

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the fiscal year ended March 31, 2003

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 0-18706

**Black Box Corporation**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

95-3086563

(I.R.S. Employer  
Identification No.)

1000 Park Drive

Lawrence, Pennsylvania  
(Address of principal executive offices)

15055  
(Zip Code)

Registrant's telephone number, including area code: 724-746-5500

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$.001 par value**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).  
Yes  No

Aggregate market value of outstanding Common Stock, \$.001 par value (the "Common Stock"), held by non-affiliates of the Registrant at September 29, 2002, was \$653,562,798 based on the closing sale price reported on the Nasdaq National Market for that date. For purposes of this calculation only, directors and executive officers of the Registrant and their affiliates are deemed to be affiliates of the Registrant.

Number of outstanding shares of Common Stock at June 13, 2003, was 18,389,534.

Document Incorporated by Reference

Proxy Statement for 2003 Annual Meeting of Stockholders -- Part III

## PART I

### Item 1 -- BUSINESS

**Overview.** Black Box Corporation (“Black Box” or “the Company”) is the world’s largest technical services company dedicated to designing, building and maintaining today’s complicated network infrastructure systems. The Black Box team of approximately 3,100 serves more than 150,000 clients in 132 countries throughout the world. Founded in 1976, Black Box operates subsidiaries on five continents and is headquartered near Pittsburgh in Lawrence, Pennsylvania.

Black Box differentiates itself from its competitors through comprehensive levels of technical support, its capability to provide this technical support globally and its private-labeled brand, BLACK BOX®.

As the largest and highest quality network infrastructure services company 100% dedicated to this market in the world, Black Box is in a unique position to capitalize on its service advantages, current leadership position, diverse and loyal client base and strong financial performance.

**Industry Background.** Black Box participates in the worldwide network infrastructure market estimated at \$20 billion. The structured cabling market is estimated at \$8 billion and the telephony services market is estimated at \$12 billion.

**Business Strategy.** Black Box’s business strategy is to provide its clients with one source for products and services to meet all of their networking infrastructure needs – whether at a single location or multiple locations worldwide. The Company believes that its combination of worldwide structured cabling and telephony services performed at client locations – integrated with hotline technical services – provides it with a unique advantage against its competitors in the network infrastructure market. The Company believes its record of consistent operating profitability and its high rate of repeat clients is evidence of the strength of its strategy. Keys to the Company’s success include the following:

Hot-Line Technical Services. Black Box provides its clients with around-the-clock, seven days per week technical support at no charge through a hotline telephone consulting service, available to clients in 132 countries worldwide. In Fiscal 2003, the Company’s hotline technical experts responded to approximately 1.5 million client calls with 99.8% answered in less than 20 seconds. This is significantly faster than the industry average of 10 to 11 minutes.

Each Black Box hotline technician receives training that enables the technician to provide clients with reliable and cost-effective solutions to networking challenges. Clients receive system design, product selection recommendations, installation and post-installation maintenance support.

On-Site Technical Services. Black Box Corporation provides complete structured cabling and telephony solutions – including design, installation and maintenance – with consistent high quality and uniformity. The Company maintains what it believes is the industry’s largest staff of Registered Communication Distribution Designers (RCDDs) who assure that all designs meet or exceed ANSI, TIA/EIA, and National Electric Code® (NEC®) standards. Structured cabling and telephony services performed at client locations are provided in most major markets around the world.

Quality Networking Solutions. Through the BLACK BOX® Catalog and BLACK BOX® On-Line, the Company markets more than 90,000 network infrastructure products. The Company modifies and updates its product offerings based on technical advancements and market demand.

In Fiscal 1998, Black Box became the first in the industry to introduce a product warranty program offering full protection regardless of cause of failure, including accidental, surge or water damage. In Fiscal 2000, the Company introduced Certification Plus, the industry's first comprehensive guaranteed-for-life structured cabling system. In Fiscal 2002, Extended Certification Plus was introduced, enabling clients' existing cabling systems to be guaranteed for life after inspection and certification by a Black Box RCDD.

Brand Name. BLACK BOX® is a widely recognized brand name associated with high quality products and services. The Company believes that the BLACK BOX® tradename is important to its business.

ISO9001 Certified. Black Box received ISO9001 certification in the U.S., Australia, Brazil, France, Italy, Japan, Singapore and the United Kingdom. Rigorous quality control processes must be documented and practiced to earn and maintain ISO9001 certification.

Proprietary Client List. For more than 27 years, the Company has built a proprietary mailing list of approximately 1.5 million names representing nearly one million clients. This database includes information on the past purchases of its clients. The Company routinely analyzes this data in an effort to enhance client purchasing and ensure that targeted mailings reach specific audiences. The Company believes that its proprietary list is a valuable asset that represents a significant competitive advantage. The Company does not rent their client list.

In-Stock Availability and Rapid Order Fulfillment. The Company has developed efficient inventory management and order fulfillment systems that allow more than 95% of orders for standard product received before midnight eastern time to be shipped that same day.

**Growth Strategy.** Black Box's growth strategy is centered around profitably growing:

(i) worldwide hotline services, (ii) worldwide on-site structured cabling services, and (iii) worldwide on-site telephony services.

**Clients.** Black Box clients range from small organizations to many of the world's largest corporations covering a diversity of industries, from manufacturing, retail and financial to educational and government. Revenues from the Company's clients are segmented as 42% from large companies, 17% from medium-sized companies and 41% from small companies.

**Marketing.** Black Box services are primarily marketed through its direct marketing, direct sales and online through the Company's website. Black Box was the first company to engage exclusively in the sale of a broad range of networking products through direct marketing techniques. Black Box targets its catalogs and marketing materials directly to its clients who make systems design and purchasing decisions. Black Box marketing materials present a wide choice of items using a combination of product features and benefits, photographs, product descriptions, product specifications, compatibility charts, potential applications and other helpful technical information.

**Technical Services.** Black Box believes that its technical services are the foundation of its success enabling the Company to provide services ranging from hotline consultation to site surveys, design and engineering, installation, certification and maintenance.

**Worldwide Headquarters.** The Company's worldwide headquarters and certain U.S. operations are located in Lawrence, Pennsylvania (a suburb 20 miles south of Pittsburgh). This 352,000 square foot facility is on an 84-acre site.

**Products.** Black Box believes that its ability to offer a broad, innovative product line, supported by readily available technical services, has been an important competitive factor. Black Box currently offers more than 90,000 products through its catalogs and website. New products are introduced regularly. The majority of the Company's product revenues are from products marketed under the BLACK BOX® brand name.

**Manufacturers and Suppliers.** Black Box utilizes a network of OEM manufacturers and suppliers throughout the world. Each supplier is monitored for quality, delivery performance and cost through a well-established certification program. This network has manufacturing and engineering capabilities to customize products for specialized applications. Black Box believes that the loss of any single source of supply would not adversely affect its business.

Black Box also operates its own manufacturing and assembly operation at its Lawrence, Pennsylvania location. The Company chooses to manufacture certain products in-house when outside OEMS are not economical. Sourcing decisions of in-house versus out-of-house are based upon a balance of quality, delivery, performance and cost.

**Information Systems.** The Company has committed significant resources to the development of sophisticated information systems that are used to manage all aspects of its business. The Company's systems support and integrate technical support and client service, inventory management, purchasing, distribution activities, accounting and project cost management. In addition, the Company's exclusive project tracking system, e-Status, enables clients to review up to date information on their projects across the country or around the world.

The Company's changing product mix, multiple language requirements and design enhancements require efficient modification of product presentations for its various catalogs. Black Box also supports a publishing system that provides the flexibility and speed for both text and graphic layout. This enables the timely and efficient creation of marketing materials.

**Backlog.** The worldwide backlog of unfilled orders believed to be firm was approximately \$51 million at March 31, 2003 compared to \$49 million at March 31, 2002.

**Team Members.** As of March 31, 2003, the Company had approximately 3,100 team members worldwide of which approximately 500 are subject to collective bargaining agreements. The Company believes that its relationship with its team members is good.

**Financial Information.** Financial information regarding the Company, including segment data, is set forth in Item 8 of this Form 10-K and is incorporated herein by reference. During the fourth quarter of Fiscal 2003, the Company changed its primary segments to be on a geographic basis as this is now the way it manages the business to be more responsive to the organization's operating structure. The reportable segments are comprised of North America, Europe and All Other.

**Competition.** The Company competes with other VARs and manufacturers. The Company believes its primary competitive advantage is its worldwide technical services. The Company believes there are no dominant competitors in the industry.

**Other Information.** The Company maintains an investor relations page on its Internet website at <http://www.blackbox.com>. In December 2002, the Company began making its annual, quarterly and current reports filed or furnished with the Securities and Exchange Commission available as soon as reasonably practicable on the website. Such reports may be viewed or downloaded free of charge.

## **Item 2 -- PROPERTIES**

The Company's worldwide headquarters and certain U.S. operations are located in Lawrence, Pennsylvania (located 20 miles south of Pittsburgh) in a 352,000 square foot, owned facility on 84 acres.

The Company owns or leases approximately 103 additional offices or facilities throughout the world, none of which are material in nature to Black Box.

The Company believes that its manufacturing and distribution facilities, located at its Lawrence complex, are adequate for its present and foreseeable needs.

## **Item 3 -- LEGAL PROCEEDINGS**

The Company is involved in, or has pending, various legal proceedings, claims, suits and complaints arising out of the normal course of business. In addition, there are two arbitration awards against the Company for \$1.5 million and \$1.3 million that are being appealed. Based on the facts currently available to the Company, management believes all such matters are adequately provided for, covered by insurance, without merit, not probable that an unfavorable outcome will result, or of such amounts which upon resolution will not have a material adverse effect on the consolidated financial position, results of operations or cash flow of the Company.

The Company has been named as a defendant in two substantially similar complaints alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The Company believes that the claims are without merit and intends to defend itself vigorously.

## **Item 4 -- SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

## Executive Officers of the Registrant

The executive officers of the Company and their respective ages and positions are as follows:

<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>
Fred C. Young	47	Chairman of the Board and Chief Executive Officer
Michael McAndrew	43	Vice President, Chief Financial Officer, Treasurer, Secretary and Principal Accounting Officer
Kathleen Bullions	48	Senior Vice President – North America
Roger E. M. Croft	54	Vice President – Europe and Latin America
Francis W. Wertheimber	50	Vice President – Pacific Rim/Far East

The following is a biographical summary of the experience of the executive officers of the Company:

**FRED C. YOUNG**, 47, was elected Chairman of the Board and Chief Executive Officer of the Company on June 24, 1998. He was first elected a director of the Company on December 18, 1995. He served as Vice President and Chief Financial Officer, Treasurer and Secretary of Black Box Corporation since joining the Company in 1991 and was promoted to Senior Vice President and Chief Operating Officer in May 1996 and President in May 1997. Mr. Young has been with the Company for 11 years.

**MICHAEL MCANDREW**, 43, was promoted to Vice President and Chief Financial Officer on December 13, 2002. He became Secretary and Treasurer on January 31, 2003. He was Manager of Corporate Planning and Analysis prior to December 13, 2002. Mr. McAndrew has been with the Company for 13 years.

**KATHLEEN BULLIONS**, 48, was promoted to Senior Vice President – North America on December 13, 2002. She was promoted to Vice President of Marketing and Operations on May 9, 1997 and was Director of Operations prior to May 9, 1997. Ms. Bullions has been with the Company for 20 years.

**ROGER E. M. CROFT**, 54, was promoted to Vice President – Europe and Latin America in May 1998. He was promoted to Vice President of European Operations on May 9, 1997 and was Managing Director of Black Box U.K. prior to May 9, 1997. Mr. Croft has been with Black Box for 18 years.

**FRANCIS W. WERTHEIMBER**, 50, was promoted to Vice President – Pacific Rim/Far East on May 9, 1997. He was Managing Director of Black Box Japan prior to May 9, 1997. Mr. Wertheimber has been with Black Box for 10 years.

## PART II

### Item 5 -- MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock is traded on the Nasdaq National Market (trading symbol "BBOX"). On June 18, 2003, the last reported sale price of the Common Stock was \$40.68 per share. The following table sets forth the quarterly high and low sale prices of the Common Stock as reported by the Nasdaq Stock Market during each of the Company's fiscal quarters indicated. Such over the counter market quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission, and may not necessarily represent actual transactions.

	<u>High</u>	<u>Low</u>
<i>Fiscal 2002</i>		
1st Quarter	72.25	40.25
2nd Quarter	71.23	39.88
3rd Quarter	58.77	39.56
4th Quarter	55.88	43.55
<i>Fiscal 2003</i>		
1st Quarter	55.70	36.57
2nd Quarter	43.80	28.67
3rd Quarter	51.39	28.02
4th Quarter	51.16	25.58

At March 31, 2003, there were 2,318 holders of record.

Cash dividends of \$0.05 per share of Common Stock were each paid on January 15, 2003 and April 15, 2003.

See "Equity Compensation Plan Information," Item 12 in Part III, which is incorporated by reference herein.

## Item 6 -- SELECTED FINANCIAL DATA

The following table sets forth certain selected historical consolidated financial data for the Company for the periods indicated. Information should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto included elsewhere in this report. The historical data presented below for Fiscal Years 1999 through 2003 were derived from the Consolidated Financial Statements of the Company.

*Dollars in Thousands, except Per Share Amounts*

	<b>Fiscal Year Ended March 31,</b>				
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Income Statement Data:</b>					
Revenues	\$ 336,890	\$ 508,340	\$ 826,993	\$ 743,681	\$ 605,017
Cost of sales	<u>174,067</u>	<u>288,813</u>	<u>493,861</u>	<u>453,131</u>	<u>366,170</u>
Gross profit	162,823	219,527	333,132	290,550	238,847
Selling, general & administrative expenses	95,055	129,874	203,377	181,867	152,808
Restructuring expense	--	--	--	3,500	6,536
Intangibles amortization <sup>(1)</sup>	<u>4,263</u>	<u>6,410</u>	<u>12,821</u>	<u>170</u>	<u>377</u>
Operating income	63,505	83,243	116,934	105,013	79,126
Interest expense, net	553	3,243	11,312	6,268	2,826
Net income	\$ 38,145	\$ 48,852	\$ 64,190	\$ 62,042	\$ 48,685
Basic earnings per share	\$ 2.19	\$ 2.74	\$ 3.40	\$ 3.11	\$ 2.46
Diluted earnings per share	\$ 2.09	\$ 2.60	\$ 3.22	\$ 2.97	\$ 2.39
Dividends declared per common share	\$ --	\$ --	\$ --	\$ --	\$ 0.10
<b>Balance Sheet Data (at end of period):</b>					
Working capital	\$ 73,262	\$ 115,981	\$ 138,922	\$ 143,464	\$ 118,592
Total assets	246,465	452,289	652,930	650,787	626,729
Long-term debt	204	105,374	124,066	75,497	49,453
Stockholders' equity	192,652	258,327	388,951	490,098	494,422

<sup>(1)</sup> See Note 3 to the Consolidated Financial Statements.

