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

FORM 10-K

(Mark One)
☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2006

OR

☐ 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	**95-3086563**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1000 Park Drive, Lawrence Pennsylvania	**15055**
(Address of principal executive offices)	(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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☑ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☑

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 (§229.405 of this chapter) 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. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant as of September 30, 2005 (based on closing price of such stock as reported by NASDAQ on such date) was $718,831,026. For purposes of this calculation only, directors and executive officers of the registrant and their affiliates are deemed to be affiliates of the registrant.

As of June 7, 2006, there were 17,676,970 shares of Common Stock, par value $.001, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Proxy Statement for 2006 Annual Meeting of Stockholders – Parts II and III

BLACK BOX CORPORATION

INDEX

PART I

		Page
Item 1.	Business	3
Item 1A.	Risk Factors	7
Item 1B.	Unresolved Staff Comments	8
Item 2.	Properties	8
Item 3.	Legal Proceedings	8
Item 4.	Submission of Matters to a Vote of Security Holders	9

PART II

Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	10
Item 6.	Selected Financial Data	12
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	30
Item 8.	Financial Statements and Supplementary Data	31
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	61
Item 9A.	Controls and Procedures	62
Item 9B.	Other Information	65

PART III

Item 10.	Directors and Executive Officers of the Registrant	65
Item 11.	Executive Compensation	65
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	65
Item 13.	Certain Relationships and Related Transactions	65
Item 14.	Principal Accounting Fees and Services	65

PART IV

Item 15.	Exhibits and Financial Statement Schedules	66
	Signatures	69

PART I

Item 1. BUSINESS.

Overview. Black Box Corporation ("Black Box" or the "Company") is the world's largest dedicated network infrastructure services provider. Black Box offers one-source network infrastructure services for: data networks, including structured cabling for wired and wireless systems; voice systems, including new and upgraded telephony systems; and 24/7/365 hotline technical support for more than 118,000 network infrastructure products that it sells through its catalog, Internet Web site and on-site services offices. With more than 2,300 technical experts and 168 offices, Black Box serves more than 175,000 clients in 141 countries throughout the world. Founded in 1976, Black Box, a Delaware corporation, operates subsidiaries on five continents and is headquartered near Pittsburgh in Lawrence, Pennsylvania.

Black Box differentiates itself from its competitors through exceptional levels of superior technical services, its capability to provide these services globally and its private-labeled BLACK BOX® brand network infrastructure products which carry some of the most comprehensive warranties in the industry.

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.

References herein to "Fiscal Year" or "Fiscal" mean the Company's Fiscal Year ended March 31 for the year referenced.

Industry Background. Black Box participates in the worldwide network infrastructure market estimated at $20 billion.

Business Strategy. Black Box's business strategy is to provide its clients with one source for products and services to meet all their networking infrastructure needs – whether at a single location or multiple locations worldwide. The Company believes that its combination of worldwide data and voice services performed at client locations – integrated with hotline technical services – provides a unique advantage over 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:

Expert Technical Support Deployed Three Ways.
Locally at Client Sites: Black Box provides complete data and voice solutions – including design, installation, remote monitoring and routine and emergency maintenance – with consistent high quality and uniformity. The Company maintains what it believes is the industry's largest staff of Registered Communications Distribution Designers (RCDDs) who assure that all designs meet or exceed ANSI, TIA/EIA and National Electric Code® (NEC®) standards. Black Box technicians also stay up-to-date with BICSI® standards and regularly attend the Company's industry-recognized BLACK BOX Master Technician Courses. Additionally, the Company maintains certifications from all major data and voice system manufacturers.

24/7/365 Technical Support: Black Box provides its clients with around-the-clock, seven days per week technical support, available to clients in 141 countries worldwide. In Fiscal 2006, the Company's technical experts responded to approximately 908,000 client calls. Black Box specialists receive continuous training to stay up-to-date on the latest technologies.

www.blackbox.com Internet Web Site: Black Box offers its 24/7/365 technical support on-line at www.blackbox.com. With one click by an existing or a potential client on "Talk to a Tech," a technical expert makes contact with that person immediately.

