent agents, consultants and attorneys who the Committee believes has contributed or will contribute to the success of the Company. Eligibility under the Plan shall be determined by the Committee.

SECTION 6: STOCK OPTIONS. (a) Grant and Exercise. Stock Options granted under the Plan shall be Non-Qualified Stock Options. Any Stock Option granted under the Plan shall contain such terms as the Committee may be, may from time to time approve. The Committee shall have the authority to grant to any optionee Non-Qualified Stock Options, and they may be granted alone or in addition to other Awards granted under the Plan. The grant of an Option shall be deemed to have occurred on the date on which the Committee by resolution, designates an individual as a grantee thereof, and determines the number of shares of Stock subject to, and the terms and conditions of, said Option. (b) Terms and Conditions. Stock Options granted under the Plan shall be subject to the following terms and conditions: (i) Option Price. The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee, at the time of grant but shall be not less than 100% of the Fair Market Value of the Stock at the time of grant. (ii) Option Term. The term of each Stock Option shall be fixed by the Committee. (iii) Exercisability. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. If the Committee provides that any Stock Option is exercisable only in

installments, the Committee may waive such installment exercise provisions at any time at or after the time of grant in whole or in part. (iv) Method of Exercise. Subject to whatever installment, exercise and waiting period provisions are applicable in a particular case, Stock Options may be exercised in whole or in part at any time during the option period by giving written notice of exercise to the Company specifying the number of shares of Stock to be purchased. Such notice shall be accompanied by payment in full of the purchase price, which shall be in cash or, unless otherwise provided in the Stock Option Agreement, in whole shares of Stock which are already owned by the holder of the Option or, unless otherwise provided in the Stock Option Agreement, partly in cash and partly in such Stock. Cash payments shall be made by wire transfer, certified or bank check or personal check, in each case payable to the order of the Company; provided, however, that the Company shall not be required to deliver certificates for shares of Stock with respect to which an Option is exercised until the Company has confirmed the receipt of good and available funds in payment of the purchase price thereof. Payments in the form of Stock (which shall be valued at the Fair Market Value of a share of Stock on the date of exercise) shall be made by delivery of stock certificates in negotiable form which are effective to transfer good and valid title thereto to the Company, free of any liens or encumbrances. In addition, payment may be made by delivery by the holder to the Company of an executed irrevocable option exercise form together with irrevocable instructions from the holder to a broker or dealer, reasonably acceptable to the Company, to sell certain of the shares of Stock purchased upon exercise of the Option with or to pledge such shares as collateral for a loan and promptly deliver to the Company the amount of the sale and/or loan proceeds necessary to pay such purchase price, and/or in any other form of valid consideration that is acceptable to the

Committee in its sole discretion. Except as otherwise expressly provided in the Plan or the Stock Option Agreement or unless waived by the Committee at or after the time of grant, no Option granted to an Employee may be exercised at any time unless the holder thereof is then an Employee. The holder of an Option shall have none of the rights of a stockholder with respect to the shares subject to the Option until the optionee has given written notice of exercise, has paid in full for those shares of Stock and, if requested by the Committee has given the representation described in Section 19(a) below. (v) Transferability; Exercisability. Unless otherwise set forth in the Stock Option Agreement (or unless waived by the Committee at or after the time of grant), no Option shall be transferable by the optionee other than by will or by the laws of descent and distribution, and all Options shall be exercisable, during the optionee's lifetime, only by the optionee or his or her guardian or legal representative. (vi) Termination by Reason of Death. If an optionee's Termination of Service occurs by reason of death, any Stock Option held by such optionee may thereafter be exercised by the executor or administrator of the estate of the optionee or the optionee's legal representative, to the extent it was exercisable at the time of the optionee's Termination of Service or on such accelerated basis as the Committee may determine at or after the time of grant. Such Option may be exercised for a period of time as set forth in the Stock Option Agreement or as the Committee may determine (at or after the date of grant (in either case, not to exceed one year from Termination of Service) or as until the expiration of the stated term of such Stock Option, whichever period is the shorter. (vii) Termination by Reason of Disability. If an optionee's Termination of Service occurs by reason of Disability, any Stock Option held by such optionee may thereafter be exercised by the optionee or his legal representative, to the extent it was exercisable at the time of the optionee's

Termination of Service or on such accelerated basis as the Committee may determine at or after the time of grant. Such Option may be exercised for a period of time as set forth in the Stock Option Agreement or as the Committee may determine at or after the time of grant (in either case, not to exceed one year from Termination of Service) or until the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that if the optionee dies within such specified period any unexercised Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of time from the date of death (not to exceed one year) as determined by the Committee or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

(viii) Termination by Reason of Retirement. If an optionee's Termination of Service occurs by reason of Normal Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of Termination of Service or on such accelerated basis as the Committee may determine at or after -78- the time of grant, for a period of time set forth in the Stock Option Agreement or such other period as the Committee may specify at or after the time of grant (in either case, not to exceed one year from the Termination of Service) or the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that if the optionee dies within such specified period any unexercised Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of (not to exceed one year) from the date of death as determined by the Committee or until the expiration of the stated term of such Stock Option, whichever period is the shorter. If an optionee's Termination of Service occurs by reason of Early Retirement, the Stock Option shall thereupon terminate; provided, however, that if the Committee so approves