**Item 7 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The Company manages its business based on geographic segments: North America, Europe and All Other. In addition, certain revenue and gross profit information by service type is also provided herein for purposes of further analysis. Management believes it is important to present special items, which include restructuring charges of \$6,536 in Fiscal 2003 and \$3,500 in Fiscal 2002 described under Restructuring Expenses and other special items of \$3,835 in Fiscal 2003 and \$5,027 in Fiscal 2002 included in SG&A Expenses. Management believes this enables a clearer understanding of the ongoing operations of the Company.

*Dollars in Thousands*

The tables below should be read in conjunction with the following discussion.

	Year Ended March 31,					
	2001		2002		2003	
	\$	% of total revenues	\$	% of total revenues	\$	% of total revenues
<b>By Geography</b>						
Revenues:						
North America	\$ 608,855	74%	\$ 533,410	72%	\$ 410,271	68%
Europe	147,297	18	155,715	21	153,477	25
All Other	70,841	8	54,556	7	41,269	7
Total	\$ 826,993	100%	\$ 743,681	100%	\$ 605,017	100%
Operating Income:						
North America	\$ 67,109		\$ 65,500		\$ 53,592	
% of North America revenues	11.0%		12.3%		13.1%	
Europe	28,350		25,758		17,729	
% of Europe revenues	19.2%		16.5%		11.6%	
All Other	21,475		13,755		7,805	
% of All Other revenues	30.3%		25.2%		18.9%	
Total	\$ 116,934		\$ 105,013		\$ 79,126	
% of Total revenues	14.1%		14.1%		13.1%	
Special Items included in Operating Income above:						
North America	\$ --		\$ 6,466		\$ 5,625	
Europe	--		1,830		4,592	
All Other	--		231		154	
Total	--		\$ 8,527		\$ 10,371	
% of Total revenues			1.1%		1.7%	

**Year Ended March 31,**

	<b>2001</b>		<b>2002</b>		<b>2003</b>	
	\$	% of total revenues	\$	% of total revenues	\$	% of total revenues
<b>By Service Type</b>						
Revenues:						
Hotline Services	\$ 389,697	47%	\$ 309,744	42%	\$ 252,105	42%
Structured Cabling Services	370,075	45	365,901	49	275,842	45
Telephony Services	67,221	8	68,036	9	77,070	13
<b>Total</b>	<b>\$ 826,993</b>	<b>100%</b>	<b>\$ 743,681</b>	<b>100%</b>	<b>\$ 605,017</b>	<b>100%</b>
Gross Profit:						
Hotline Services	\$ 186,900		\$ 150,681		\$ 128,635	
% of Hotline Services revenues	48.0%		48.6%		51.0%	
Structured Cabling Services	123,961		117,813		85,122	
% of Structured Cabling Services revenues	33.5%		32.2%		30.9%	
Telephony Services	22,271		22,056		25,090	
% of Telephony Services revenues	33.1%		32.4%		32.6%	
<b>Total</b>	<b>\$ 333,132</b>		<b>\$ 290,550</b>		<b>\$ 238,847</b>	
% of Total revenues	40.3%		39.1%		39.5%	

## **I. Fiscal 2003 Compared To Fiscal 2002:**

### **Total Revenues**

Total revenues for Fiscal 2003 were \$605,017, a decrease of 19% compared to Fiscal 2002 total revenues of \$743,681. If exchange rates had remained constant from the corresponding periods in the prior year, Fiscal 2003 total revenues would have been lower by \$15,936, or 2%.

### **Revenues by Geography**

#### **North America Revenues**

Revenues in North America were \$410,271 for Fiscal 2003, a decrease of 23% compared to \$533,410 for Fiscal 2002. The North America revenue decline was generally due to weak general economic conditions that affected client demand.

#### **Europe Revenues**

Revenues in Europe were \$153,477 for Fiscal 2003, a decrease of 1% compared to \$155,715 for Fiscal 2002. Included in Fiscal 2003 is \$5,190 of revenues from mergers completed after Fiscal 2002. The Europe revenue decline was due to weak general economic conditions that affected client demand, offset in part by the positive impact of the Company's geographic expansion by merger of its technical services capabilities that occurred during Fiscal 2003 and the positive impact of the exchange rate relative to the U.S. dollar. If the exchange rate relative to the U.S. dollar had remained unchanged from Fiscal 2002, Europe revenues would have decreased 11%.

### **All Other Revenues**

Revenues for All Other were \$41,269 for Fiscal 2003, a decrease of 24% compared to \$54,556 for Fiscal 2002. The revenue decline in these regions was due to weak general economic conditions that affected client demand, offset by the positive impact of the exchange rate relative to the U.S. dollar. If the exchange rate relative to the U.S. dollar had remained unchanged from Fiscal 2002, All Other revenues would have decreased 26%.

### **Revenue by Service Type**

#### **Hotline Services**

Revenues from hotline services for Fiscal 2003 were \$252,105, a decrease of 19% compared to \$309,744 for the prior year. The Company believes the overall decline in hotline services revenues was driven by a general economic downturn.

#### **Structured Cabling Services**

Revenues from structured cabling services were \$275,842 for Fiscal 2003, a decrease of 25% compared to \$365,901 for the prior year. Included in Fiscal 2003 is \$5,190 of revenues from mergers completed after Fiscal 2002. The Company believes the overall decline in structured cabling services revenue was driven by a general economic downturn.

#### **Telephony Services**

Revenues from telephony services were \$77,070 for Fiscal 2003, an increase of 13% compared to \$68,036 for Fiscal 2002. The telephony services revenue increase was due to the Company's ability to increase market share despite a general economic downturn.

### **Gross Profit**

Gross profit for Fiscal 2003 decreased to \$238,847, or 39.5% of revenues, from \$290,550, or 39.1% of revenues for Fiscal 2002. The decrease in gross profit dollars over prior year was due to the decline in revenues while the increase in gross profit percentage was due primarily to cost reduction efforts.

Gross profit for Fiscal 2003 for hotline services, structured cabling services and telephony services were \$128,635, or 51.0% of revenues, \$85,122, or 30.9% of revenues, and \$25,090, or 32.6% of revenues, respectively. This compares to gross profit for Fiscal 2002 for hotline services, structured cabling services and telephony services of \$150,681, or 48.6% of revenues, \$117,813, or 32.2% of revenues, and \$22,056, or 32.4% of revenues, respectively.

### **SG&A Expenses**

Selling, general and administrative ("SG&A") expenses for Fiscal 2003 were \$152,808, or 25.3% of revenues, a decrease of \$29,059 over SG&A expenses of \$181,867, or 24.4% of revenues for Fiscal 2002. The dollar decrease from Fiscal 2002 to Fiscal 2003 was the result of the Company's worldwide cost reduction efforts. Also the special items listed in the accompanying table are included in SG&A.

### **Restructuring Expense**

In the fourth quarter of Fiscal 2003, the Company recorded a restructuring charge of \$6,536 primarily related to adjusting the cost structure of selected operating offices. Of this charge, \$5,034 related to severance for 245 total team members with \$4,299 related to severance for 130 team members in Europe, \$581 related to severance for 94 team members in North America, \$154 related to severance for 21 team members in Latin America, and \$1,502 related to lease costs and other charges to consolidate selected offices.

In the fourth quarter of Fiscal 2002, the Company recorded a restructuring charge of \$3,500 primarily related to adjusting staffing levels in its European and Latin American operations and facility closures in the U.S. Of this charge, \$2,168 related to severance for 105 total team members with \$1,830 related to severance for 60 team members in Europe, \$230 related to severance for 19 team members in Latin America, \$108 related to severance for 26 team members in North America, and \$1,332 related to lease costs and other charges to consolidate two U.S. offices. The components of the charge and the restructuring accrual at March 31, 2003 are as follows:

	<b>Accrued March 31, 2002</b>	<b>Total Charge</b>	<b>Cash Expenditure s</b>	<b>Asset Write- downs</b>	<b>Accrued March 31, 2003</b>
Employee Severance	\$ 1,443	\$ 5,034	\$ 2,102	\$ --	\$ 4,375
Facility Closures	1,439	1,502	556	579	1,806
Total	\$ 2,882	\$ 6,536	\$ 2,658	\$ 579	\$ 6,181

### **Intangibles Amortization**

Intangibles amortization related to non-compete agreements and acquired backlog for the year was \$377 compared to \$170 for the prior year due to a full year of amortization for mergers completed in Fiscal 2002 and amortization of mergers completed in Fiscal 2003.

### **Operating Income**

Operating income for Fiscal 2003 was \$79,126, or 13.1% of revenues, compared to \$105,013, or 14.1% of revenues in Fiscal 2002.

The decrease in operating income dollars is primarily due to the decline in revenues while the decrease in operating income as a percentage of revenues is due to the special items as a percentage of revenues increasing to 1.7% in Fiscal 2003 from 1.1% in Fiscal 2002.

### **Net Interest Expense**

Net interest expense for Fiscal 2003 decreased to \$2,826 from \$6,268 for Fiscal 2002 due to debt reduction of \$28,307 from Fiscal 2002 to Fiscal 2003 and reduction in the interest rate during this period.

### **Provision for Income Taxes**

The tax provision for Fiscal 2003 was \$27,386, an effective tax rate of 36.0%, compared to

Fiscal 2002 of \$36,428, an effective tax rate of 37.0%. The Company reduced its annual effective tax rate to 36.0% as a result of reduced state income taxes. The annual effective tax rates were higher than the U.S. statutory rate of 35.0% primarily due to state income taxes, offset by foreign income tax credits.

### **Net Income**

Net income for Fiscal 2003 was \$48,685, or 8.0% of revenues, compared to \$62,042, or 8.3% of revenues for Fiscal 2002. The decrease in net income dollars is primarily due to the decline in revenues.

## **II. Fiscal 2002 Compared To Fiscal 2001:**

### **Total Revenues**

Total revenues for Fiscal 2002 were \$743,681, a decrease of 10% compared to Fiscal 2001 total revenues of \$826,993. If exchange rates had remained constant from the corresponding periods in the prior year, Fiscal 2002 total revenues would have been higher by \$8,414, or 1%.

### **Revenues by Geography**

#### **North America Revenues**

Revenues in North America were \$533,410 for Fiscal 2002, a decrease of 12% compared to \$608,855 for Fiscal 2001. Included in Fiscal 2002 is \$22,942 of revenues from mergers completed after Fiscal 2001. The North America revenue decline was due to weak general economic conditions that affected client demand, offset in part by the positive impact of the Company's geographic expansion by merger of its technical services capabilities that occurred during Fiscal 2002.

#### **Europe Revenues**

Revenues in Europe were \$155,715 for Fiscal 2002, an increase of 6% compared to \$147,297 for Fiscal 2001. Included in Fiscal 2002 is \$11,103 of revenues from mergers completed after Fiscal 2001. The Europe revenue increase was due to the positive impact of the Company's geographic expansion by merger of its technical services capabilities that occurred during Fiscal 2002, offset in part by weak general economic conditions that affected client demand and the negative impact of the exchange rate relative to the U.S. dollar. If the exchange rate relative to the U.S. dollar had remained unchanged from Fiscal 2001, Europe revenue growth for Fiscal 2002 would have been 8%.

#### **All Other Revenues**

Revenues for All Other were \$54,556 for Fiscal 2002, a decrease of 23% compared to \$70,841 for Fiscal 2001. Included in Fiscal 2002 is \$2,235 of revenues from mergers completed after Fiscal 2001. The revenue decline in these regions was due to weak general economic conditions that affected client demand and the negative impact of the exchange rate relative to the U.S. dollar. If the exchange rate relative to the U.S. dollar had remained unchanged from Fiscal 2001, All Other revenues would have decreased 17%.

## **Revenue by Service Type**

### **Hotline Services**

Revenues from hotline services for Fiscal 2002 were \$309,744, a decrease of 21% compared to \$389,697 for the prior year. The Company believes the overall decline in hotline services revenues was primarily driven by a general economic downturn.

### **Structured Cabling Services**

Revenues from structured cabling services were \$365,901 for Fiscal 2002, a decrease of 1% compared to \$370,075 for the prior year. Included in Fiscal 2002 is \$35,618 of revenues from mergers completed after Fiscal 2001. The Company believes the overall decline in structured cabling services revenue was driven by a general economic downturn.

### **Telephony Services**

Revenues from telephony services were \$68,036 for Fiscal 2002, an increase of 1% compared to \$67,221 for Fiscal 2001. Overall, the telephony services revenue increase was due to the Company's ability to increase market share despite a general economic downturn.

## **Gross Profit**

Gross profit for Fiscal 2002 decreased to \$290,550, or 39.1% of revenues, from \$333,132, or 40.3% of revenues for Fiscal 2001. The decrease in gross profit dollars over prior year was due primarily to the decline in revenues while the decrease in gross profit percentage was due primarily to the increase in percentage of revenues from the Company's structured cabling and telephony services that provide lower gross margins.

Gross profit for Fiscal 2002 for hotline services, structured cabling services and telephony services were \$150,681, or 48.6% of revenues, \$117,813, or 32.2% of revenues, and \$22,056, or 32.4% of revenues, respectively. This compares to gross profit for Fiscal 2001 for hotline services, structured cabling services and telephony services of \$186,900, or 48.0% of revenues, \$123,961, or 33.5% of revenues, and \$22,271, or 33.1% of revenues, respectively.

## **SG&A Expenses**

Selling, general and administrative ("SG&A") expenses for Fiscal 2002 were \$181,867, or 24.5% of revenues, a decrease of \$21,510 over SG&A expenses of \$203,377, or 24.6% of revenues for Fiscal 2001. The dollar decrease over the prior year related primarily to the Company's worldwide cost reduction efforts, offset in part by additional costs of \$7,850 from newly-merged operations that are included in Fiscal 2002 but not in Fiscal 2001. Also the special items listed in the accompanying table are included in SG&A.

