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INSIDER ACTION: DANIEL LEE

Soaring stock gives execs at Brightpoint a great ride

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Brightpoint's investors have good reason to be happy these days.

Consider these numbers from the Plainfield-based cell phone distributor: In July 2002, Brightpoint's stock dropped to 24 cents a share. On Friday, it closed at \$28.51.

The stock's value in the past 52 weeks has risen more than 250 percent.

That impressive run -- coming as Brightpoint has capitalized on the expanding and diversifying cell phone industry -- is not going unrewarded among the company's leaders. So far in 2006, six Brightpoint insiders have combined to sell more than \$6.8 million in company stock, many of those transactions involving gains from cashing in stock options, according to data tracked by Thomson Financial.

Brightpoint Chairman and Chief Executive Officer Robert Laikin said the steady insider selling in recent years has not raised concerns because the sales were mostly from automatic-sales plans designed to take the transactions' timing out of the executives' hands.

"When the company performs, then shareholders are happy, executives are happy and the employees are happy."

Laikin, who co-founded Brightpoint in 1989, so far this year has sold 137,500 company shares for a total of \$2.9 million, according to Thomson Financial. Much of that total was as a result of gains from stock options priced far below market value: In those transactions, he exercised options to buy 92,500 Brightpoint shares in moves costing him \$301,000.

Those gains come on the heels of the \$1.3 million bonus he earned for 2005.

Laikin said the company's compensation system, including cash bonuses, stock options and restricted stock awards, is designed to "recruit, motivate and retain" top performers.

In addition to the company's insiders, he said, close to 100 Brightpoint managers and key leaders receive stock options. Brightpoint has about 1,600 full-time employees globally.

The stock options Brightpoint doled out in 2004, though, mostly went to a few insiders, with the top five executives getting 58 percent of all options granted to employees, according to the company's most recent proxy filing. By comparison, the 150 largest public companies in California's Silicon Valley granted a median of just 16 percent of total options to the top tier of executive officers, according to compensation research firm Equilar.

Still, according to one Wall Street watcher, Brightpoint executives' gains are well-deserved.

"I remember taking a look at them 18 months ago and not being very impressed," said Ben Silverman, research director for InsiderScore.com. "Management has obviously executed very well. It was obviously a mistake to overlook them."

However, he added, companies with such hot stocks face mounting pressure to perform and keep shareholders happy.

"The stock," Silverman said, "is probably priced for perfection right now."