at the time of Early Retirement, any Stock Option held by the optionee may thereafter be exercised by the optionee as provided above in connection with termination of employment by reason of Normal Retirement. (ix) Other Termination. Subject to the provisions of Section 19(g) below and unless otherwise determined by the Committee at or after the time of grant or otherwise set forth in the Stock Option Agreement, if a holder's Termination of Service occurs for any reason other than death, Disability or Retirement or the voluntary resignation of the holder, the Stock Option shall thereupon automatically terminate, except that (a) if the Termination of Service occurs as a result of the holder's voluntary resignation, such Stock Option may be exercised to the extent it was exercisable at the time of Termination of Service for a period of thirty (30) days or the expiration of the stated term of the Stock Option, whichever is shorter, and (b) if the optionee is involuntarily terminated by the Company or a Subsidiary or Parent without Cause (as hereinafter defined), such Stock Option may be exercised to the extent it was exercisable at the date of Termination of Service for six months (or such other period set forth in the Stock Option Agreement which period shall not exceed one year from the date of such Termination of Service) or until the expiration of the stated term of such Stock Option, whichever period is the shorter. For purposes of the Plan, "Cause" shall mean (A) the conviction of the optionee of a felony under Federal law or the law of the state in which such action occurred, (B) dishonesty by the optionee in the course of fulfilling his or her employment duties, or (C) the willful and deliberate failure on the part of the optionee to perform his or her employment duties in any material respect. Notwithstanding the foregoing, if the optionee has an employment agreement with the Company or a Subsidiary or Parent, the definition of "Cause" shall have the meaning ascribed in such employment agreement. (x) Alternative Settlement of Option. Upon the receipt of written notice

of exercise, the Committee, may elect to settle all or part of any Stock Option by paying to the optionee an amount, in cash and/or Stock (valued at Fair Market Value on the date of exercise), equal to the product of the excess of the Fair Market Value of one share of Stock on the date of exercise over the Option exercise price, multiplied by the number of shares of Stock with respect to which the optionee proposes to exercise the Option. Any such settlements which relate to Options which are held by optionees who are subject to Section 16(b) of the Exchange Act shall comply with any existing provisions of Rule 16b-3, to the extent applicable. (xi) Stock Option Agreement. Each grant of a Stock Option shall be confirmed by, and shall be subject to the terms of, an agreement executed by the Company and the participant.

SECTION 7: PERFORMANCE UNITS. Awards granted as Performance Units shall be subject to the following provisions: (a) The Performance Cycle for the attainment of the Performance Goals shall be determined by the Committee. The Committee may establish more than one cycle for any particular Performance Unit.

-79- (b) The Committee shall establish a dollar value for each Performance Unit, the Performance Goals to be attained in respect of the Performance Unit, the various percentages of the Performance Unit value to be paid out upon the attainment, in whole or in part, of the Performance Goals and such other Performance Unit terms, conditions and restrictions as the Committee deems appropriate. Any Performance Goal may be modified by the Committee during the course of a Performance Cycle to take into account changes in conditions that occur. Notwithstanding the foregoing, in the case of a Performance Unit granted to a Covered Employee, no business criteria other than those enumerated in Section 2(w) may be used in establishing the Performance Goals for such Performance Unit, and no such Performance Goals may be modified by the Committee during the course of a Performance Cycle except in accordance

with Section 162(m) of the Code. As soon as practicable after the termination of the Performance Cycle, the Committee shall determine what, if any, payment is due on the Performance Unit in accordance with the terms thereof. (c) In the event of a participant's Termination of Service prior to the expiration of the Performance Cycle established for any Performance Unit he or she may have been awarded, the Committee may, in its sole discretion provide for a full or partial credit and determine what percentage, if any, of the Performance Unit is to be paid out. However, no unpaid portion of a Performance Unit otherwise payable shall be paid to a Plan participant whose Termination of Service is for Cause. Notwithstanding the foregoing, in the case of Performance Units granted to Covered Employees, this paragraph 7.5(c) shall not be given effect if, as a result thereof, such Performance Units shall lose the protection afforded by Section 162(m) of the Code. (d) Payment of Performance Units shall be made, at the sole discretion of the Committee, either in cash in the amount of the dollar value of the Performance Units awarded and/or in Stock having a Fair Market Value at the time such award is paid equal to the excess of such dollar amount over the amount of such cash. (e) Except as otherwise set forth in the Plan, Performance Units are not transferable other than by will or by the laws of descent and distribution and during a participant's lifetime payments in respect thereof shall be made only to the participant. SECTION 8: RESTRICTED STOCK. (a) Grant and Exercise. Shares of Restricted Stock may be issued either alone or in addition to or in tandem with other Awards granted under the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient, the time or times within which such awards may be subject to forfeiture (the "Restriction Period"), the vesting schedule and rights to acceleration thereof, and all other terms and conditions of the Awards of

Restricted Stock. Conditions of vesting that the Committee may impose may include, among others, (i) length of continuous service, (ii) achievement of specific business objectives, (iii) increases in specific indices, (iv) attainment of specified growth rates, or any other conditions as determined by the Committee. The Committee may remove any or all of the restrictions on such Restricted Stock whenever it may determine that, by reason of changes in applicable law or other changes in circumstances arising after the date of the Award, such action is appropriate. (b) Terms and Conditions. Each Restricted Stock Award shall also be subject to the following terms and conditions: -80- (i) Restricted Stock, when issued, will be represented by a stock certificate or certificates registered in the name of the holder to whom such Restricted Stock shall have been awarded. During the Restriction Period, certificates representing the Restricted Stock and any securities constituting Retained Distributions (as defined below) shall bear a restrictive legend to the effect that ownership of the Restricted Stock (and such Retained Distributions), and the enjoyment of all rights related thereto, are subject to the restrictions, terms and conditions provided in the Plan and the Restricted Stock Agreement. Such certificates shall bear a legend restricting sale or other disposition in accordance with the Plan and the applicable Restricted Stock Agreement. (ii) Restricted Stock shall constitute issued and outstanding shares of Common Stock for all corporate purposes, and the issuance thereof shall be made for at least the minimum consideration (if any) necessary to permit the shares of Restricted Stock to be deemed to be fully paid and nonassessable. The holder will have the right to vote such Restricted Stock, to receive and retain all regular cash dividends and other cash equivalent distributions as the Board may designate, pay or distribute on such Restricted Stock and to exercise all other rights, powers and privileges of a holder of Stock with respect to such Restricted Stock,