## **Restructuring Expense**

In the fourth quarter of Fiscal 2002, the Company recorded a restructuring charge of \$3,500 primarily related to adjusting staffing levels in its European and Latin American operations and facility closures in the U.S. Of this charge, \$2,168 related to severance for 105 total team members with \$1,830 related to severance for 60 team members in Europe, \$230 related to severance for 19 team members in Latin America, \$108 related to severance for 26 team

members in North America, and \$1,332 related to lease costs and other charges to consolidate two U.S. offices. The components of the charge and the restructuring accrual at March 31, 2002 are as follows:

	<b>Accrued March 31, 2001</b>	<b>Total Charge</b>	<b>Cash Expenditure s</b>	<b>Asset Write- downs</b>	<b>Accrued March 31, 2002</b>
Employee Severance	\$ --	\$ 2,168	\$ 725	\$ --	\$ 1,443
Facility Closures	705	1,332	598	--	1,439
<b>Total</b>	<b>\$ 705</b>	<b>\$ 3,500</b>	<b>\$ 1,323</b>	<b>\$ --</b>	<b>\$ 2,882</b>

The restructuring accrual at March 31, 2001 relates to continuing costs of a previously closed facility done at the time of merger.

### **Intangibles Amortization**

Intangibles amortization for the year was \$170 related to non-compete agreements and acquired backlog, compared to the prior year of \$12,821 for goodwill and other intangible assets. The decrease in amortization is due to the Company's adoption of SFAS No. 142 "Goodwill and Other Intangible Assets" in Fiscal 2002 where goodwill and other intangible assets with indefinite lives are no longer amortized. See Note 3 to the Consolidated Financial Statements.

### **Operating Income**

Operating income for Fiscal 2002 was \$105,013, or 14.1% of revenues, compared to \$116,934, or 14.1% of revenues in Fiscal 2001.

### **Net Interest Expense**

Net interest expense for Fiscal 2002 decreased to \$6,268 from \$11,312 for Fiscal 2001 due to debt reduction of \$50,751 from Fiscal 2001 to Fiscal 2002 and reduction in the interest rate during this period.

### **Provision for Income Taxes**

The tax provision for Fiscal 2002 was \$36,428, an effective tax rate of 37.0%, compared to Fiscal 2001 of \$41,040, an effective tax rate of 39.0%. The decrease in the effective tax rate for Fiscal 2002 is due to the Company's adoption of SFAS No. 142 described above as the rate for Fiscal 2001 reflected the unfavorable impact of nondeductible intangibles amortization expense. The annual effective tax rates were higher than the U.S. statutory rate of 35.0% primarily due to state income taxes, offset by foreign income tax credits.

### **Net Income**

Net income for Fiscal 2002 was \$62,042, or 8.3% compared to \$64,190, or 7.8% of revenues for Fiscal 2001, a dollar decrease of 3%. This percentage decrease was less than the revenue percentage decrease primarily due to the Company's cost reduction efforts and the adoption of SFAS No. 142. These benefits were offset in part by the special items incurred in Fiscal 2002.

### **III. Liquidity and Capital Resources:**

Cash Provided by Operating Activities for Fiscal 2003, 2002 and 2001 was \$85,272, \$67,898 and \$65,872, respectively. In both Fiscal 2003 and Fiscal 2002, the decreases in accounts receivable, inventories and other current assets were a source of cash, while decreases in various liabilities were a use of cash. These changes were all generally related to the decline in revenues. In Fiscal 2001, increases in accounts receivables, inventories and other assets were a use of cash provided by operating activities, while increases in various liabilities were a source of cash.

In addition to Cash Provided by Operating Activities of approximately \$85,000 in Fiscal 2003, the Company had additional cash flow of approximately \$11,000. This \$11,000 was generated from \$4,900 of stock option exercises and \$6,500 of foreign currency translation adjustment, offset by \$300 of net capital expenditures. The Company's Fiscal 2003 cash flow was used to repurchase approximately \$59,000 of Company stock, reduce debt by approximately \$28,000, pay merger obligations of \$7,000, pay dividends of \$1,000 and increase cash on hand by approximately \$1,000.

During the third quarter of Fiscal 2003, the Company's Board of Directors declared its first quarterly cash dividend of \$0.05 per share on all outstanding shares of Black Box's common stock, totaling \$975, which was paid on January 15, 2003 to all stockholders of record at the close of business on December 31, 2002.

During the fourth quarter of Fiscal 2003, the Company's Board of Directors declared a quarterly cash dividend of \$0.05 per share on all outstanding shares of Black Box's common stock, totaling \$961, which was paid on April 15, 2003 to all stockholders of record at the close of business on March 31, 2003. In May 2003, the Directors once again declared a quarterly dividend of \$0.05 per share on all outstanding shares, to be paid on July 15, 2003 to all stockholders of record at the close of business on June 30, 2003. As of March 31, 2003, the Company had cash and cash equivalents of \$14,043, working capital of \$118,592 and long-term debt of \$49,453.

On April 4, 2000, Black Box Corporation of PA, a domestic subsidiary of the Company, entered into a \$120,000 Revolving Credit Agreement ("Long Term Revolver") and a \$60,000 Short Term Credit Agreement ("Short Term Revolver") (together the "Syndicated Debt") with Mellon Bank, N.A. and a group of lenders. The Long Term Revolver was scheduled to expire on April 4, 2003 and the Short Term Revolver was scheduled to expire on April 3, 2002. In April 2002, the Long Term Revolver was extended until April 4, 2005 and the Short Term Revolver was extended until April 2, 2003 when it expired. On April 4, 2003, then Company entered into an agreement whereby Citizens Bank of Pennsylvania became successor agent to Mellon Bank, N.A. Mellon Bank continues to be a Participant in the credit agreement.

The Company's total debt at March 31, 2003 of \$50,379 was comprised of \$49,100 under the Long Term Revolver and \$1,279 of various other third party, non-employee loans. The weighted average interest rate on all indebtedness of the Company for Fiscal 2003 and 2002 was approximately 2.5% and 4.4%, respectively. In addition, at March 31, 2003 the Company had \$4,346 of letters of credit outstanding and \$66,554 available under the Long Term Revolver.

Interest on the Syndicated Debt is variable based on the Company's option of selecting the bank's Euro-dollar rate plus an applicable margin or the prime rate plus an applicable margin. The majority of the Company's borrowings are under the Euro-rate option. The applicable margin is adjusted each quarter based on the consolidated leverage ratio as defined in the agreement. The applicable margin varies from 0.75% to 1.75% (0.75% at March 31, 2003) on the Euro-dollar rate option and from zero to 0.75% (zero at March 31, 2003) on the prime rate option. The Syndicated Debt provides for the payment of quarterly commitment fees on unborrowed funds, also based on the consolidated leverage ratio. The commitment fee percentage ranges from 0.20% to 0.375% (0.25% as of March 31, 2003). The Syndicated Debt is unsecured; however, the Company, as the ultimate parent, guarantees all borrowings and the debt contains various restrictive covenants.

The net cash impact of merger transactions and prior merger-related payments during Fiscal 2003 was \$7,822 while capital expenditures, after disposals, were \$304. Capital expenditures for Fiscal 2004 are projected to be about the average of the last 3 to 5 years and will be spent primarily on information systems and facility improvements.

The Company previously announced intentions to repurchase up to 2.5 million shares of its Common Stock from April 1, 1999 through March 31, 2002. As of March 31, 2002, the Company had repurchased approximately 2.1 million shares at prevailing market prices for an aggregate purchase price of \$100,355. In May and November 2002, the Company's Board of Directors approved increases of 2 million shares under the existing Black Box common share repurchase program. During Fiscal 2003, the Company repurchased approximately 1.7 million shares for an aggregate purchase price of \$63,192. Since inception of the repurchase program in April 1999, the Company has repurchased in aggregate approximately 3.8 million shares for approximately \$164,000 through March 31, 2003. Funding for the stock repurchases came from existing cash flow and borrowings under credit facilities. In May 2003, the Company's Board of Directors once again approved an increase of 1 million shares under the common share repurchase program. Additional repurchases of stock may occur from time to time depending upon factors such as the Company's cash flows and general market conditions. While the Company expects to continue to repurchase shares for the foreseeable future, there can be no assurance as to the timing or amount of such repurchases.

The Company has operations, clients and suppliers worldwide, thereby exposing the Company's financial results to foreign currency fluctuations. In an effort to reduce this risk, the Company generally sells and purchases inventory based on prices denominated in U.S. dollars. Intercompany sales to subsidiaries are generally denominated in the subsidiaries' local currency, although intercompany sales to the Company's subsidiaries in Brazil, Chile, Denmark, Mexico, Norway and Sweden are denominated in U.S. dollars.

The Company has entered and will continue in the future, on a selective basis, to enter into forward exchange contracts to reduce the foreign currency exposure related to certain intercompany transactions. On a monthly basis, the open contracts are revalued to fair market value, and the resulting gains and losses are recorded in accumulated other comprehensive income. These gains and losses offset the revaluation of the related foreign currency denominated receivables, which are also included in accumulated other comprehensive income in stockholders' equity on the Consolidated Balance Sheet. At March 31, 2003, the open foreign exchange contracts related to intercompany transactions were in Japanese yen, Pound sterling, Canadian dollar, Swiss franc and Australian dollar. These open contracts are valued at approximately \$5,914 and will expire at various dates through June 27, 2003. The

open contracts have contract rates of 123.50 to 123.85 Japanese yen, 0.6329 to 0.6494 Pound sterling, 1.4744 to 1.4799 Canadian dollars, 1.3501 to 1.3512 Swiss francs and 1.6692 to 1.6812 Australian dollars, all per U.S. dollar.

As of March 31, 2003, the Company had contractual obligations as follows:

<b>Contractual Obligations</b>	<b>Total</b>	<b>Payments Due by Period</b>			
		<b>Less Than 1 Year</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>More Than 5 Years</b>
Long-term debt obligations	\$ 49,453	\$ --	\$ 49,453	\$ --	\$ --
Operating lease obligations	14,168	4,960	5,760	3,448	--
Purchase obligations	--	--	--	--	--
Other long-term liabilities reflected on the Registrant's Balance Sheet under GAAP	507	--	507	--	--
<b>Total</b>	<b>\$ 64,128</b>	<b>\$ 4,960</b>	<b>\$ 55,720</b>	<b>\$ 3,448</b>	<b>\$ --</b>

The Company believes that its cash flow from operations and its existing credit facilities will be sufficient to satisfy its liquidity needs for the foreseeable future.

#### **IV. Critical Accounting Policies:**

##### **Introduction**

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States, judgments and estimates are made about the amounts reflected in the financial statements. As part of the financial reporting process, the Company's management collaborates to determine the necessary information on which to base judgments and develop estimates used to prepare the financial statements. Historical experience and available information is used to make these judgments and estimates. However, different amounts could be reported using different assumptions and in light of different facts and circumstances. Therefore, actual amounts could differ from the estimates reflected in the financial statements.

In addition to the significant accounting policies described in Note 1 of the Consolidated Financial Statements, the Company believes that the following discussion addresses its critical accounting policies.

##### **Revenue Recognition**

The Company recognizes revenue for hotline services when title transfers at the time of shipment.

For its structured cabling and telephony services, the Company recognizes revenues on short-

term projects (generally projects with a duration of less than one month) as the projects are completed and invoiced to the client. Revenues from long-term projects (projects with a duration of greater than one month, generally two to four months) are recognized according to the percentage of completion method. Under the percentage of completion method, income is recognized based on a ratio of estimated costs incurred to total estimated contract costs. Losses, if any, on such contracts are provided in full when they become known. Billing in excess of costs and estimated earnings on uncompleted contracts are classified as current liabilities and any costs and estimated earnings in excess of billings are classified as current assets.

### **Accounting for Judgment and Estimates**

The Company establishes reserves when it is probable that a liability or loss has been incurred and the amount can be reasonably estimated. Reserves by their nature relate to uncertainties that require exercise of judgment both in accessing whether or not a liability or loss has been incurred and estimating any amount of potential loss. The most important areas of judgment and estimates affecting the Company's financial statements include accounts receivable collectibility, inventory valuation, pending litigation and the realization of deferred tax assets.

**Allowance for Doubtful Accounts:** The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its clients to make required payments. These allowances are based on both recent trends of certain clients estimated to be a greater credit risk as well as general trends of the entire client pool. If the financial condition of the Company's clients were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

**Inventory Reserves:** The Company writes down its inventory to the lower of cost or market, which includes an estimate for obsolescence or excess inventory based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required. Upon a subsequent sale or disposal of the impaired inventory, the corresponding reserve for impaired value is relieved to ensure that the cost basis of the inventory reflects any write-downs.

**Deferred Tax Valuation Allowances:** Should the Company determine that it would not be able to realize all or part of its net deferred tax asset in the future, an adjustment to the deferred tax asset would be expensed in the period such determination was made.

### **Long-Lived Assets**

The Company evaluates the recoverability of property, plant and equipment and intangible assets other than goodwill whenever events or changes in circumstances indicate the carrying amount of any such assets may not be fully recoverable. Changes in circumstances include technological advances, changes in the Company's business model, capital strategy, economic conditions or operating performance. The Company's evaluation is based upon, among other things, assumptions about the estimated future undiscounted cash flows these assets are expected to generate. When the sum of the undiscounted cash flows is less than the carrying value, the Company would recognize an impairment loss. The Company continually applies its best judgment when performing these evaluations to determine the timing of the testing, the undiscounted cash flows used to assess recoverability and the fair value of the asset.

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," the Company is required to test goodwill for impairment at least annually. Changes in management's judgments and estimates could significantly affect the Company's analysis of the impairment of goodwill. To test goodwill for impairment, the Company is required to estimate the fair value of each of its reporting units. Since quoted market prices in an active market are not available for the Company's reporting units, the Company uses other valuation techniques. The models used to estimate the fair value of the reporting units include an earning model and a discounted cash flow valuation model. The discounted cash flow model incorporates the Company's estimates of future cash flows, allocations of certain assets and cash flows among reporting units, future growth rates and management's judgment regarding the applicable discount rates to use to discount those estimated cash flows. The Company has \$369,790 of goodwill as of March 31, 2003 and changes to the judgments and estimates used in the models could result in a significantly different estimate of the fair value of the reporting units, which could result in an impairment of goodwill.

### **Restructuring**

The Company accrues the cost of restructuring activities in accordance with the appropriate accounting guidance depending upon the facts and circumstances surrounding the situation. The Company exercises its judgment in estimating the total costs of each of these activities. As these activities are implemented, the actual costs may differ from the estimated costs due to changes in the facts and circumstances that were not foreseen at the time of the initial cost accrual.