Technical information, including “Black Box Explains” and “Technology Overviews,” is available as is the ability to design custom products on-line.

Worldwide Coverage. With 168 offices serving 141 countries, Black Box has the largest footprint in the industry, serving every major industry sector. This worldwide coverage and 30 years of experience makes one-source project management a reality for Black Box clients. Black Box ensures that clients with these needs receive consistent high-quality design, workmanship and technology from a single service provider. The Company is exposed to certain risks because of its global operations discussed under the caption “International operations” in Part I, Item 1A, “Risk Factors,” which is incorporated herein by reference.

Quality Networking Solutions and Comprehensive Warranties. Black Box products and services are covered by an umbrella of protection that goes beyond standard warranties. Black Box was the first in the industry to introduce a “No Questions Asked” product warranty program offering full protection regardless of cause of failure, including accidental, surge or water damage for the life of the warranty – and many products are guaranteed for life. Exclusive to Black Box are its Guaranteed-for-Life Structured Cabling System and Certification Plus® guarantees that provide assurance that a client’s network will operate within the application it was designed to support for life.

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.

ISO 9001:2000 Certified. Black Box has received ISO 9001:2000 certification in Australia, Brazil, Canada, Chile, France, Germany, Ireland, Italy, Japan, Mexico, Netherlands, Puerto Rico, Singapore, Spain, the United Kingdom and the United States. Rigorous quality control processes must be documented and practiced to earn and maintain ISO 9001:2000 certification.

Proprietary Client List. For 30 years, the Company has built a proprietary mailing list of approximately 1.3 million names representing approximately 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 marketing programs reach their targeted audiences. The Company believes that its proprietary list is a valuable asset that represents a significant competitive advantage. The Company does not rent its client list.

Rapid Order Fulfillment. The Company has developed efficient inventory management and order fulfillment systems that allow most standard product to be shipped that same day. Requests for same day counter-to-counter delivery and special labeling, kitting and packaging are also available from Black Box.

Growth Strategy. The principle components of Black Box’s growth strategy include: (i) cross-selling marketing activities around its one-source solution of DVH™ (Data, Voice, Hotline) Services, (ii) expanded product offerings and (iii) expanded global technical support services primarily through mergers and acquisitions.

Mergers and Acquisitions. As part of the growth strategy through mergers and acquisitions, the Company has completed the following transactions:

Fiscal 2006

During Fiscal 2006, the Company completed six acquisitions. During the first quarter of Fiscal 2006, the Company acquired Telecommunication Systems Management, Inc. (“TSM”), GTC Technology Group, Inc. and Technology Supply, Inc. (collectively referred to as “GTC”) and Business Communications, Inc., Bainbridge Communication, Inc., BCI of Tampa, LLC and Networx, L.L.C. (collectively referred to as “BCI”). These companies provide full-service voice communication solutions and services in the Florida and Virginia markets. During the second quarter of Fiscal 2006, the Company acquired substantially all of the assets and certain liabilities of Universal Solutions of North America, L.L.C. and related entities (“Universal”). Universal primarily provides planning, installation, monitoring and maintenance services for voice and data network systems in 14 states.

During the third quarter of Fiscal 2006, the Company purchased 100% of the issued and outstanding equity interests in Communication is World InterActive Networking, Inc. ("C=WIN") and Converged Solutions Group, LLC ("CSG"). Both C=WIN and CSG primarily provide planning, installation and maintenance services for voice and data network systems in 15 states. The results of operations of TSM, GTC, BCI, Universal, C=WIN and CSG are included in the Company's Consolidated Statements of Income beginning on their individual acquisition dates during Fiscal 2006.