with the exceptions that (A) other than regular cash dividends and other cash equivalent distributions as the Board may designate, pay or distribute, the Company will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Stock (and such Retained Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Stock) until such time, if ever, as the Restricted Stock with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested and with respect to which the Restriction Period shall have expired; (B) the holder may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Stock or any Retained Distributions during the Restriction Period; and (C) a breach of any of the restrictions, terms or conditions contained in the Plan or the Restricted Stock agreement referred to in Section 8(b)(iv) below, or otherwise established by the Committee with respect to any Restricted Stock or Retained Distributions will cause a forfeiture of such Restricted Stock and any Retained Distributions with respect thereto. (iii) Upon the expiration of the Restriction Period with respect to each award of Restricted Stock and the satisfaction of any other applicable restrictions, terms and conditions (A) all or part of such Restricted Stock shall become vested in accordance with the terms of the Restricted Stock Agreement, (B) any Retained Distributions with respect to such Restricted Stock shall become vested to the extent that the Restricted Stock related thereto shall have become vested and (C) the Company will return to the holder the certificates representing the Restricted Stock and any Retained Distributions. Any such Restricted Stock and Retained Distributions that do not vest shall be forfeited to the Company and the holder shall not thereafter have any rights with respect to such Restricted Stock and Retained Distributions that shall have been so forfeited. (iv) Each Restricted Stock Award shall be confirmed by, and shall be

subject to the terms of, an agreement executed by the Company and the participant. The agreement shall require that each participant irrevocably grant to the Company the power of attorney to transfer any shares of Restricted Stock forfeited to the Company and agrees to execute any document required by the Company in connection with such forfeiture and transfer.

SECTION 9: DEFERRED STOCK. (a) Grant and Exercise. Deferred Stock may be awarded either alone or in addition to or in tandem with other Awards granted under the Plan. The Committee shall determine the eligible persons to whom and the time or times at which Deferred Stock shall be awarded, the number of shares of Deferred Stock to be awarded to any person, the duration of the period (the "Deferral Period") during which, and the conditions under which, receipt of the Deferred Stock will be deferred, and all the other terms and conditions of the Awards. -81- (b) Terms and Conditions. Each Deferred Stock Award shall be subject to the following terms and conditions: (i) Subject to the provisions of this Plan and the Deferred Stock Agreement referred to in Section 9(b)(vii) below, Deferred Stock Awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Deferral Period. At the expiration of the Deferral Period (or the Additional Deferral Period referred to in Section 9(b)(vi) below, where applicable), share certificates shall be delivered to the participant, or his legal representative, in a number equal to the shares of Stock covered by the Deferred Stock Award. (ii) As determined by the Committee at the time of award, amounts equal to any dividends declared during the Deferral Period (or the Additional Deferral Period referred to in Section 9(b)(vi) below, where applicable) with respect to the number of shares covered by a Deferred Stock Award may be paid to the participant currently or deferred and deemed to be reinvested in additional Deferred Stock. (iii) Subject to the provisions of the Deferred Stock Agreement referred to in Section 9(b)(vii) below and this Section 9 and

Section 19(g) below, upon termination of a participant's employment with the Company or any Parent or Subsidiary for any reason during the Deferral Period (or the Additional Deferral Period referred to in Section 9(b)(vi) below, where applicable) for a given award, the Deferred Stock in question will vest or be forfeited in accordance with the terms and conditions established by the Committee at the time of grant. (iv) The Committee may, after grant, accelerate the vesting of all or any part of any Deferred Stock Award and/or waive the deferral limitations for all or any part of a Deferred Stock award. (v) In the event of hardship or other special circumstances of a participant whose employment with the Company or any Parent or Subsidiary is involuntarily terminated (other than for Cause), the Committee may waive in whole or in part any or all of the remaining deferral limitations imposed hereunder or pursuant to the Deferred Stock Agreement referred to in Section 9(b)(vii) below with respect to any or all of the participant's Deferred Stock. (vi) A participant may request to, and the Committee may at any time, defer the receipt of an Award (or an installment of an Award) for an additional specified period or until a specified event (the "Additional Deferral Period"). Subject to any exceptions adopted by the Committee, such request must be made at least one year prior to expiration of the Deferral Period for such Deferred Stock Award (or such installment). (vii) Each Deferred Stock Award shall be confirmed by, and shall be subject to the terms of, an agreement executed by the Company and the participant.

SECTION 10: OTHER STOCK-BASED AWARDS. (a) Grant and Exercise. Other Stock-Based Awards may be granted either alone or in addition to or in tandem with Stock Options, Performance Units, Restricted Stock, Deferred Stock and/or Cash Awards. -82- The Committee shall determine the eligible persons to whom, and the time or times at which, such awards shall be made, the number of shares of Stock to be awarded pursuant to such awards, and all other terms and conditions

of the awards. The Committee may also provide for the grant of Stock under such awards upon the completion of a specified performance period. (b) Terms and Conditions. Each Other Stock-Based Award shall be subject to the following terms and conditions: (i) Shares of Stock subject to an Other Stock-Based Award may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction or period of deferral lapses. (ii) The recipient of an Other Stock-Based Award shall be entitled to receive, currently or on a deferred basis, dividends or dividend equivalents with respect to the number of shares covered by the award, as determined by the Committee at the time of the award. The Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Stock. (iii) Any Other Stock-Based Award and any Stock covered by any Other Stock-Based Award shall vest or be forfeited to the extent so provided in the award agreement referred to in Section 10(b)(v) below, as determined by the Committee. (iv) In the event of the participant's Retirement, Disability or death, or in cases of special circumstances, the Committee may waive in whole or in part any or all of the limitations imposed hereunder (if any) with respect to any or all of an Other Stock-Based award. (v) Each Other Stock-Based Award shall be confirmed by, and shall be subject to the terms of, an agreement executed by the Company and by the participant. SECTION 11: CASH AWARDS. (a) Grant of Cash Awards. The Committee may, in its sole discretion, grant Cash Awards in accordance with the terms and conditions set forth in the Plan and in an agreement executed by the Company and the participant ("Cash Award Agreement"). Each Cash Award Agreement shall set forth (i) the amount of the Cash Award, (ii) the time or times within which such Award may be subject to forfeiture, if any, (iii) specified performance goals, or other criteria, if any, as the Committee may