### **V. New Accounting Pronouncements:**

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of and supersedes FASB Statement No. 121. This SFAS retains the fundamental provisions of SFAS No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used and measurement of long-lived assets to be disposed of by sale. The provisions of this SFAS must be applied for fiscal years beginning after December 15, 2001. The Company adopted SFAS No. 144 in the first quarter of Fiscal 2003. Its adoption did not have a material effect on the Company's financial statements or results of operations.

In April 2002, SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections," was issued. The SFAS updates, clarifies and simplifies existing accounting pronouncements. While the technical corrections to existing pronouncements are not substantive in nature, in some instances, they may change accounting practice. The provisions of SFAS No. 145 as they relate to SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 must be applied for years beginning after May 15, 2002. The application of SFAS No. 145 did not have a material effect on the Company's financial statements or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," under which a liability for an exit cost was recognized at the date of an entity's

commitment to an exit plan. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized at fair value when the liability is incurred. The provisions of this standard are effective for exit or disposal activities that are initiated after December 31, 2002. During the fourth quarter of Fiscal 2003, the Company recorded a restructuring charge of \$6,536 in accordance with the provisions of SFAS No. 146.

On December 31, 2002, the FASB issued SFAS No. 148 “Accounting for Stock-Based Compensation – Transition and Disclosure.” SFAS No. 148 amends FASB Statement No. 123 “Accounting for Stock-Based Compensation,” to provide alternative methods of transition to Statement No. 123’s fair value method of accounting for stock-based employee compensation. SFAS No. 148 also amends the disclosure provisions of Statement 123 and APB Opinion No. 28 “Interim Financial Reporting,” to require disclosure in the summary of significant accounting policies of the effects of an entity’s accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While the statement does not amend Statement 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of SFAS No. 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of Statement 123 or the intrinsic value method of Opinion 25. The Company continues to apply Opinion No 25 in accounting for stock-based compensation. SFAS No. 148 amendments of the transition and annual disclosure requirements of Statement 123 are effective for fiscal years ending after December 15, 2002 and are included in Note 7 to the Consolidated Financial Statements.

In November 2002, the FASB issued Financial Interpretation (“FIN”) No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.” FIN 45 clarifies the requirements of SFAS No. 5, “Accounting for Contingencies,” relating to a guarantor’s accounting for, and disclosure of, the issuance of certain types of guarantees. FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. FIN 45 also requires enhanced disclosures in the Company’s interim and annual filings. The provisions of FIN 45 are effective for financial statements issued or modified after December 31, 2002. The disclosure requirements were effective for financial statements of both interim and fiscal years after December 15, 2002. The adoption of FIN 45 did not have a material impact on the Company’s financial statements or results of operations.

In April 2003, the FASB issued SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities.” SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, except in certain instances, and for hedging relationships designated after June 30, 2003. In addition, except in those certain instances, all provisions of this Statement should be applied prospectively. The application of SFAS No. 149 is not expected to have a material effect on the Company’s financial statements or results of operations.

In May 2003, the FASB issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity.” The provisions of SFAS No. 150 require issuers to classify as liabilities, or assets in some circumstances, certain classes of freestanding financial instruments that embody obligations for the issuer. The provisions of

SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 is not expected to have a material effect on the Company's financial statements or results of operations.

## **VI. Inflation:**

The overall effects of inflation on the Company have been nominal. Although long-term inflation rates are difficult to predict, the Company continues to strive to minimize the effect of inflation through improved productivity and cost reduction programs as well as price adjustments within the constraints of market competition.

## **VII. Risk Factors:**

The Company operates in a very highly competitive industry:

- The Company competes with a variety of competitors. There can be no assurance that the Company will be able to continue to compete effectively against existing competitors or new competitors that may enter the market in the future.

The Company is subject to the risks of doing business internationally:

- The Company's operations in foreign countries are subject to the risks normally associated with foreign operations, including, but not limited to, possible changes in export or import restrictions, the inability to effect currency exchanges, the impact of inflation and the modification or introduction of other governmental policies with potentially adverse effects.
- In addition, the Company may be exposed to gains or losses attributable to fluctuations in currency value. In an effort to reduce the Company's exposure, the Company has in the past, and may in the future, enter into forward exchange contracts to reduce the impact of currency fluctuations in intercompany transactions denominated in foreign currencies.

Business is dependent upon the Company's key personnel:

- The Company's success depends to a significant degree upon the continued contributions of key personnel around the world. Most key personnel have executed non-competition agreements. If certain of these key personnel were to leave Black Box, the Company's business could be adversely affected.

## **VIII. Forward Looking Statements:**

When included in this Annual Report on Form 10-K or in documents incorporated herein by reference, the words "expects," "intends," "anticipates," "believes," "estimates," and analogous expressions are intended to identify forward-looking statements. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, the ability of the Company to identify, acquire and operate additional technical service companies, general economic and business conditions, competition, changes in foreign, political and economic conditions, fluctuating foreign currencies compared to the U.S. dollar, rapid changes in technologies, client preferences and various other matters, many of which are beyond the Company's control. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and speak only as of the date of this Annual Report on Form 10-K. The Company expressly disclaims any obligation or undertaking to release publicly any updates or any changes in the Company's expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based.

## **Item 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company is exposed to market risks in the ordinary course of business that include foreign currency exchange rates. In an effort to mitigate the risk, the Company, on a selective basis, will enter into forward exchange contracts. A discussion of accounting policies for financial derivatives is included in Note 1 to the Consolidated Financial Statements. At March 31, 2003, the Company had total open contracts valued at approximately \$5,914 with a fair value of approximately \$5,989.

In the ordinary course of business, the Company is also exposed to risks that interest rate increases may adversely affect funding costs associated with the \$49,100 of variable rate debt. At March 31, 2003, an instantaneous 100 basis point increase in the interest rate would reduce the Company's expected net income in the subsequent year by \$314, assuming the Company employed no intervention strategies.

## **Item 8 – FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

### **Black Box Corporation and Subsidiaries**

Report of Independent Auditors

Consolidated Statements of Income

Consolidated Balance Sheets

Consolidated Statements of Changes in Stockholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Black Box Corporation:

We have audited the accompanying consolidated balance sheet of Black Box Corporation and subsidiaries as of March 31, 2003, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended. Our audit also included the financial statement schedule for the year ended March 31, 2003 listed in the index in Item 16(a)2 of the Company's Form 10-K for the fiscal year ended March 31, 2003. These financial statements and supplemental schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supplemental schedule based on our audit. The consolidated financial statements of Black Box Corporation and subsidiaries as of March 31, 2002, and for the two fiscal years then ended were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated April 26, 2002 before the restatement adjustments described in Note 12. Their report also contained an explanatory paragraph related to the Company's change in accounting for goodwill and other intangible assets.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Black Box Corporation and subsidiaries as of March 31, 2003, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States. Also in our opinion, the financial statement schedule for the year ended March 31, 2003 referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed above, the consolidated financial statements of Black Box Corporation as of March 31, 2002, and for the two fiscal years then ended were audited by other auditors who have ceased operations. As described in Note 12, the Company changed the composition of its reportable segments in 2003, and the amounts in the 2002 and 2001 financial statements relating to reportable segments have been restated to conform to the 2003 composition of reportable segments. We audited the adjustments that were applied to restate the disclosures for reportable segments reflected in the 2002 and 2001 financial statements. Our procedures included (a) agreeing the adjusted amounts of segment revenues, operating income and assets to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the reconciliations of segment amounts to the consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2002 and 2001 financial statements of the Company other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2002 and 2001 financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

May 5, 2003

*The following report is a copy of a previously issued report by Arthur Andersen LLP and it has not been reissued by Arthur Andersen LLP in connection with the filing of this Form 10-K. See Exhibit 23.2 for further discussion. The Consolidated Balance Sheet as of March 31, 2001, referred to below, is not included in this filing on Form 10-K.*

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Board of Directors and Stockholders of Black Box Corporation:

We have audited the accompanying consolidated balance sheets of Black Box Corporation (a Delaware corporation and the "Company") and subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended March 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Black Box Corporation and subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2002, in conformity with accounting principles generally accepted in the United States.

As explained in Note 3 to the consolidated financial statements, effective April 1, 2001, the Company changed its method of accounting for goodwill and other intangible assets.

/s/ ARTHUR ANDERSEN LLP

Pittsburgh, Pennsylvania  
April 26, 2002

**BLACK BOX CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

*(In Thousands, Except Per Share Amounts)*

	<b>Year Ended March 31,</b>		
	<b>2001</b>	<b>2002</b>	<b>2003</b>
Revenues	\$ 826,993	\$ 743,681	\$ 605,017
Cost of sales	493,861	453,131	366,170
Gross profit	333,132	290,550	238,847
Selling, general and administrative expenses	203,377	181,867	152,808
Restructuring expense	--	3,500	6,536
Intangibles amortization	12,821	170	377
Operating income	116,934	105,013	79,126
Interest expense, net	11,312	6,268	2,826
Other expense, net	392	275	229
Income before income taxes	105,230	98,470	76,071
Provision for income taxes	41,040	36,428	27,386
Net income	\$ 64,190	\$ 62,042	\$ 48,685
Basic earnings per common share	\$ 3.40	\$ 3.11	\$ 2.46
Diluted earnings per common share	\$ 3.22	\$ 2.97	\$ 2.39
Weighted average common shares	18,904	19,936	19,781
Weighted average common and common equivalent shares	19,929	20,860	20,342

**See Notes To Consolidated Financial Statements**

**BLACK BOX CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

*(In Thousands, Except Share Amounts)*

	<b>March 31,</b>	
	<b>2002</b>	<b>2003</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 13,423	\$ 14,043
Accounts receivable, net of allowance for doubtful accounts of \$8,207 and \$11,710, respectively	115,969	100,263
Inventories, net	46,081	40,047
Costs and estimated earnings in excess of billings on uncompleted contracts	24,015	18,261
Deferred tax asset	--	5,425
Other current assets	19,959	10,627
Total current assets	219,447	188,666
Property, plant and equipment, net	41,063	34,737
Goodwill, net	357,630	369,790
Intangibles, net	29,656	29,509
Other assets	2,991	4,027
Total assets	\$ 650,787	\$ 626,729
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current debt	\$ 3,189	\$ 926
Accounts payable	34,279	30,508
Billings in excess of costs and estimated earnings on uncompleted contracts	4,235	3,295
Accrued compensation and benefits	8,336	6,860
Accrued restructuring expenses	2,882	6,181
Other accrued expenses	19,907	19,364
Accrued income taxes	3,155	2,940
Total current liabilities	75,983	70,074
Long-term debt	75,497	49,453
Deferred taxes	7,383	12,273
Other liabilities	1,826	507
Stockholders' equity:		
Preferred stock authorized 5,000,000; par value \$1.00; none issued and outstanding	--	--
Common stock authorized 100,000,000; par value \$.001; issued 22,351,049 and 22,594,034 shares, respectively	22	23
Additional paid-in capital	287,714	295,271
Retained earnings	312,288	359,037
Treasury stock, at cost, 2,105,000 and 3,822,500 shares, respectively	(100,355)	(163,547)
Accumulated other comprehensive (loss)/income	(9,571)	3,638
Total stockholders' equity	490,098	494,422
Total liabilities and stockholders' equity	\$ 650,787	\$ 626,729

**See Notes To Consolidated Financial Statements**

**BLACK BOX CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS'**  
**EQUITY**

*(In Thousands, Except Share Amounts)*

	<u>Common Stock</u>		<u>Treasury</u>	<u>Additional</u>	<u>Retained</u>	<u>Cumulative</u>	
	Shares	Amount	Stock	Paid-in	Earnings	Foreign	Total
				Capital		Currency	
						Translation	
<b>Balance at March 31, 2000</b>	19,940,217	\$ 20	\$ (67,253)	\$ 144,828	\$ 186,056	\$ (5,324)	\$258,327
Comprehensive income:							
Net income					64,190		64,190
Foreign currency translation adjustment						(3,690)	(3,690)
Comprehensive income							60,500
Purchase of treasury stock			(33,102)				(33,102)
Issuance of common stock	1,290,455	1		95,598			95,599
Exercise of options	175,695			4,916			4,916
Tax benefit from exercised options				2,711			2,711
<b>Balance at March 31, 2001</b>	21,406,367	21	(100,355)	248,053	250,246	(9,014)	388,951
Comprehensive income:							
Net income					62,042		62,042
Foreign currency translation adjustment						(389)	(389)
Unrealized losses on derivatives designated and qualified as cash flow hedges						(323)	(323)
Reclassification of unrealized gains on expired derivatives						155	155
Comprehensive income							61,485
Issuance of common stock	654,562	1		28,070			28,071
Exercise of options	290,120			8,954			8,954
Tax benefit from exercised options				2,637			2,637
<b>Balance at March 31, 2002</b>	22,351,049	22	(100,355)	287,714	312,288	(9,571)	490,098
Comprehensive income:							
Net income					48,685		48,685
Foreign currency translation adjustment						12,808	12,808
Unrealized gains on derivatives designated and qualified as cash flow hedges						233	233
Reclassification of unrealized losses on expired derivatives						168	168
Comprehensive income							61,894
Dividends declared					(1,936)		(1,936)
Purchase of treasury stock			(63,192)				(63,192)
Issuance of common stock	23,836	1		968			969
Exercise of options	219,149			4,767			4,767
Tax benefit from exercised options				1,822			1,822
<b>Balance at March 31, 2003</b>	22,594,034	\$ 23	\$(163,547)	\$ 295,271	\$ 359,037	\$ 3,638	\$494,422

See Notes To Consolidated Financial Statements

**BLACK BOX CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousands)

	Year Ended March 31,		
	2001	2002	2003
<b><i>Cash Flows From Operating Activities</i></b>			
Net income	\$ 64,190	\$ 62,042	\$ 48,685
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	20,906	8,293	8,016
Changes in working capital items:			
Accounts receivable, net	(18,608)	51,864	17,043
Inventories, net	(3,151)	5,805	6,176
Other current assets	(17,361)	5,867	13,951
Accounts payable	18,831	(40,827)	(3,771)
Accrued compensation and benefits	(868)	(8,083)	(1,476)
Accrued expenses	179	(5,469)	(3,137)
Accrued income taxes	1,754	(11,594)	(215)
Cash provided by operating activities	65,872	67,898	85,272
<b><i>Cash Flows From Investing Activities</i></b>			
Capital expenditures, net	(6,911)	(992)	(304)
Merger transactions, net of cash acquired of \$4,432, \$8,460 and \$1,751, respectively, and prior merger-related payments	(53,435)	(19,372)	(7,822)
Cash used in investing activities	(60,346)	(20,364)	(8,126)
<b><i>Cash Flows From Financing Activities</i></b>			
Repayment of borrowings	(230,150)	(190,670)	(132,168)
Proceeds from borrowings	252,180	139,500	103,750
Proceeds from the exercise of options	7,627	11,591	4,886
Payment of dividends	--	--	(975)
Purchase of treasury stock	(33,102)	--	(58,473)
Cash used in financing activities	(3,445)	(39,579)	(82,980)
Foreign currency exchange impact on cash	(4,515)	(741)	6,454
(Decrease)/increase in cash and cash equivalents	(2,434)	7,214	620
Cash and cash equivalents at beginning of year	8,643	6,209	13,423
Cash and cash equivalents at end of year	\$ 6,209	\$ 13,423	\$ 14,043
<b><i>Supplemental Cash Flow:</i></b>			
Cash paid for interest	\$ 10,785	\$ 7,174	\$ 2,827
Cash paid for income taxes	39,286	47,603	28,120
Non-cash financing activities:			
Dividends payable	--	--	961
Treasury stock repurchases payable	--	--	4,719
Merger transactions:			
Fair value of assets acquired	\$ 79,548	\$ 34,784	\$ 8,081
Fair value of liabilities assumed	(28,781)	(12,046)	(1,691)
Cash paid	50,767	22,738	6,390
Other cash payments related to mergers	7,100	4,094	3,183
Less cash acquired	(4,432)	(8,460)	(1,751)
Net cash paid for mergers	\$ 53,435	\$ 19,372	\$ 7,822

See Notes To Consolidated Financial Statements

## **BLACK BOX CORPORATION**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*(Dollars in Thousands, Except Per Share Amounts)*

#### ***Note 1: Summary Of Significant Accounting Policies***

**Nature Of Operations:** Black Box Corporation is the world's largest technical services company dedicated to designing, building and maintaining today's complicated network infrastructure systems, servicing 150,000 clients in 132 countries with 117 offices throughout the world.