Fiscal 2005
In January 2005, the Company acquired 100% of the outstanding shares of Norstan, Inc. ("Norstan") common stock for a purchase price of $102.6 million, net of cash acquired of $4.9 million. Norstan primarily provided full-service communications solutions and services, delivering voice and data technology solutions and remanufactured equipment to corporate end-users and public sector companies. Norstan had offices throughout the U.S. and Canada. The Norstan solution was complementary to Black Box's existing service solutions and allowed the Company to immediately expand its operational footprint, provide additional marketing opportunities via cross-selling and, most importantly, provide its collective customers a stronger worldwide technical services partner. The results of operations of Norstan are included in the Company's Consolidated Statements of Income beginning on the acquisition date, January 25, 2005.

Subsequent Events – Black Box completed two acquisitions subsequent to the fiscal year ended March 31, 2006:

On April 30, 2006, Black Box acquired the USA Commercial and Government and Canadian operations of NextiraOne, LLC ("NextiraOne") from Platinum Equity, LLC. The acquired operations service commercial and various government agency clients and represent approximately $270 million to $280 million of projected annualized voice services revenues. Black Box and NextiraOne have begun the integration process, including the immediate re-branding of the NextiraOne business as Black Box. As a result of an estimate of the equity book value of these entities (total assets less total liabilities, as adjusted by the parties for certain items) as of the closing date, the total net purchase price for the acquisition paid at closing was $97.3 million. The actual equity book value adjustment will be confirmed post-closing at which time the final purchase price will be determined.

On May 1, 2006, Black Box acquired Nu-Vision Technologies, Inc. and Nu-Vision Technologies, LLC (collectively referred to as "NUVT"), privately held companies, which provide planning, installation, monitoring and maintenance services for voice and data network systems. NUVT has an active customer base, which includes commercial, education and various government agency accounts and is expected to provide annual revenues of approximately $55 million.

Clients. Black Box clients range from small organizations to many of the world's largest corporations and institutions covering a diversity of industries, including manufacturing, retail, finance, education 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's services are primarily marketed through its direct sales, direct marketing materials and online through the Company's Internet Web site. 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. The Company's catalogs have earned numerous awards in recent years. In 2005, the Black Box Catalog won Multichannel Merchant magazine's top award, Catalog of the Year, for the second consecutive year. The catalog also took top honors in the Computer Equipment and Software category for the tenth year in a row.

Technical Services. Black Box believes that its technical services are the foundation of its success enabling the Company to provide services ranging from quick-turn hotline consultation to site surveys, design and engineering, project management, single-site and multi-site installations, remote monitoring, 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 Company-owned 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 118,000 products through its catalogs, on-site offices and Internet Web site. New products are introduced regularly.

Manufacturers and Suppliers. Black Box utilizes a network of original equipment manufacturers ("OEM") 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 in any material respect.

Black Box 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 information systems that are used to manage all aspects of its business. The Company's systems support and integrate technical support, client services, inventory management, purchasing, distribution activities, accounting and project cost management. The Company continues to develop and implement exclusive worldwide web applications. These applications allow clients to view order status and product availability, view up-to-date information on their projects that are being managed across the country or around the world and provide a project management and forecasting tool for the Company's offices. A technical knowledge base application is also used to access problem resolution information to help solve client issues more quickly. Information systems are focused on delivering high quality business applications that are geared to improve internal efficiencies as well as client interactions.

The Company's new product introductions, 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 (*i.e.*, to be completed within six months) was approximately $96 million at March 31, 2006 compared to $97 million at March 31, 2005.

Team Members. As of March 31, 2006, the Company had approximately 3,300 team members worldwide of which approximately 430 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.

International Revenues. Revenues from countries outside North America were $157 million, or 22% of total revenues, for Fiscal 2006 comparable to $180 million, or 34% of total revenues, for Fiscal 2005.

Competition. The Company competes with other value added resellers, manufacturers and large project management companies. The Company believes its primary competitive advantage is its high quality and rapidly deployed 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 Web site at http://www.blackbox.com. The Company's annual, quarterly and current reports and amendments to such reports filed with or furnished to the Securities and Exchange Commission (the "SEC") are made available, as soon as reasonably practical after such filing, and may be viewed or downloaded free of charge in the "About Us" section of the Web site. The Company's Standards of Business Conduct and Code of Ethics are furnished on its Web site, and may be viewed or downloaded free of charge in the "About Us" section of the Web site.