determine must be met in order to remove any restrictions (including vesting) on such Award, and (iv) any other terms, limitations, restrictions, and conditions of the Award that are consistent with this Plan. The Cash Award Agreement shall also set forth the vesting period for the Cash Award, if any, which shall commence on the date of grant of the Cash Award and, unless otherwise established by the Committee in the Cash Award Agreement, shall expire upon satisfaction of the conditions set forth in the Cash Award Agreement. Such conditions may provide for vesting based on (i) length of continuous service, (ii) achievement of specific business objectives, (iii) increases in specified indices, (iv) attainment of specified growth rates, or (v) other comparable measurements of Company performance, as may be determined by the Committee in its sole discretion. (b) Termination of Service. Subject to the provisions of the particular Cash Award Agreement, and unless otherwise permitted by the Committee, in its sole discretion, upon termination of the participant's service to the Company or its Parent and Subsidiaries for any reason during a vesting -83- period (if any), the nonvested portion of a Cash Award shall be forfeited by the participant. Upon any forfeiture, all rights of a Participant with respect to the forfeited Cash Award shall cease and terminate, without any further obligation on the part of the Company. (c) Form of Payment. In the sole discretion of the Committee, the Company may satisfy its obligation under a Cash Award by the distribution of that number of shares of Common Stock or Restricted Stock, or any combination thereof, having an aggregate Fair Market Value (as of the date of payment) equal to the amount of cash otherwise payable to the participant, and/or by the distribution of Stock Options having an aggregate Fair Market Value equal to the amount of cash otherwise payable to the participant, with a cash settlement to be made for any fractional share interests, or the Company may settle such obligation in part with shares of Common Stock and in

part with cash. If required by Rule 16b-3 at the time of distribution, any shares of Common Stock distributed to a participant must be held by such participant for at least six (6) months from the date of distribution.

SECTION 12: CHANGE OF CONTROL PROVISIONS. (a) A "Change of Control" shall be deemed to have occurred on the tenth day after: (i) any individual, firm, corporation or other entity, or any group (as defined in Section 13(d)(3) of the Exchange Act) becomes, directly or indirectly, the beneficial owner (as defined in the General Rules and Regulations of the Securities and Exchange Commission with respect to Sections 13(d) and 13(g) of the Exchange Act) of more than 20% of the then outstanding shares of the Company's capital stock entitled to vote generally in the election of directors of the Company; or (ii) the commencement of, or the first public announcement of the intention of any individual, firm, corporation or other entity or of any group (as defined in Section 13(d)(3) of the Exchange Act) to commence, a tender or exchange offer subject to Section 14(d)(1) of the Exchange Act for any class of the Company's capital stock; or (iii) the stockholders of the Company approve (A) a definitive agreement for the merger or other business combination of the Company with or into another corporation pursuant to which the stockholders of the Company do not own, immediately after the transaction, more than 50% of the voting power of the corporation that survives, or (B) a definitive agreement for the sale, exchange or other disposition of all or substantially all of the assets of the Company, or (C) any plan or proposal for the liquidation or dissolution of the Company; provided, however, that a "Change of Control" shall not be deemed to have taken place if beneficial ownership is acquired by, or a tender or exchange offer is commenced or announced by, the Company, any profit-sharing, employee ownership or other employee benefit plan of the Company, any trustee of or fiduciary with respect to any such plan when acting in such capacity, or by a person who is an

officer or director of the Company on the effective date of the Plan, or by any group comprised solely of such persons and/or entities. (b) In the event of a "Change of Control" as defined in Section 13(a) above, awards granted under the Plan will be subject to the following provisions, unless the provisions of this Section 13 are suspended or terminated by an affirmative vote of a majority of the Board prior to the occurrence of such a "Change of Control": (i) all outstanding Stock Options which have been outstanding for at least six months shall become exercisable in full, whether or not otherwise exercisable at such time, and any such Stock Option shall remain exercisable in full thereafter until it expires pursuant to its terms; and -84- (ii) all restrictions and deferral limitations contained in Restricted Stock Awards, Deferred Stock Awards, Performance Units and Other Stock Based Awards granted under the Plan shall lapse. SECTION 13: AMENDMENTS AND TERMINATION. The Board or Committee may at any time, and from time to time, amend any of the provisions of the Plan, and may at any time suspend or terminate the Plan; provided, however, that no such amendment shall be effective unless and until it has been duly approved by the holders of the outstanding shares of Stock if the failure to obtain such approval would adversely affect the compliance of the Plan with the requirements of Rule 16b-3 of the Exchange Act, as in effect from time to time, or with the requirements of any other applicable law, rule or regulation. The Committee may be, may amend the terms of any Stock Option or other award theretofore granted under the Plan; provided, however, that subject to Section 3 above, no such amendment may be made by the Committee which in any material respect impairs the rights of the optionee or participant without the optionee's or participant's consent, except for such amendments which are made to cause the Plan to qualify for the exemption provided by Rule 16b-3 and no such amendment shall result in a reduction of the exercise price of any Stock Option.

SECTION 14: UNFUNDED STATUS OF PLAN. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a participant or optionee by the Company, nothing contained herein shall give any such participant or optionee any rights that are greater than those of a general creditor of the Company. SECTION 15: LIMIT ON AWARDS TO ANY INDIVIDUAL.