**Principles Of Consolidation:** The accompanying consolidated financial statements include the accounts of Black Box Corporation and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

**Revenue Recognition:** The Company recognizes revenues for hotline services when title transfers at the time of shipment.

For its structured cabling and telephony services, the Company recognizes revenues on short-term projects (generally projects with a duration of less than one month) as the projects are completed and invoiced to the client. Revenues from long-term projects (projects with a duration of greater than one month, generally two to four months) are recognized according to the percentage of completion method. Under the percentage of completion method, income is recognized based on a ratio of estimated costs incurred to total estimated contract costs. Losses, if any, on such contracts are provided in full when they become known. Billing in excess of costs and estimated earnings on uncompleted contracts are classified as current liabilities and any costs and estimated earnings in excess of billings are classified as current assets.

**Shipping and Handling Fees and Costs:** All fees billed to clients for shipping and handling are classified as a component of net revenues. All costs associated with shipping and handling are classified as a component of cost of sales.

**Cash Equivalents:** The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

**Accounts Receivable, Net of Allowances:** Allowances are maintained against accounts receivable for doubtful accounts, product returns and product discounts. Allowances for doubtful accounts are maintained for estimated losses resulting from the inability of clients to make required payments. These allowances are based on both recent trends of clients estimated to be a greater credit risk as well as general trends of the entire client pool.

**Inventories:** Inventories are stated at the lower of cost (first-in, first-out method) or market. The net inventory balances at March 31 are as follows:

	<b>2002</b>	<b>2003</b>
Raw materials	\$ 2,417	\$ 1,909
Work-in-process	5	3
Finished goods	47,017	42,116
Subtotal	49,439	44,028
Excess and obsolete inventory reserves	(3,358)	(3,981)
Inventory, net	\$ 46,081	\$ 40,047

**Property, Plant And Equipment:** Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. The useful life for buildings and improvements is 30 years and for machinery and equipment is 3 to 5 years. Maintenance and minor repair costs are charged to expense as incurred. Major replacements or betterments are capitalized. When items are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and, if applicable, a gain or loss is recorded.

Property, plant and equipment balances, net of accumulated depreciation, at March 31 are as follows:

	<b>2002</b>	<b>2003</b>
Land	\$ 2,405	\$ 2,405
Building and improvements	26,169	26,619
Machinery	51,124	51,431
Subtotal	79,698	80,455
Accumulated depreciation	(38,635)	(45,718)
Property, plant and equipment, net	\$ 41,063	\$ 34,737

**Provision for Warranties:** The Company provides for various product warranties. In accordance with FASB Interpretation No. 45, the changes in the provision for warranties for the year ended March 31, 2003, are as follows:

	<b>Provision for Warranties</b>
Balance as of March 31, 2002	\$ 185
Additions to provision	119
Charges against provision	(120)
Balance as of March 31, 2003	\$ 184

**Stock-Based Compensation:** The Company accounts for stock-based compensation, including stock options and employee stock purchases, under APB Opinion No. 25, "Accounting for Stock Issued to Employees". See Note 7 for related pro forma disclosures.

**Income Taxes:** Deferred income taxes are recognized for all temporary differences between the tax and financial bases of the Company's assets and liabilities, using the enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

**Foreign Currency Translation:** The financial statements of the Company's foreign

subsidiaries, except for the subsidiaries located in Brazil and Mexico, are recorded in the local currency, which is the functional currency. Accordingly, assets and liabilities of these subsidiaries are translated using prevailing exchange rates at the appropriate balance sheet date and revenues and expenses are translated using an average monthly exchange rate. Translation adjustments resulting from this process are recorded as a separate component of "Stockholders' Equity" and will be included in income upon sale or liquidation of the foreign investment. Gains and losses from transactions denominated in a currency other than the functional currency are included in net earnings. For the subsidiaries located in Brazil and Mexico, the U.S. dollar is the functional currency.

**Risk Management And Financial Derivatives:** The Company has operations, clients and suppliers worldwide, thereby exposing the Company's financial results to foreign currency fluctuations. In an effort to reduce this risk, the Company generally sells and purchases inventory based on prices denominated in U.S. dollars. Intercompany sales to subsidiaries are generally denominated in the subsidiaries' local currency, although intercompany sales to the Company's subsidiaries in Brazil, Chile, Denmark, Mexico, Norway and Sweden are denominated in U.S. dollars.

The Company has entered and will continue in the future, on a selective basis, to enter into forward exchange contracts to reduce the foreign currency exposure related to certain intercompany transactions. The Company has adopted SFAS No. 133, and as amended by SFAS No. 138, "Accounting for Derivative Instruments and Hedging Activities" effective April 1, 2001. These contracts, designated as cash flow hedges, hedge anticipated cash flows from cross-border intercompany sales of product and services. On a monthly basis, the open contracts are revalued to fair market value, and the resulting gains and losses are recorded in accumulated other comprehensive income. These gains and losses offset the revaluation of the related foreign currency denominated receivables, which are also included in accumulated other comprehensive income. Gains and losses realized on contracts at maturity and any gain or loss on the satisfaction of intercompany amounts are recorded as a component of operating income.

At March 31, 2003, the open foreign exchange contracts were in Japanese yen, Pound sterling, Canadian dollar, Swiss franc and Australian dollar. The total open contracts, valued at approximately \$5,914, have a fair value of \$5,989 and will expire within three months. The open contracts have contract rates of 123.50 to 123.85 Japanese yen, 0.6329 to 0.6494 Pound sterling, 1.4744 to 1.4799 Canadian dollars, 1.3501 to 1.3512 Swiss francs and 1.6692 to 1.6812 Australian dollars, all per U.S. dollar.

The Company does not hold or issue any other financial derivative instruments nor does it engage in speculative trading of financial derivatives.

**Earnings Per Share:** Basic earnings per common share were computed based on the weighted average number of common shares issued and outstanding, during the relevant periods. Diluted earnings per common share were computed under the treasury stock method based on the weighted average number of common shares issued and outstanding, plus additional shares assumed to be outstanding to reflect the dilutive effect of common stock equivalents.

**Use Of Estimates:** The preparation of financial statements in accordance with generally accepted accounting standards in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the amounts reported in the

accompanying financial statements. Actual results could differ from those amounts. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

**New Accounting Pronouncements:** In August 2001, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” SFAS No. 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of and supersedes FASB Statement No. 121. This SFAS retains the fundamental provisions of SFAS No. 121 for recognition and measurement of the impairment of long-lived assets to be held and used and measurement of long-lived assets to be disposed of by sale. The provisions of this SFAS must be applied for fiscal years beginning after December 15, 2001. The Company adopted SFAS No. 144 in the first quarter of Fiscal 2003. Its adoption did not have a material effect on the Company’s financial statements or results of operations.

In April 2002, SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections,” was issued. The SFAS updates, clarifies and simplifies existing accounting pronouncements. While the technical corrections to existing pronouncements are not substantive in nature, in some instances, they may change accounting practice. The provisions of SFAS No. 146 as they relate to SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 must be applied for years beginning after May 15, 2002. The application of SFAS No. 145 did not have a material effect on the Company’s financial statements or results of operations.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” SFAS No. 146 nullifies Emerging Issues Task Force Issue No. 94-3, “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity,” under which a liability for an exit cost was recognized at the date of an entity’s commitment to an exit plan. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized at fair value when the liability is incurred. The provisions of this standard are effective for exit or disposal activities that are initiated after December 31, 2002. During the fourth quarter of Fiscal 2003, the Company recorded a restructuring charge of \$6,536 in accordance with the provisions of SFAS No. 146.

On December 31, 2002, the FASB issued SFAS No. 148 “Accounting for Stock-Based Compensation – Transition and Disclosure.” SFAS No. 148 amends FASB Statement No. 123 “Accounting for Stock-Based Compensation,” to provide alternative methods of transition to Statement No. 123’s fair value method of accounting for stock-based employee compensation. SFAS No. 148 also amends the disclosure provisions of Statement 123 and APB Opinion No. 28 “Interim Financial Reporting,” to require disclosure in the summary of significant accounting policies of the effects of an entity’s accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. While the statement does not amend Statement 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of SFAS No. 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of Statement 123 or the intrinsic value method of Opinion 25. The Company continues to apply Opinion No 25 in accounting for stock-based compensation. SFAS No. 148 amendments of the transition and annual disclosure requirements of Statement 123 are effective for fiscal years ending after December 15, 2002 and are included in Note 7

to the Consolidated Financial Statements.

In November 2002, the FASB issued Financial Interpretation (“FIN”) No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.” FIN 45 clarifies the requirements of SFAS No. 5, “Accounting for Contingencies,” relating to a guarantor’s accounting for, and disclosure of, the issuance of certain types of guarantees. FIN 45 requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligation it assumes under that guarantee. FIN 45 also requires enhanced disclosures in the Company’s interim and annual filings. The provisions of FIN 45 are effective for financial statements issued or modified after December 31, 2002. The disclosure requirements were effective for financial statements of both interim and fiscal years after December 15, 2002. The adoption of FIN 45 did not have a material impact on the Company’s financial statements or results of operations.

In April 2003, the FASB issued SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities.” SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, except in certain instances, and for hedging relationships designated after June 30, 2003. In addition, except in those certain instances, all provisions of this Statement should be applied prospectively. The application of SFAS No. 149 is not expected to have a material effect on the Company’s financial statements or results of operations.

In May 2003, the FASB issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity.” The provisions of SFAS No. 150 require issuers to classify as liabilities, or assets in some circumstances, certain classes of freestanding financial instruments that embody obligations for the issuer. The provisions of SFAS No. 150 are effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 is not expected to have a material effect on the Company’s financial statements or results of operations.

## ***Note 2: Changes In Business***

During Fiscal 2003, the Company successfully completed three business combinations that have been accounted for using the purchase method of accounting, June 2002 – Societe d’Installation de Reseaux Informatiques et Electriques; July 2002 – EDC Communications Limited and EDC Communications (Ireland) Limited; and January 2003 – Rowe Structured Cabling Ltd. The aggregate purchase price of these three business combinations was approximately \$4,600 and resulted in goodwill of \$3,317 and other intangibles of \$348 in accordance with SFAS No. 141, “Business Combinations,” which the Company adopted during the third quarter of Fiscal 2002. The other intangibles balance consisted of non-compete agreements and backlog. In addition, during Fiscal 2003, the Company paid approximately \$3,200 for obligations related to mergers completed in prior periods.

As of March 31, 2003, all non-compete agreements had an estimated gross value of \$2,039

and accumulated amortization of \$290. As of March 31, 2003, the backlog intangibles had a gross value of \$307 and accumulated amortization of \$286. See Note 3, "Intangible Assets."

During Fiscal 2002, the Company successfully completed 18 business combinations that have been accounted for using the purchase method of accounting: April 2001 – Haddad Electronic Supply, Inc., FBS Communications, L.P. and Integrated Cabling Systems, Inc.; May 2001 – Computer Cables and Accessories Ltd; June 2001 – Vivid Communications, Inc. and DESIGNet, Inc; July 2001 – J.C. Informática Integral S.A. de C.V., Consultoría en Redes S.A. de C.V. and SIC Comunicaciones S.A. de C.V. (together "Grupo Gresco"); August 2001 – LJL Telephone and Communication, Inc., AB Lofamatic and Optech Fibres Ltd.; September 2001 – GCS Network Services Ltd. and Di.el. Distribuzioni Elettroniche s.r.l.; October 2001 – Lanetwork Sales Ltd; January 2002 – Trend Communications, TW Netzwerkservice GmbH, TeleFuture Communications Ltd., and Netzwerke Kabelsystem GmbH; and March 2002 – TeleAce Communication Pte Ltd. In connection with the above 18 business combinations, the Company issued an aggregate of 510 thousand shares of its common stock and used approximately \$21,000 in cash to acquire all of the outstanding shares of the above 18 companies.

The aggregate purchase price of the above 18 companies including deal costs was approximately \$50,500 and resulted in goodwill of \$43,900 and other intangibles of approximately \$2,100 in accordance with SFAS No. 141, "Business Combinations," which the Company adopted during the second quarter of Fiscal 2002. The other intangibles balance consisted of non-compete agreements and backlog. As of March 31, 2002, the non-compete agreements had an estimated gross value of \$1,886 and accumulated amortization of \$91. As of March 31, 2002, the backlog intangibles had a gross value of \$203 and accumulated amortization of \$79.

As of March 31, 2003, certain merger agreements provide for contingent payments of up to \$2,772. Upon meeting future operating performance goals, goodwill will be adjusted for the amount of the contingent payments.

The Company has consolidated the results of operations for each of the acquired companies as of the respective merger date. The following table reports pro forma information as if the acquired entities had been purchased at the beginning of the stated periods:

		<b>Year ended March 31,</b>	
		<b>2002</b>	<b>2003</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	As reported	\$ 743,681	\$ 605,017
	Mergers-pre Black Box	31,787	2,931
	Pro forma	775,468	607,948
Net income	As reported	\$ 62,042	\$ 48,685
	% of revenues	8.3%	8.0%
	Mergers-pre Black Box	3,730	216
	% of revenues	11.8%	7.4%
	Pro forma	65,772	48,901
	% of revenues	8.5%	8.0%
Diluted earnings per share	As reported	\$ 2.97	\$ 2.39
	Pro forma	3.15	2.40

### **Note 3: Intangible Assets**

On April 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," under which goodwill and other intangible assets with indefinite lives are not amortized. Such intangibles were evaluated for impairment as of April 1, 2001 by comparing the fair value of each reporting unit to its carrying value, and no impairment existed. In addition, during the third quarter of Fiscal 2002 and Fiscal 2003, the Company conducted its annual impairment analysis and no impairment existed. During the third quarter of each future fiscal year, the Company will evaluate the intangible assets for impairment with any resulting impairment reflected as an operating expense. The Company's only intangibles as identified in SFAS No. 141 other than goodwill, are its trademarks, non-compete agreements and acquired backlog. During the fourth quarter of Fiscal 2003, the Company changed its reportable segments and in accordance with SFAS No. 142, evaluated its intangibles for impairment and none existed.

As of March 31, 2003 and 2002, the Company's trademarks had a gross carrying amount of \$35,992 and accumulated amortization of \$8,253 and the Company believes this intangible has an indefinite life.

The Company had the following other intangibles as of March 31:

	<b>Gross Carrying Amount</b>		<b>Accumulated Amortization</b>	
	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>
Non-Compete Agreements	\$ 1,884	\$ 2,039	\$ 92	\$ 290
Acquired Backlog	203	307	78	286
<b>Total</b>	<b>\$ 2,087</b>	<b>\$ 2,346</b>	<b>\$ 170</b>	<b>\$ 576</b>

The non-compete agreements and acquired backlog are amortized over their estimated useful lives of approximately 10 years and 1 year, respectively. Amortization expense for the non-compete agreements and acquired backlog intangibles during the year ended March 31, 2003 was \$186 and \$191, respectively. Amortization expense for the non-compete agreements and acquired backlog intangibles during the year ended March 31, 2002 was \$92 and \$78, respectively. The estimated amortization expense for each of the five fiscal years subsequent to March 31, 2003 for the non-compete agreements and acquired backlog intangibles is as follows: 2004 – \$200; 2005 – \$186; 2006 – \$186; and 2007 – \$186 and 2008 – \$186.

The changes in the carrying amount of goodwill for the year ended March 31, 2003, are as follows:

	<b>North America</b>	<b>Europe</b>	<b>All Other</b>	<b>Total</b>
Balance as of March 31, 2002	\$ 306,836	\$ 49,048	\$ 1,746	\$ 357,630
Goodwill during the period related to:				
Mergers	--	3,317	--	3,317
Actual earnout payments	2,307	458	--	2,765
Currency translation/other	71	6,150	(143)	6,078
<b>Balance as of March 31, 2003</b>	<b>\$ 309,214</b>	<b>\$ 58,973</b>	<b>\$ 1,603</b>	<b>\$ 369,790</b>

The following table reports pro forma information as if SFAS No. 142 had been adopted in all periods presented:

	<b>Year ended March 31,</b>		
	<b>2001</b>	<b>2002</b>	<b>2003</b>
Reported net income	\$ 64,190	\$ 62,042	\$ 48,685
Goodwill amortization	9,466	--	--
Trademark amortization	716	--	--
Adjusted net income	\$ 74,372	\$ 62,042	\$ 48,685
Basic earnings per share	\$ 3.40	\$ 3.11	\$ 2.46
Goodwill amortization	0.50	--	--
Trademark amortization	0.04	--	--
Adjusted basic earnings per share	\$ 3.94	\$ 3.11	\$ 2.46
Diluted earnings per share	\$ 3.22	\$ 2.97	\$ 2.39
Goodwill amortization	0.47	--	--
Trademark amortization	0.04	--	--
Adjusted diluted earnings per share	\$ 3.73	\$ 2.97	\$ 2.39

#### ***Note 4: Indebtedness***

Long-term debt at March 31 is as follows:

	<b>2002</b>	<b>2003</b>
Revolving credit agreement	\$ 75,000	\$ 49,100
Other debt	3,686	1,279
Total debt	78,686	50,379
Less: current portion	(3,189)	(926)
Long-term debt	\$ 75,497	\$ 49,453

On April 4, 2000, Black Box Corporation of PA, a domestic subsidiary of the Company, entered into a \$120,000 Revolving Credit Agreement (“Long Term Revolver”) and a \$60,000 Short Term Credit Agreement (“Short Term Revolver”) (together the “Syndicated Debt”) with Mellon Bank, N.A. and a group of lenders. The Long Term Revolver was scheduled to expire on April 4, 2003 and the Short Term Revolver was scheduled to expire on April 4, 2002. In April 2002, the Long Term Revolver was extended to April 4, 2005 and the Short Term Revolver was extended to April 2, 2003 when it expired. On April 4, 2003, then Company entered into an agreement whereby Citizens Bank of Pennsylvania became successor agent to Mellon Bank, N.A. Mellon Bank continues to be a Participant in the credit agreement. During Fiscal 2003, the maximum amount and average balance outstanding under the Syndicated Debt was \$83,050 and \$63,063, respectively.

Interest on the Syndicated Debt is variable based on the Company’s option of selecting the bank’s Euro-dollar rate plus an applicable margin or the prime rate plus an applicable margin. The applicable margin is adjusted each quarter based on the Company’s consolidated leverage ratio as defined in the agreement. The applicable margin varies from 0.75% to 1.75% on the Euro-dollar rate option and from zero to 0.75% on the prime rate option. As of March 31,

2003, the margin was 0.75% on the Euro-dollar rate option and zero on the prime rate option. The Syndicated Debt provides for the payment of quarterly commitment fees on unborrowed funds, also based on the consolidated leverage ratio. The commitment fee percentage ranges from 0.20% to 0.375%. As of March 31, 2003, the commitment fee percentage was 0.25% on the Long Term Revolver and 0.20% on the Short Term Revolver. The Syndicated Debt is unsecured; however, the Company, as the ultimate parent, guarantees all borrowings and the debt contains various restrictive covenants including without limitation requirements for minimum net worth, fixed charge coverage, interest coverage and consolidated leverage ratio. The weighted average interest rate on all indebtedness of the Company for Fiscal 2003 and 2002 was approximately 2.5% and 4.4%, respectively.

Other debt is composed of various bank and third party, non-employee loans secured by specific pieces of equipment and real property. Interest on these loans is fixed and ranges from 1% to 5%.

At March 31, 2003, the Company had \$4,346 of letters of credit outstanding.

The aggregate amount of the minimum principal payments for each of the five fiscal years subsequent to March 31, 2003 for all indebtedness outstanding at the end of Fiscal 2003 is as follows: 2004 – \$926; 2005 – \$49,441; 2006 – \$12; 2007 – \$0; and 2008 – \$0.

The fair value of the Company's debt at March 31, 2003 approximates the carrying value. The fair value is based on management's estimate of current rates available to the Company for similar debt with the same remaining maturity.

#### ***Note 5: Income Taxes***

The domestic and foreign components of pretax income from continuing operations for the years ended March 31 are as follows:

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Domestic	\$ 80,863	\$ 77,874	\$ 63,572
Foreign	24,367	20,596	12,499
Consolidated	\$ 105,230	\$ 98,470	\$ 76,071

The provision for income tax charged to continuing operations for the years ended March 31 are as follows:

	<b>2001</b>	<b>2002</b>	<b>2003</b>
Current:			
Federal	\$ 25,085	\$ 21,796	\$ 17,560
State	3,836	2,669	1,948
Foreign	8,739	6,536	4,555
Total current	37,660	31,001	24,063
Deferred	3,380	5,427	3,323
Total provision for income taxes	\$ 41,040	\$ 36,428	\$ 27,386

Reconciliations between income taxes from continuing operations computed using the federal statutory income tax rate and the Company's effective tax rate for the years ended March 31 are as follows:

	2001	2002	2003
Federal statutory tax rate	35.0%	35.0%	35.0%
Foreign taxes, net of foreign tax credits	(1.4)	(0.9)	(0.2)
Amortization of nondeductible intangibles	3.1	--	--
State income taxes, net of federal benefit	2.6	2.1	1.8
Other, net	(0.3)	0.8	(0.6)
Effective tax rate	39.0%	37.0%	36.0%

The components of current and long-term deferred tax liabilities/assets at March 31 are as follows:

	2002	2003
<b><i>Deferred Tax Liabilities:</i></b>		
Tradename and trademarks	\$ 10,390	\$ 9,686
Amortization of intangibles	2,577	3,224
Unremitted earnings of Japanese subsidiary	2,264	1,673
Basis of fixed assets	1,043	814
Gross deferred tax liabilities	16,274	15,397
<b><i>Deferred Tax Assets:</i></b>		
Net operating losses	1,065	3003
Foreign tax credit carryforwards	2,823	2060
Allowance for doubtful accounts	1,613	1,873
Basis of finished goods inventory	691	687
Other	1,598	926
Gross deferred tax assets	7,790	8,549
Net deferred tax liabilities	\$ 8,484	\$ 6,848

At March 31, 2003, the Company had \$2,890, \$13,994 and \$3,228 of federal, state and foreign net operating loss carryforwards, respectively. As a result of the Company's reorganization in 1992 and concurrent ownership change, Section 382 of the Internal Revenue Code limits the amount of net operating losses available to the Company to approximately \$600 per year. The federal net operating loss carryforwards expire in the fiscal years 2004 through 2007. The state net operating loss carryforwards expire at various times through Fiscal 2018 and the foreign net operating loss carryforwards expire at various times through Fiscal 2013, with the exception of Belgium, which has no expiration.

In general, except for certain earnings in Japan, it is management's intention to reinvest undistributed earnings of foreign subsidiaries, which aggregate approximately \$7,484 based on exchange rates at March 31, 2003. However, from time to time, the foreign subsidiaries declare dividends to the U.S. parent, at which time the appropriate amount of tax is determined. Also, additional taxes could be necessary if foreign earnings were loaned to the parent or if the Company should sell its stock in the subsidiaries. It is not practicable to estimate the amount of additional tax that might be payable on undistributed foreign earnings.

### ***Note 6: Commitments and Contingencies***

The Company leases certain equipment and facilities under noncancelable operating lease agreements, which contain provisions for certain rental adjustments as well as renewal options. Rent expense under these operating leases for the years ended March 31, 2001, 2002 and 2003 was \$8,608, \$10,085 and \$10,779, respectively. At March 31, 2003, the minimum lease commitments under all noncancelable operating leases for the next five years are as follows: 2004 – \$4,960; 2005 – \$3,480; 2006 – \$2,280; 2007 – \$1,497; 2008 – \$1,081; and thereafter – \$870.

The Company is involved in, or has pending, various legal proceedings, claims, suits and complaints arising out of the normal course of business. In addition, there are two arbitration awards against the Company for \$1,500 and \$1,300 that are being appealed. Based on the facts currently available to the Company, management believes all such matters are adequately provided for, covered by insurance, are without merit, or are of such amounts which upon resolution will not have a material adverse effect on the consolidated financial position, the results of operations or cash flows of the Company.

The Company has been named as a defendant in two substantially similar complaints alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The Company believes that the claims are without merit and intends to defend itself vigorously.

### ***Note 7: Incentive Compensation Plans***

**Performance Bonus:** The Company has a variable compensation plan covering certain team members. This plan provides for the payment of a bonus based on the attainment of certain annual or quarterly performance targets. The amount expensed under this variable compensation plan for the years ended March 31, 2001, 2002 and 2003 was \$5,020, \$3,365 and \$0, respectively. All payments are subject to approval by the Board of Directors upon the completion of the annual audit.

**Profit Sharing And Savings Plan:** The Company has various Profit Sharing and Savings Plans ("Plans") which qualify as deferred salary arrangements under Section 401(k) of the Internal Revenue Code. Under the Plans, participants are permitted to contribute various percentages of their compensation, as defined, and the Company matches a percentage of the participant's contributions. The total Company contribution for the years ended March 31, 2001, 2002 and 2003 was \$3,841, \$3,185 and \$2,896, respectively.

**Stock Option Plans:** The Company has two stock option plans, the 1992 Stock Option Plan, as amended (the "Employee Plan"), and the 1992 Directors Stock Option Plan, as amended (the "Directors Plan"). The Employee Plan authorizes the issuance of options and stock appreciation rights ("SARs") for up to 6,850,000 shares of common stock. Options are issued by the Board of Directors or a Board committee to key employees of the Company and generally become exercisable in equal amounts over a three-year period. Option prices are equal to the fair market value of the stock on the date of the grant. No SARs have been issued.

The Directors Plan authorizes the issuance of options and SARs for up to 190,000 shares of

common stock. Options are issued by the Board of Directors or a Board committee and generally become exercisable in equal amounts over a three-year period. Option prices are equal to the fair market value of the stock on the date of the grant. No SARs have been issued.