Notwithstanding any provision contained herein, no participant may be granted under the Plan, during any year, Options or any other Awards relating to more than 750,000 shares of Common Stock in the aggregate, subject to adjustment in accordance with Section 17. With respect to an Award that may be settled in cash, no participant may be paid in respect of any fiscal year an amount that exceeds the greater of the Market Value of the number of shares of Common Stock set forth in the preceding sentence at the date of grant or at the date of settlement of the Award, provided that this limitation is separate from and not affected by the number of Awards granted during such fiscal year subject to the limitation in the preceding sentence. SECTION 16:

LIMIT ON NON-OPTION AWARDS. The number of shares that are subject to Non-Option Awards under the Plan shall not exceed 750,000 shares of Common Stock in the aggregate, subject to adjustment in accordance with Section 17.

SECTION 17: ADJUSTMENTS. In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, shares of Common Stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase or share exchange, or other similar corporate transaction or event, affects the shares of Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of participants under the Plan, then -85- the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and kind of shares

which may thereafter be delivered in connection with Awards, (ii) the number and kind of shares that may be delivered or deliverable in respect of outstanding Awards, (iii) the number of shares with respect to which Awards may be granted to a given participant and (iv) the exercise price, grant price, or purchase price relating to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award, and, with respect to Awards granted to Covered Employees, no such adjustment shall be authorized to the extent that such adjustment would cause such Award to lose the benefits of Section 162(m) of the Code and that the number of shares of Stock subject to any award shall always be a whole number. Such adjusted exercise price shall also be used to determine the amount which is payable to the optionee upon the exercise by the Committee of the alternative settlement right which is set forth in Section 6(b)(x) above. SECTION 18: ELECTIVE DEFERRAL. Notwithstanding anything in the Plan to the contrary, participant under the Plan may, by completing an election form and delivering it to the General Counsel of the Company on or before December 15 of any year, elect (the "Elective Deferral") to defer the receipt of any of the cash or Stock to be received by the participant in the immediately succeeding year, on such terms as the Committee may permit. An Elective Deferral shall be irrevocable, except that the Committee, in its sole discretion, may allow a participant to change or revoke such Elective Deferral. The Company shall establish an account for each participant who makes an Elective Deferral reflecting Elective Deferrals made for such participant's benefit together with any additions to reflect any dividends paid upon any shares of Stock that have been deferred pursuant to an Elective Deferral. The Company shall establish sub-accounts for each participant who has more than one Elective Deferral in effect under the Plan and such other sub-accounts as are necessary for the proper administration of

the Plan. As of the last business day of each December 31 of each year, the Company shall provide the participant with a statement of his or her account reflecting the number of deferred shares or other deferred compensation under the Plan, and any dividends on such shares credited thereto and distributions from such account since the prior statement. A participant who makes an Elective Deferral shall be immediately vested in, and shall have a nonforfeitable right to, all deferred shares and other deferred compensation and all dividends, if any, on any deferred shares credited to his or her account, except as otherwise provided by the Committee. In the event of the Company's insolvency, the participant shall have the same rights as a general creditor of the Company with respect to his or her account balance. A participant who makes an Elective Deferral shall designate (on the election form used to make Elective Deferrals under the Plan) the date(s) at which the deferred shares and other deferred compensation and any dividends credited to his or her account will be distributed to him or her, or his or her designated beneficiary (in the event of death before full distribution), or estate if no such beneficiary, or legal representative in the event of incompetence before full distribution. The number of shares of Stock, if any, which are attributable to dividends and credited to his or her account shall be based on the per share Fair Market Value on the date of such dividend. Distributions shall be made in cash and/or Stock in the proportions deferred. -86- Deferred shares and shares attributable to dividends on any Deferred Shares shall be subject to adjustment as set forth in Section 167 of the Plan. Each such election regarding the date(s) for payments shall be irrevocable, except that the Committee, in its sole discretion, may allow the participant to change or revoke such election. SECTION 19: GENERAL PROVISIONS. (a) The Committee may require each person acquiring shares of Stock pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company

in writing that the optionee or participant is acquiring the shares for investment without a view to distribution thereof. All certificates for shares of Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or association upon which the Stock is then listed or traded, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in the Plan shall prevent the Board or, where authorized by the Board, the Committee, as the case may be, from adopting such other or additional incentive arrangements as it may deem desirable, including, but not limited to, the granting of stock options and the awarding of stock and cash otherwise than under the Plan; and such arrangements may be either generally applicable or applicable only in specific cases. (c) NOTHING

CONTAINED IN THE PLAN OR IN ANY AWARD HEREUNDER SHALL BE DEEMED TO CONFER UPON ANY EMPLOYEE OF THE COMPANY OR ANY PARENT OR SUBSIDIARY ANY RIGHT TO CONTINUED EMPLOYMENT WITH THE COMPANY OR ANY PARENT OR SUBSIDIARY, NOR SHALL IT INTERFERE IN ANY WAY WITH THE RIGHT OF THE COMPANY OR ANY SUBSIDIARY TO TERMINATE THE EMPLOYMENT OF ANY OF ITS EMPLOYEES AT ANY TIME.

(d) Not later than the date as of which an amount first becomes includable in the gross income of the participant for Federal, state or local income tax purposes with respect to any Option or other Award under the Plan, the participant shall pay to the Company, or make arrangements satisfactory to the Committee, as the case may be, regarding the payment of, any Federal, state and local taxes of any kind required by law to be withheld or paid with

respect to such amount. If permitted by the Committee, tax withholding or payment obligations may be settled with Stock, including Stock that is part of the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional upon such payment or arrangements and the Company or the participant's employer (if not the Company) shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant from the Company, its Parent or any Subsidiary. (e) The Plan and all Awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Indiana (without regard to choice of law provisions). -87- (f) Any Stock Option granted or other Award made under the Plan shall not be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any Parent or Subsidiary and shall not affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation (unless required by specific reference in any such other plan to Awards under this Plan). (g) A leave of absence, unless otherwise determined by the Committee prior to the commencement thereof, shall not be considered a termination of employment. Any Stock Option granted or awards made under the Plan shall not be affected by any change of employment, so long as the holder continues to be an employee of the Company, its Parent or any Subsidiary. (h) Except as otherwise expressly provided in the Plan or in any Stock Option Agreement, Restricted Stock agreement, Deferred Stock Agreement, Performance Unit Agreement, Cash Award Agreement or any Other Stock-Based Award agreement, no right or benefit under the Plan may be alienated, sold, assigned, hypothecated, pledged, exchanged, transferred, encumbered or charged, and any attempt to alienate, sell, assign, hypothecate, pledge, exchange,