The following is a summary of the Company's stock option plans for the years ended March 31:

<i>(Shares in thousands)</i>	<u>2001</u>		<u>2002</u>		<u>2003</u>	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	2,971	\$ 28.54	3,678	\$ 31.95	4,089	\$ 33.69
Granted	918	42.47	833	41.51	711	35.09
Exercised	(175)	28.04	(290)	30.86	(219)	22.06
Forfeited	(36)	37.98	(132)	41.35	(80)	43.13
Outstanding at end of year	3,678	\$ 31.95	4,089	\$ 33.69	4,501	\$ 34.29
Exercisable at end of year	1,995	\$ 24.62	2,519	\$ 28.24	3,035	\$ 32.25
Weighted average incremental fair value of options granted during the year using Black-Scholes option pricing model		\$ 27.18		\$ 29.07		\$ 15.67

The following table summarizes information about the stock options outstanding at March 31, 2003:

<i>(Shares in thousands)</i>	<u>Options Outstanding</u>			<u>Options Exercisable</u>		
	Range of Exercise Prices	Shares Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price
	\$9.78 - \$13.30	250	1.3 years	\$ 10.06	250	\$ 10.06
	\$13.3001 - \$19.95	209	2.2 years	14.91	209	14.91
	\$19.9501 - \$26.60	624	5.0 years	22.25	624	22.25
	\$26.6001 - \$33.25	956	6.9 years	29.59	546	30.38
	\$33.2501 - \$39.90	25	6.3 years	34.79	16	35.19
	\$39.9001 - \$46.55	2,258	7.9 years	42.85	1,213	43.18
	\$46.5501 - \$53.20	172	6.6 years	49.42	171	49.42
	\$53.2001 - \$59.85	3	6.8 years	55.88	3	55.88
	\$59.8501 - \$66.50	4	6.9 years	64.68	3	64.24
	\$ 9.78 - \$66.50	4,501	6.6 years	\$ 34.29	3,035	\$ 32.25

The Company continues to apply APB Opinion No. 25 in accounting for stock-based compensation. To date, no compensation cost has been recognized as all stock options have an exercise price equal to the market price on the date of the grant. Had the Company elected to recognize compensation cost based on the fair value basis under SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts for the years ended March 31:

		2001	2002	2003
Net income	As reported	\$ 64,190	\$ 62,042	\$ 48,685
	Stock-based employee compensation under fair-value based method for all awards, net of related tax effects	(6,502)	(6,521)	(8,811)
	Pro forma	57,688	55,521	39,874
Basic earnings per share	As reported	\$ 3.40	\$ 3.11	\$ 2.46
	Pro forma	3.05	2.78	2.02
Diluted earnings per share	As reported	\$ 3.22	\$ 2.97	\$ 2.39
	Pro forma	2.89	2.66	1.96

The Company's last reported sale price of its Common Stock as quoted on Nasdaq National Market on March 31, 2001, 2002 and 2003 was \$44.56, \$48.42 and \$29.83, respectively.

The incremental fair value of each option grant is estimated on the date of grant using the Black-Scholes options pricing model with the following assumptions for the years ended March 31:

	2001	2002	2003
Expected life (in years)	4.4	4.4	5.3
Risk free interest rate	4.9%	4.0%	2.7%
Volatility	62%	48%	49%
Dividend yield	--	--	0.7%

### **Note 8: Earnings Per Share**

Basic earnings per common share were computed based on the weighted average number of common shares issued and outstanding during the relevant periods. Diluted earnings per common share were computed under the treasury stock method based on the weighted average number of common shares issued and outstanding.

The following table details this calculation for the years ended March 31:

<i>(Shares in thousands)</i>	2001	2002	2003
Net income for earnings per share computation	\$ 64,190	\$ 62,042	\$ 48,685
Basic earnings per common share:			
Weighted average common shares	18,904	19,936	19,781
Basic earnings per common share	\$ 3.40	\$ 3.11	\$ 2.46
Diluted earnings per common share:			
Weighted average common shares	18,904	19,936	19,781
Shares issuable from assumed conversion of stock options and contingently issuable shares from acquisitions, net of tax savings	1,025	924	561
Weighted average common and common equivalent shares	19,929	20,860	20,342
Diluted earnings per common share	\$ 3.22	\$ 2.97	\$ 2.39

Options to purchase approximately 13,000 shares of Common Stock in Fiscal 2001, 10,000

shares of Common Stock in Fiscal 2002 and 1,648,000 shares of Common Stock in Fiscal 2003 were outstanding in those periods but were not included in the computation of diluted earnings per share because the exercise price exceeded the average market price of the shares.

**Note 9: Treasury Stock**

The Company previously announced intentions to repurchase up to 2.5 million shares of its Common Stock from April 1, 1999 through March 31, 2002. As of March 31, 2002 the Company had repurchased approximately 2.1 million shares at prevailing market prices for an aggregate purchase price of \$100,355. In May and November 2002, the Company's Board of Directors approved increases of 2 million shares under the existing Black Box common share repurchase program. During Fiscal 2003, the Company repurchased approximately 1.7 million shares for an aggregate purchase price of \$63,192. Since inception of the repurchase program in April 1999, the Company has repurchased in aggregate approximately 3.8 million shares for approximately \$164,000 through March 31, 2003. Funding for the stock repurchases came from existing cash flow and borrowings under credit facilities. In May 2003, the Company's Board of Directors once again approved an increase of 1 million shares under the common share repurchase program. Additional repurchases of stock may occur from time to time depending upon factors such as the Company's cash flows and general market conditions. While the Company expects to continue to repurchase shares for the foreseeable future, there can be no assurance as to the timing or amount of such repurchases.

**Note 10: Comprehensive Income**

Comprehensive income consisted of the following:

	<b>2002</b>	<b>2003</b>
Net income	\$ 62,042	\$ 48,685
Other comprehensive income:		
Foreign currency translation adjustment	(323)	12,808
Unrealized (losses)/gains on derivatives designated and qualified as cash flow hedges	(389)	233
Reclassification of unrealized gains and losses on expired derivatives	155	168
<b>Comprehensive income</b>	<b>\$ 61,485</b>	<b>\$ 61,894</b>

The components of accumulated other comprehensive (loss)/income consisted of the following as of March 31:

	<b>2002</b>	<b>2003</b>
Foreign currency translation adjustment	\$ (9,403)	\$ 3,405
Unrealized (losses)/gains on derivatives designated and qualified as cash flow hedges	(168)	233
<b>Total accumulated other comprehensive (loss)/income</b>	<b>\$ (9,571)</b>	<b>\$ 3,638</b>

### ***Note 11: Restructuring***

In the fourth quarter of Fiscal 2003, the Company recorded a restructuring charge of \$6,536 primarily related to adjusting staffing levels in its European operations and real estate consolidations. Of this charge, \$5,034 related to severance for 245 total team members with \$4,299 related to severance for 130 individuals in Europe, \$581 related to severance for 94 individuals in North America, \$154 related to severance for 21 individuals in Latin America, and \$1,502 related to lease costs and other charges to consolidate offices.

In the fourth quarter of Fiscal 2002, the Company recorded a restructuring charge of approximately \$3,500 primarily related to adjusting staffing levels in its European and Latin American Operations and facility closures in the U.S. Of this charge, \$2,168 related to severance for 105 total team members with \$1,830 related to severance for 60 team members in Europe, \$230 related to severance for 19 team members in Latin America, \$108 related to severance for 26 team members in North America, and \$1,332 related to lease costs and other costs to consolidate two U.S. offices. The components of the charge and the restructuring accrual at March 31, 2003 are as follows:

	<b>Accrued March 31, 2002</b>	<b>Total Charge</b>	<b>Cash Expenditure s</b>	<b>Asset Write- downs</b>	<b>Accrued March 31, 2003</b>
Employee Severance	\$ 1,443	\$ 5,034	\$ 2,102	\$ --	\$ 4,375
Facility Closures	1,439	1,502	556	579	1,806
<b>Total</b>	<b>\$ 2,882</b>	<b>\$ 6,536</b>	<b>\$ 2,658</b>	<b>\$ 579</b>	<b>\$ 6,181</b>

### ***Note 12: Segment Reporting***

As required by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," the Company reports the results of its operating segments. During the fourth quarter of Fiscal 2003, the Company changed its primary segments to be on a geographic basis as this is now the way it manages the business to be more responsive to the organization's changing operating structure. The primary reportable segments are comprised of North America, Europe and All Other. Consistent with SFAS No. 131, the Company aggregates similar operating units into reportable segments.

The accounting policies of the various segments are the same as those described in "Summary of Significant Accounting Principles" in Note 1. The Company evaluates the performance of each segment based on operating income. Inter-segment sales and segment interest income or expense and expenditures for segment assets are not presented to or reviewed by management, and therefore are not presented below.

Summary information by reportable segment is as follows for the years ended March 31:

<b>North America</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Revenues	\$ 608,855	\$ 533,410	\$ 410,271
Operating income	67,109	65,500	53,592
Depreciation	6,081	5,659	5,314
Amortization	12,013	46	131
Segment assets	607,111	611,675	586,339

<b>Europe</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Revenues	\$ 147,297	\$ 155,715	\$ 153,477
Operating income	28,350	25,758	17,729
Depreciation	1,555	1,944	1,825
Intangibles amortization	781	109	224
Segment assets	98,508	113,556	123,090

<b>All Other</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Revenues	\$ 70,841	\$ 54,556	\$ 41,269
Operating income	21,475	13,755	7,805
Depreciation	449	520	500
Intangibles amortization	27	15	22
Segment assets	28,040	24,980	17,920

North America operating income for Fiscal 2002 was reduced by special items comprised of \$5,027 incurred in the first quarter of Fiscal 2002 related primarily to two receivables from clients who filed for bankruptcy protection in that quarter and \$1,439 for restructuring expenses in the fourth quarter of that year. Operating income for Europe and for All Other for Fiscal 2002 was reduced by \$1,830 and \$231, respectively, for restructuring expenses in the fourth quarter of that year.

North America operating income for Fiscal 2003 was reduced by special items comprised of \$3,835 incurred in the fourth quarter of Fiscal 2003 related primarily to reserving for specific accounts receivable and \$1,790 for restructuring expenses in the fourth quarter of that year. Operating income for Europe and All Other for Fiscal 2003 was reduced by \$4,592 and \$154, respectively, for restructuring expenses in the fourth quarter of that year.

The following reconciles segment assets to total consolidated assets for the years ending March 31:

<b>Assets</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Assets for North America, Europe and All Other segments	\$ 733,659	\$ 750,211	\$ 727,349
Corporate eliminations	(80,729)	(99,424)	(100,620)
Total consolidated assets	\$ 652,930	\$ 650,787	\$ 626,729

Management is also presented with and reviews revenues by service type. The following information is presented:

<b>Revenues</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Hotline Services	\$ 389,697	\$ 309,744	\$ 252,105
Structured Cabling Services	370,075	365,901	275,842
Telephony Services	67,221	68,036	77,070
<b>Total revenues</b>	<b>\$ 826,993</b>	<b>\$ 743,681</b>	<b>\$ 605,017</b>

**Note 13: Quarterly Data (Unaudited)**

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Year</b>
<b><i>Fiscal 2002</i></b>					
Revenues	\$ 207,116	\$ 197,072	\$ 179,241	\$ 160,252	\$ 743,681
Gross profit	78,944	75,031	70,844	65,731	290,550
Net income	15,083 <sup>(1)</sup>	17,142	16,869	12,948 <sup>(2)</sup>	62,042
Basic earnings per common share	0.77	0.86	0.84	0.64	3.11
Diluted earnings per common share	0.73	0.83	0.81	0.62	2.97 <sup>(3)</sup>
<b><i>Fiscal 2003</i></b>					
Revenues	\$ 154,412	\$ 162,731	\$ 153,062	\$ 134,812	\$ 605,017
Gross profit	61,892	63,380	60,639	52,936	238,847
Net income	14,665	15,035	14,777	4,208 <sup>(4)</sup>	48,685
Basic earnings per common share	0.72	0.75	0.75	0.22	2.46
Diluted earnings per common share	0.70	0.74	0.73	0.21	2.39 <sup>(3)</sup>

<sup>1)</sup> During First Quarter Fiscal 2002, operating income was reduced by a special item of \$5,027 primarily for the Company reserving for two accounts receivable from clients who filed for Chapter 11 bankruptcy protection during that quarter.

<sup>2)</sup> During Fourth Quarter Fiscal 2002, operating income was reduced by a restructuring charge of \$3,500.

<sup>3)</sup> Earnings per share for the year is different than the sum of the quarterly earnings per share due to rounding and average share prices.

<sup>4)</sup> During Fourth Quarter Fiscal 2003, operating income was reduced by a special item of \$3,835 primarily for the Company reserving for specific accounts receivable and a restructuring charge of \$6,536.

**Item 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON AUDITING AND FINANCIAL DISCLOSURE**

None.

## **PART III**

### **Item 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

#### **Executive Officers Of The Registrant**

The information required by this item is incorporated herein by reference to the information set forth under the caption "Executive Officers of the Registrant" included under Part I of this Form 10-K.

The other information required by this item is incorporated herein by reference to the information set forth under the captions "Election of Directors" and "Board of Directors and Certain Board Committees" in the Company's definitive proxy statement for the 2003 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Proxy Statement").

### **Item 11 -- EXECUTIVE COMPENSATION**

The information required by this item is incorporated herein by reference to the information set forth under the captions "Executive Compensation" and "Report of the Compensation Committee" in the Proxy Statement.

### **Item 12 -- SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this item is incorporated herein by reference to the information set forth under the captions "Equity Plan Compensation," "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management" in the Proxy Statement.

### **Item 13 -- CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

None.

### **Item 14 -- CONTROLS AND PROCEDURES**

Within 90 days before filing this report, an evaluation was performed under the supervision and with the participation of Company management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or submit under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported in accordance with the rules and forms of the Securities and Exchange Commission. It should be noted that the design of any system of controls is based in part upon certain assumption about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. There have been no

significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to their evaluation.

**Item 15 -- PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item is incorporated herein by reference to the information set forth under the caption “Ernst & Young as Independent Accountants” in the Proxy Statement.

## PART IV

### Item 16 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

Financial statements, financial statement schedules and exhibits not listed here have been omitted where the required information is included in the consolidated financial statements or notes thereto, or is not applicable or required.

- (a) Documents filed as part of this report
- (1) Financial Statements - no financial statements have been filed in this Form 10-K other than those in Item 8.
  - (2) Financial Statement Schedules  
Schedule II - Valuation and Qualifying Accounts
  - (3) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3(i)	Second Restated Certificate of Incorporation of the Company, as amended <sup>(3)</sup>
3(ii)	Restated Bylaws, as amended <sup>(2)</sup>
10.1	1992 Stock Option Plan, as amended <sup>(7)</sup>
10.2	1992 Director Stock Option Plan, as amended <sup>(7)</sup>
10.3	Revolving Credit Agreement, dated as of April 4, 2000, among Black Box Corporation of Pennsylvania, Black Box Corporation, the Guarantors, the Lenders and Mellon Bank, N.A. <sup>(4)</sup>
10.4	Short Term Credit Agreement, dated as of April 4, 2000, among Black Box Corporation of Pennsylvania, Black Box Corporation, the Guarantors, the Lenders and Mellon Bank, N.A. <sup>(4)</sup>
10.5	First Amendment to Credit Agreements, dated March 30, 2001, among Black Box Corporation of Pennsylvania, Black Box Corporation, the Guarantor, the Lenders and Mellon Bank, N.A. <sup>(5)</sup>
10.6	Second Amendment to Credit Agreements, dated April 3, 2002, among Black Box Corporation of Pennsylvania, Black Box Corporation, the Guarantor, the Lenders and Mellon Bank, N.A. <sup>(6)</sup>

21.1	Subsidiaries of the Company <sup>(1)</sup>
23.1	Consent of independent auditors <sup>(1)</sup>
23.2	Information regarding consent of Arthur Andersen LLP <sup>(1)</sup>
99.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 <sup>(1)</sup>

(1) Filed herewith.

(2) Filed as an exhibit to the 1993 Annual Report on Form 10-K of the Company, file number 0-18706, filed with the Commission on June 26, 1993, and incorporated herein by reference.

(3) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the Commission on November 14, 2000, and incorporated herein by reference.

(4) Filed as an exhibit to the Annual Report on Form 10-K of the Company, file number 0-18706, filed with the Commission on June 29, 2000.

(5) Filed as an exhibit to the Annual Report on Form 10-K of the Company, file number 0-18706, filed with the Commission on June 29, 2001.

(6) Filed as an exhibit to the Annual Report on Form 10-K of the Company, file number 0-18706, filed with the Commission on May 17, 2002.

(7) Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the Commission on November 15, 2002.

(b) Reports on Form 8-K: None.

(c) The Company hereby files as exhibits to the Form 10-K the exhibits set forth in Item 14(a)(3) hereof, which are not incorporated by reference.

(d) The Company hereby files as financial statement schedules to this Form 10-K the financial statement schedules which are set forth in Item 14(a)(2) hereof.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1943, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### BLACK BOX CORPORATION

Dated: June 27, 2003

/s/ Michael McAndrew  
Michael McAndrew, Vice President, Chief  
Financial Officer, Treasurer, Secretary,  
and Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934 as amended, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<b>Signatures</b>	<b>Capacity</b>	<b>Date</b>
<u>/s/ WILLIAM F. ANDREWS</u> William F. Andrews	Director	June 27, 2003
<u>/s/ THOMAS W. GOLONSKI</u> Thomas W. Golonski	Director	June 27 , 2003
<u>/s/ THOMAS G. GREIG</u> Thomas G. Greig	Director	June 27, 2003
<u>/s/ WILLIAM R. NEWLIN</u> William R. Newlin	Director	June 27, 2003
<u>/s/ BRIAN D. YOUNG</u> Brian D. Young	Director	June 27, 2003
<u>/s/ FRED C. YOUNG</u> Fred C. Young	Director, Chairman of the Board and Chief Executive Officer	June 27, 2003
<u>/s/ MICHAEL MCANDREW</u> Michael McAndrew	Vice President, Chief Financial Officer, Secretary, Treasurer, and Principal Accounting Officer	June 27, 2003

## CERTIFICATIONS

I, Fred C. Young, certify that:

1. I have reviewed this annual report on Form 10-K of Black Box Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
2. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent

evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 27, 2003

/s/ Fred C. Young \_\_\_\_\_

Fred C. Young  
Chief Executive Officer

I, Michael McAndrew, certify that:

1. I have reviewed this annual report on Form 10-K of Black Box Corporation;
3. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
4. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
5. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
6. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
7. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 27, 2003

/s/ Michael McAndrew

Michael McAndrew  
Chief Financial Officer

**BLACK BOX CORPORATION****Valuation and Qualifying Accounts**

(Dollars In thousands)

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Additions Resulting from Acquisitions</u>	<u>Reductions from Reserves</u>	<u>Balance at End of Period</u>
<b>Year Ended March 31, 2001</b>					
Inventory reserves	\$ 3,784	\$ 1,338	\$791	\$ 2,649	\$ 3,264
Allowance for unrealizable accounts/sales returns	6,304	2,302	2,683	3,512	7,777
Restructuring reserve	862	--	--	157	705
<b>Year Ended March 31, 2002</b>					
Inventory reserves	\$ 3,264	\$ 1,078	\$ 187	\$ 1,171	\$ 3,358
Allowance for unrealizable accounts/sales returns	7,777	2,370	542	2,482	8,207
Restructuring reserve	705	3,500	--	1,323	2,882
<b>Year Ended March 31, 2003</b>					
Inventory reserves	\$ 3,358	\$2,229	\$ 56	\$ 1,662	\$ 3,981
Allowance for unrealizable accounts/sales returns	8,207	5,231	218	1,946	11,710
Restructuring reserve	2,882	6,536	--	3,237	6,181

**SUBSIDIARIES OF THE COMPANY**

<b><u>Legal Name</u></b>	<b><u>Doing Business As</u></b>	<b><u>State of Incorporation</u></b>
Black Box Corporation	Black Box Corporation	Delaware
ATIMCO Network Services, Inc.	Black Box Network Services - Western Pennsylvania	Pennsylvania
American Telephone Wiring Company	Black Box Network Services – Charleston, West Virginia	West Virginia
Midwest Communications Technologies, Inc.	Black Box Network Services - Cleveland, Columbus, Detroit	Ohio
Associated Network Solutions, Inc.	Black Box Network Services - Central Florida	Florida
Advanced Communications Corporation	Black Box Network Services - South Carolina	South Carolina
Ohmega Installations Limited	Black Box Network Services - Newbury (UK)	
Cable Consultants, Incorporated	Black Box Network Services - Atlanta	Georgia
Todd Communications, Inc.	Black Box Network Services - North Carolina	North Carolina
Comm Line, Inc.	Black Box Network Services - Cincinnati	Ohio
Koncepts Communications of L.I., Corp.	Black Box Network Services - Tri-State	New York
Communication Contractors, Inc.	Black Box Network Services - Chicago	Illinois
U.S. Premise Networking Services, Inc.	Black Box Network Services - Minneapolis	Minnesota
Datech Holdings Limited	Black Box Network Services - Nottingham (UK)	
Black Box Network Services, Inc. - Government Solutions	Black Box Network Services, Inc. - Government Solutions	Tennessee
R&D Services, Inc.	Black Box Network Services - New England	Massachusetts
Delaney Telecom, Inc.	Black Box Network Services – Philadelphia Cabling	Pennsylvania
Delaney Electrical Services, Inc.	Black Box Network Services – Philadelphia Electrical	Pennsylvania
K&A Communications, Inc.	Black Box Network Services - St. Louis	Missouri
Jet Line Communications, Inc.	Black Box Network Services - Dallas	Texas
FBS Communications, LP	Black Box Network Services - San Antonio	Texas
A.T.S., Inc.	Black Box Network Services – Huntington, West Virginia	West Virginia
Advanced Network Technologies, Inc.	Black Box Network Services – Southern California	California
Teldata Corporation	Black Box Network Services – Tennessee Commercial	Tennessee
ST Communications & Cabling, Inc.	Black Box Network Services - Kansas City	Missouri

<u>Legal Name</u>	<u>Doing Business As</u>	<u>State of Incorporation</u>
Black Box Network Services & Electrical, Inc.	Black Box Network Services & Electrical, Inc. Allcom Electric	New York
Black Box Network Services Baltimore, Inc.	Black Box Network Services Baltimore Black Box Network Services Virginia Black Box Network Services D.C.	Delaware
Datel Communications, Inc.	Black Box Network Services - Arizona	Arizona
Data Specialties Europe Ltd. (holding company)	Black Box Network Services - Cambridge (UK)	
Midwest Electronics and Communications, Inc.	Black Box Network Services - Denver	Colorado
Duracom, Inc.	Black Box Network Services - Seattle Black Box Network Services - Oregon	Washington
Black Box Network Services (Cambridge) Ltd. (UK)	Black Box Network Services (Cambridge) Ltd. (UK)	
Black Box Network Services Reseavux Mediterranee SAS (Montpellier, France)	Black Box Network Services Reseavux Mediterranee SAS (Montpellier, France)	
Black Box Network Services AG (Switzerland)	Black Box Network Services AG (Switzerland)	
Michael Electric, Inc.	Black Box Network Services - New Jersey	New Jersey
Integrated Cabling Systems, Inc.	Black Box Network Services - Nebraska	Nebraska
Black Box Network Services (London) Ltd. (UK)	Black Box Network Services (London) Ltd. (UK)	
DESIGNet, Inc.	Black Box Network Services - San Jose	California
Black Box Network Services Puebla S.A. de C.V. (Mexico)	Black Box Network Services Puebla S.A. de C.V. (Mexico)	
Black Box Network Services AB (Sweden)	Black Box Network Services AB (Sweden)	
Optech Fibres Ltd.	Black Box Network Services - Northwest (UK)	
Black Box Network Services (Northampton) Ltd. (UK)	Black Box Network Services (Northampton) Ltd. (UK)	
Black Box Network Services srl – Rome (Italy)	Black Box Network Services srl – Rome (Italy)	
Lanetwork Sales Ltd.	Black Box Network Services - Kitchener (Canada)	
Black Box Netzwerkservice Bayern GmbH (Germany)	Black Box Netzwerkservice Bayern GmbH (Germany)	
Telefuture Communications, Ltd.	Black Box Network Services - New Rochelle	New York
Black Box Netzwerkservice Stuttgart GmbH (Germany)	Black Box Netzwerkservice Stuttgart GmbH (Germany)	
Black Box Network Services Singapore Pte Ltd.	Black Box Network Services Singapore Pte Ltd.	
Black Box Services Paris SAS	Black Box Services Paris SAS	

<u>Legal Name</u>	<u>Doing Business As</u>	<u>State of Incorporation</u>
Black Box Network Services (N. Ireland) Ltd.	Black Box Network Services (N. Ireland) Ltd.	
Black Box Network Services (Dublin) Ltd.	Black Box Network Services (Dublin) Ltd.	
BBox Holding Company	BBox Holding Company	Delaware
Black Box Corporation of Pennsylvania	Black Box Corporation of Pennsylvania	Delaware
Black Box UK, Ltd.	Black Box UK, Ltd.	
Black Box Canada Corporation	Black Box Canada Corporation	
Black Box Foreign Sales Corporation	Black Box Foreign Sales Corporation	
Black Box France, S.A.S.	Black Box France, S.A.S.	
Black Box Datacom, B.V. (Netherlands)	Black Box Datacom, B.V. (Netherlands)	
Black Box Network Products NV (Belgium)	Black Box Network Products NV (Belgium)	
Black Box Network Design NV (Belgium)	Black Box Network Design NV (Belgium)	
Black Box Network Cabling NV (Belgium)	Black Box Network Cabling NV (Belgium)	
Blue Box (Netherlands)	Blue Box (Netherlands)	
BB Technologies, Inc.	BB Technologies, Inc.	Delaware
Datacom Black Box Services AG (Switzerland)	Datacom Black Box Services AG (Switzerland)	
Black Box Deutschland GmbH (Germany)	Black Box Deutschland GmbH (Germany)	
Black Box Italia, srl	Black Box Italia, srl	
Black Box Network Services Kabushiki Kaisha (Japan)	Black Box Network Services Kabushiki Kaisha (Japan)	
Black Box Network Services Australia Pty Ltd.	Black Box Network Services Australia Pty Ltd.	
Black Box Network Services New Zealand Limited	Black Box Network Services New Zealand Limited	
Black Box do Brazil Industria e Comercio Ltda.	Black Box do Brazil Industria e Comercio Ltda.	
Black Box de Mexico, S.A. de C.V.	Black Box de Mexico, S.A. de C.V.	
Black Box P.R. Corp. (Puerto Rico)	Black Box P.R. Corp. (Puerto Rico)	
Black Box Chile, S.A.	Black Box Chile, S.A.	
Black Box Comunicaciones, SAU (Spain)	Black Box Comunicaciones, SAU (Spain)	
Black Box GmbH (Austria)	Black Box GmbH (Austria)	
Black Box Norge AS (Norway)	Black Box Norge AS (Norway)	

<u>Legal Name</u>	<u>Doing Business As</u>	<u>State of Incorporation</u>
Black Box Finland OY	Black Box Finland OY	
Black Box AB (Sweden)	Black Box AB (Sweden)	
Black Box A/S (Denmark)	Black Box A/S (Denmark)	

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-75254, 33-75252, 33-92656, 333-01978, 333-34839, 333-34837, 333-81521, 333-81523, 333-89405, 333-64410, 333-64412, 333-100294, 333-100295) and the Registrations Statements on Form S-4 (Nos. 333-52937, 333-77343, 333-43752, 333-64656) of our report dated May 5, 2003, with respect to the consolidated financial statements and schedule of Black Box Corporation, included in this Annual Report on Form 10-K for the year ended March 31, 2003.

June 27, 2003

## INFORMATION REGARDING CONSENT OF ARTHUR ANDERSEN LLP

Section 11(a) of the Securities Act of 1933, as amended (the "Securities Act"), provides that if part of a registration statement at the time it becomes effective contains an untrue statement of a material fact, or omits a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may assert a claim against, among others, an accountant who has consented to be named as having certified any part of the registration statement or as having prepared any report for use in connection with the registration statement.

Black Box Corporation dismissed Arthur Andersen LLP ("Arthur Andersen") as its independent auditors, effective June 24, 2002. For additional information, see the Company's Current Report on Form 8-K filed on June 24, 2002. After reasonable efforts, the Company has been unable to obtain Arthur Andersen's written consent to the incorporation by reference into the Company's registration statements (Form S-8 File Nos. 33-75254, 33-75252, 33-92656, 333-01978, 333-34839, 333-34837, 333-81521, 333-81523, 333-89405, 333-64410, 333-64412) and the related prospectuses (the "Registration Statements") of Arthur Andersen's audit report with respect to the Company's consolidated financial statements as of March 31, 2002 and for the two years in the period then ended. Under these circumstances, Rule 437a under the Securities Act permits the Company to file the Annual Report on Form 10-K, which is incorporated by reference into the Registration Statements, without a written consent from Arthur Andersen. As a result, with respect to transactions in the Company's securities pursuant to the Registration Statements that occur subsequent to the date this Annual Report is filed with the Securities and Exchange Commission, Arthur Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Arthur Andersen or any omissions of a material fact required to be stated therein and thus no claim could be asserted against Arthur Andersen under Section 11(a) of the Securities Act.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Black Box Corporation (the "Company") on Form 10-K for the quarter ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, certifies that to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Fred C. Young \_\_\_\_\_

Fred C. Young  
Chief Executive Officer  
June 27, 2003

/s/ Michael McAndrew \_\_\_\_\_

Michael McAndrew  
Chief Financial Officer  
June 27, 2003

A signed original of this written statement required by §906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release No. 34-47551 and shall not be considered filed as part of the Form 10-K.

This certification is made solely for purposes of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.