transfer, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be subject to the debts, contracts or liabilities of the person entitled to such benefit. (i) The obligations of the Company with respect to all Stock Options and Awards under the Plan shall be subject to (A) all applicable laws, rules and regulations, and such approvals by any governmental agencies as may be required, including, without limitation, the effectiveness of a registration statement under the Securities Act, and (B) the rules and regulations of any securities exchange or association on which the Stock may be listed or traded. (j) If any of the terms or provisions of the Plan conflict with the requirements of Rule 16b-3 as in effect from time to time, or with the requirements of any other applicable law, rule or regulation then such terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of said Rule 16b-3. (k) The Committee may terminate any Stock Option or other Award made under the Plan if a written agreement relating thereto is not executed and returned to the Company within 30 days after such agreement has been delivered to the optionee or participant for his or her execution.

SECTION 20: EFFECTIVE DATE OF PLAN. The Plan shall be effective as of the first business day following approval of the Plan by the Company's stockholders.

SECTION 21: TERM OF PLAN. No Stock Option, Restricted Stock Award, Deferred Stock Award, Performance Unit or Other Stock-Based Award or Cash Award shall be granted pursuant to the Plan on or after the tenth anniversary of the effective date of the Plan, but Awards granted prior to such tenth anniversary may extend beyond that date.

-88- APPENDIX E PLAN AND AGREEMENT OF MERGER BETWEEN BRIGHTPOINT, INC. AND BRIGHTPOINT INDIANA CORP. THIS PLAN AND AGREEMENT OF MERGER ("Merger Agreement") dated as of April __, 2004, is made by and between BRIGHTPOINT, INC., a Delaware

corporation ("Brightpoint Delaware"), and BRIGHTPOINT INDIANA CORP., an Indiana corporation ("Brightpoint Indiana"). Brightpoint Delaware and Brightpoint Indiana are hereinafter sometimes collectively referred to as the "Constituent Corporations." WHEREAS, the outstanding authorized capital stock of Brightpoint Indiana consists of one (1) share of common stock, par value \$0.01 per share, which is owned by Brightpoint Delaware. WHEREAS, Brightpoint Delaware, as the sole shareholder of Brightpoint Indiana, desires to effect a merger of Brightpoint Delaware with and into Brightpoint Indiana pursuant to the provisions of the General Corporation Law of the State of Delaware (the "DGCL") and the Indiana Business Corporation Law (the "IBCL"). WHEREAS, the respective Boards of Directors of Brightpoint Delaware and Brightpoint Indiana have determined that it is advisable and in the best interests of each of such corporations that Brightpoint Delaware be merged with and into Brightpoint Indiana upon the terms and subject to the conditions herein provided. WHEREAS, the Board of Directors of Brightpoint Indiana and Brightpoint Delaware, as the sole shareholder of Brightpoint Indiana, have approved this Merger Agreement by unanimous written consents and directed that it be executed by the undersigned officers. WHEREAS, the Board of Directors of Brightpoint Delaware has approved this Merger Agreement by unanimous written consent and directed that it be executed by the undersigned officers and that it be submitted to a vote of the shareholders of Brightpoint Delaware at the annual meeting. NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties agree that Brightpoint Delaware shall be merged with and into Brightpoint Indiana and that the terms and conditions of the merger, the mode of carrying the merger into effect, the manner of converting the shares of the Constituent Corporations and certain other provisions relating thereto shall be as follows: ARTICLE I THE

MERGER 1.01 Surviving Corporation. Subject to the terms and provisions of this Agreement, and in accordance with the DGCL and the IBCL, at the Effective Time (as defined in Section 1.08 hereof) Brightpoint Delaware shall be merged with and into Brightpoint Indiana (the "Merger"). Brightpoint Indiana shall be the surviving corporation (hereinafter sometimes called the "Surviving Corporation") of the Merger and shall continue its corporate existence under the laws of the State of Indiana. At the Effective Time, the separate corporate existence of Brightpoint Delaware shall cease. -89- 1.02 Name of the Surviving Corporation. As of the Effective Time, the name of the Surviving Corporation will be changed to "Brightpoint, Inc." 1.03 Effect of the Merger. At the Effective Time, the Merger shall have the effects provided for herein and in Section 259 of the DGCL and Section 23-1-40-6 of the IBCL. 1.04 Articles of Incorporation. As of the Effective Time, the Articles of Incorporation of Brightpoint Indiana, as in effect immediately prior to the Effective Time, shall be amended and restated in their entirety by the Restated Articles of Incorporation attached hereto as Annex 1, which Restated Articles of Incorporation will become, at the Effective Time, the Articles of Incorporation of the Surviving Corporation until thereafter duly altered, amended or repealed in accordance with the provisions thereof and applicable law. 1.05 By-Laws. As of the Effective Time, the By-Laws of Brightpoint Indiana, as in effect immediately prior to the Effective Time, shall be amended and restated in their entirety by the By-Laws attached hereto as Annex 2, which By-Laws will become, at the Effective Time, the By-Laws of the Surviving Corporation until thereafter duly altered, amended or repealed in accordance with the provisions thereof, the Articles of Incorporation of the Surviving Corporation and applicable law. 1.06 Directors of the Surviving Corporation. At the Effective Time, each person who is a director of Brightpoint Delaware immediately prior to the Effective Time shall become a director

of the Surviving Corporation and each such person shall serve as a director of the Surviving Corporation for the balance of the term for which such person was elected as a director of Brightpoint Delaware and until his or her successor is duly elected and qualified in the manner provided in the By-Laws or the Articles of Incorporation of the Surviving Corporation or as otherwise provided by law or until his or her earlier death, resignation or removal in the manner provided in the By-Laws or the Articles of Incorporation of the Surviving Corporation or as otherwise provided by law. 1.07

Officers of the Surviving Corporation. At the Effective Time, each person who is an officer of Brightpoint Delaware immediately prior to the Effective Time shall become an officer of the Surviving Corporation with each such person to hold the same office in the Surviving Corporation, in accordance with the By-Laws thereof, as he or she held in Brightpoint Delaware immediately prior to the Effective Time. 1.08 Effective Time.

The Merger shall become effective in accordance with the provisions of Section 23-1-40-5 of the IBCL and Section 252 of the DGCL, upon the later to occur of (a) completion of the filing of articles of merger with the Secretary of State of Indiana, and (b) the filing of a certificate of merger with the Secretary of State of Delaware; provided, however, that such articles of merger and certificate of merger shall not be filed prior to the date which is 20 calendar days after the date on which a Proxy Statement of Brightpoint Delaware prepared in accordance with the rules of the Securities Exchange Act of 1934, as amended, is mailed to Brightpoint Delaware's shareholders of record on the record date determined by the board of directors of Brightpoint Delaware. The date and time when the Merger shall become effective is herein referred to as the "Effective Time." 1.09 Additional Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any further assignments or assurances in law or any other acts are

necessary or desirable (a) to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation, title to and possession of any property or right of Brightpoint Delaware acquired or to be acquired by reason or as a result of the Merger, or (b) otherwise to carry out the purpose of this Merger -90- Agreement, Brightpoint Delaware and its proper officers and directors shall be deemed to have granted hereby to the Surviving Corporation an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to and the possession of such property or rights in the Surviving Corporation and otherwise to carry out the purposes of this Merger Agreement, and the proper officers and directors of the Surviving Corporation are hereby fully authorized in the name of Brightpoint Delaware to take any and all such action. ARTICLE II MANNER, BASIS AND EFFECT OF CONVERTING SHARES 2.01 Conversion of Shares. At the Effective Time: (a) Each share of Common Stock of Brightpoint Delaware, par value \$0.01 per share ("Delaware Common Stock"), issued and outstanding immediately prior to the Effective Time shall be converted into one fully paid and nonassessable share of Common Stock of Brightpoint Indiana, par value \$0.01 per share ("Indiana Common Stock") by virtue of the Merger and without any action on the part of the holder thereof. (b) Each share of Delaware Common Stock held in the treasury of Brightpoint Delaware immediately prior to the Effective Time shall be converted into one fully paid and nonassessable share of Indiana Common Stock by virtue of the Merger and without any action on the part of Brightpoint Delaware and shall be held in the treasury of the Surviving Corporation; (c) Each share of Indiana Common Stock, issued and outstanding immediately prior to the Effective Time shall be redeemed, canceled and retired and shall cease to exist by virtue of the Merger and without any action on the

part of the holder thereof. 2.02 Effect of Conversion. At and after the Effective Time, each share certificate which immediately prior to the Effective Time represented outstanding shares of Delaware Common Stock ("Delaware Certificate") shall be deemed for all purposes to evidence ownership of, and to represent, the number of shares of Indiana Common Stock into which the shares of Delaware Common Stock represented by such certificate immediately prior to the Effective Time have been converted pursuant to Section 2.01 hereof. The registered owner of any Delaware Certificate outstanding immediately prior to the Effective Time, as such owner appears in the books and records of Brightpoint Delaware or its transfer agent immediately prior to the Effective Time, shall, until such certificate is surrendered for transfer or exchange, have and be entitled to exercise any voting and other rights with respect to and to receive any dividends or other distributions on the shares of Indiana Common Stock into which the shares represented by any such certificate have been converted pursuant to Section 2.01 hereof. 2.03 Exchange of Certificate. Each holder of a Delaware Certificate shall, upon the surrender of such certificate to the Surviving Corporation or its transfer agent for cancellation after the Effective Time, be entitled to receive from the Surviving Corporation or its transfer agent a certificate representing the number of shares of Indiana Common Stock into which the shares of Delaware Common Stock represented by such certificate have been converted pursuant to Section 2.01 hereof. -91- 2.04 Stock Options and Incentive Plans. By virtue of the Merger and without any action on the part of the holder, each right or option to purchase shares of Delaware Common Stock granted under Brightpoint Delaware's 1994 Stock Option Plan, 1996 Stock Option Plan, Non-Employee Director Stock Option Plan, Independent Director Stock Compensation Plan (collectively, the "Plans") or otherwise as to which Brightpoint Delaware or any of

its affiliates has assumed or incurred obligations (hereinafter collectively referred to as the "Options") which is outstanding immediately prior to the Effective Time shall be converted into and become a right or option to purchase the same number of shares of Indiana Common Stock at the same option price per share and upon the same terms and subject to the same conditions as are in effect at the Effective Time. The Surviving Corporation shall reserve for purposes of the Options a number of shares of Indiana Common Stock, equal to the number of shares of Delaware Common Stock reserved by Brightpoint Delaware for issuance under the Options as of the Effective Time. As of the Effective Time, Brightpoint Indiana hereby assumes Brightpoint Delaware's Plans and Options and all obligations of Brightpoint Delaware under the Options and under such Plans.

2.05 Other Employee Benefit Plans. Upon the Effective Time, Brightpoint Indiana will assume all obligations of Brightpoint Delaware under any and all employee benefit plans in effect as of the Effective Time or with respect to which employee rights or accrued benefits are outstanding as of the Effective Time.

2.06 Assumption of Stock Purchase Rights and Rights Agreement. Upon the Effective Time, all outstanding preferred share purchase rights shall be assumed by Brightpoint Indiana and become rights to purchase the Indiana Common Stock with no other changes in the terms and conditions of such preferred share purchase rights, including the exercise price. Upon the Effective Time, Brightpoint Indiana also shall adopt and assume the Rights Agreement as successor to Brightpoint Delaware.

ARTICLE III APPROVAL; AMENDMENT; ABANDONMENT; MISCELLANEOUS

3.01 Approval. This Merger Agreement shall be submitted for approval by the shareholders of Brightpoint Delaware at the annual meeting of shareholders.

3.02 Amendment. Subject to applicable law, this Merger Agreement may be amended, modified or supplemented by written agreement of the Constituent

Corporations at any time prior to the Effective Time, except that after the approval contemplated by Section 3.01 hereof, there shall be no amendments that would (a) alter or change the amount or kind of shares to be received by shareholders in the Merger, (b) alter or change any term of the Restated Articles of Incorporation or By-Laws of the Surviving Corporation that are to take effect as of the Effective Time pursuant to Sections 1.04 and 1.05 hereof, or (c) alter or change any of the terms and conditions of this Merger Agreement if such alteration or change would adversely affect the holders of any class of stock of either of the Constituent Corporations.

3.03 Abandonment. At any time prior to the Effective Time, this Merger Agreement may be terminated and the Merger may be abandoned by the Board of Directors of Brightpoint Indiana or Brightpoint Delaware, or both, notwithstanding approval of this Merger Agreement by the sole shareholder of Brightpoint Indiana and the shareholders of Brightpoint Delaware.

3.04 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and the same agreement.

3.05 Statutory Agent in Indiana. The name and address of the statutory agent of the Surviving Corporation in Indiana upon whom any process, notice or demand against Brightpoint Delaware or the Surviving Corporation may be served are: Brightpoint, Inc. 501 Airtech Parkway Plainfield, Indiana 46168 Attention: Corporate Secretary

3.06 Designated Agent in Delaware. The Surviving Corporation agrees that it may be served with process in the State of Delaware in any proceeding for enforcement of any obligation of Brightpoint Delaware, as well as for enforcement of any obligation of the Surviving Corporation arising from the Merger, and the Surviving Corporation irrevocably appoints the Delaware Secretary of State as its agent to accept service of process in any such suit or other proceedings. A copy of such process is

requested to be mailed by the Delaware Secretary of State to: Brightpoint, Inc. 501 Airtech Parkway Plainfield, Indiana 46168 Attention: Corporate Secretary -93- IN WITNESS WHEREOF, Brightpoint Delaware and Brightpoint Indiana have caused this Merger Agreement to be signed by their respective duly authorized officers as of the date first above written.

BRIGHTPOINT INDIANA CORP. (an Indiana corporation)

By: _____

Steven E. Fivel, President ATTEST:

By: _____ Steven

E. Fivel, Secretary BRIGHTPOINT, INC., (a Delaware corporation)

By: _____

Name Title ATTEST:

By: _____ Steven

E. Fivel, Secretary -94- ANNUAL MEETING OF STOCKHOLDERS OF BRIGHTPOINT, INC. JUNE 3, 2004 PROXY VOTING INSTRUCTIONS MAIL

- Date, sign and mail your proxy card in the envelope provided as soon as possible. - OR

- TELEPHONE - Call toll-free

1-800-PROXIES COMPANY NUMBER from any touch-tone telephone and follow the instructions. Have your control number

ACCOUNT NUMBER and proxy card available when you call. CONTROL

NUMBER - OR - INTERNET - Access "WWW.VOTEPROXY.COM" and follow

the on-screen instructions. Have your control number available when you access

the web page. Please detach along perforated line and mail in the envelope

provided IF you are not voting via telephone or the Internet. BRIGHTPOINT,

INC. 501 AIRTECH PARKWAY PLAINFIELD, INDIANA 46168 PROXY

FOR ANNUAL MEETING OF STOCKHOLDERS TO BE HELD JUNE 3,

2004 THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF

DIRECTORS The undersigned hereby appoints STEVEN E. FIVEL and FRANK

TERENCE, and each of them, Proxies, with full power of substitution in each of them,

in the name, place and stead of the undersigned, to vote at the Annual Meeting

of Stockholders of Brightpoint, Inc. (the "Company") on Thursday, June 3, 2004 at 9:00 a.m. local time, at the Company's office located at 501 Airtech Parkway, Plainfield, Indiana 46168 or at any adjournment or adjournments thereof, according to the number of votes that the undersigned would be entitled to vote if personally present, upon the following matters: (Continued and to be signed on reverse side) PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE [X] 1. ELECTION OF CLASS I DIRECTORS: -95- [] FOR ALL NOMINEES NOMINEES: [] V. William Hunt [] Stephen H. Simon [] WITHHOLD AUTHORITY FOR ALL NOMINEES. [] FOR ALL EXCEPT (See instructions below) INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here: [] 2. PROPOSAL TO APPROVE THE COMPANY'S [] [] [] AMENDED AND RESTATED INDEPENDENT FOR AGAINST ABSTAIN DIRECTOR STOCK COMPENSATION PLAN 3. PROPOSAL TO APPROVE THE COMPANY'S [] [] [] 2004 LONG-TERM STOCK INCENTIVE FOR AGAINST ABSTAIN PLAN 4. PROPOSAL TO APPROVE THE CHANGE OF [] [] [] THE COMPANY'S STATE OF FOR AGAINST ABSTAIN INCORPORATION FROM DELAWARE TO INDIANA 5. PROPOSAL TO RATIFY THE APPOINTMENT [] [] [] OF ERNST & YOUNG LLP AS THE FOR AGAINST ABSTAIN COMPANY'S INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2004 6. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING. THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN ABOVE. IF NO

INSTRUCTIONS ARE GIVEN, THIS PROXY WILL BE VOTED FOR THE NOMINEES AND PROPOSALS LISTED ABOVE. [] To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. Signature of Stockholder _____ Date _____ Signature of Stockholder _____ Date _____ NOTE:

Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. -96-