Item 1A. RISK FACTORS.

The following are some of the potential risk factors that could cause our actual results to differ materially from those projected in any forward-looking statements. You should carefully consider these factors, as well as the other information contained in this document, when evaluating your investment in our securities. The below list of important factors is not all-inclusive or necessarily in order of importance.

Competition — we operate in a highly competitive industry. Our competitors may be able to deliver products and services at better prices or more quickly due to factors beyond our control. New competitors may also arise in the future, which threaten our ability to sustain or grow our market share. We cannot guarantee that we can continue to compete effectively in the future and still be able to sustain our historical levels of profit margin.

Economic environments — we, our customers or our vendors may experience economic hardships due to inflation or recession, changes in laws and regulations, business disruptions due to natural disasters, acts of terrorism or war or other factors that are beyond our control and that could negatively impact our financial condition or our ability to meet our future financial goals.

Successful integration of acquired businesses — we have completed several acquisitions in recent years. Our future financial results are dependent on the successful integration of those acquisitions within the projected timeframes and cost parameters. We also face pressure to adequately conduct our ongoing operations while working toward the integration of these businesses. We cannot guarantee that we will successfully integrate our acquisitions as projected or without disruption to other areas of our business that could have a negative impact on our financial results.

International operations — we operate in several countries outside of the United States. Our operations or our financial condition may be negatively affected by events surrounding our international operations such as changes in laws and regulations, political or economic instability, currency fluctuations, supply chain disruptions, acts of terrorism, natural disasters or other political, economic or environmental factors. We cannot rely on the past results of our international operations as an indicator of future results or assure you that we will not be adversely affected by those factors inherent with international operations.

Retention of key personnel — the success of our business depends on our ability to attract and retain quality employees, executives and directors. We offer comprehensive salary and benefit packages including stock options as a means of attracting and retaining personnel. We face pressure to maintain our profit margins and remain competitive in our industry while we compete for personnel in our local markets with a variety of different businesses that may be able to offer more attractive incentives due to their individual financial situations. We cannot guarantee that we will continue to attract and retain personnel with our current incentives and at costs that are acceptable for our projected profit margins.

Demand for products and services — we and our competitors in the industry are dependent on the demand for the products and services that we deliver. Changes in technology or other unforeseen developments within our industry could result in decreased demand for our products and services. We cannot guarantee that historical levels of demand will continue or increase in the future.

Supply chain — through our recent acquisitions, we anticipate significant arrangements with a small number of suppliers in the future. If we experience disruptions in our supply chain with these vendors for any reason, we may not be able to fulfill customer commitments with an acceptable alternative or we may not be able to obtain alternatives at similar costs.

Future mergers and acquisitions — a key part of our growth strategy is through mergers and acquisitions. We may not continue to be successful in our search for potential acquisitions that are acceptable for our business model or we may not be successful in our attempts to acquire new businesses that we have identified as attractive situations. We cannot guarantee that we will meet our projected growth targets in the future if we are unsuccessful in our efforts to acquire additional businesses.

Public sector business — our revenues from sales to the public sector, including sales to federal, state and local governments and governmental agencies, has grown in recent years. These sales are made through various direct contracts, through reseller agreements with government contractors and through open market sales. Government contracting is a highly regulated area. Failure to comply with the technical requirements of regulations or contracts could subject us to fines, penalties, suspension or debarment from doing business with such customers, which could have a material adverse effect on our business.

Revenue growth — our revenue is primarily generated through individual sales of products and services and the nature of our business provides us with very little guaranteed or contractual revenue beyond a relatively short time horizon. We depend on repeat customer business as well as our ability to develop new customer business to sustain and grow our revenue. Although our focus on delivering high-quality sales and service has proven to be successful in the past, we cannot guarantee that we will be able to grow or even sustain our current amount of revenue in the future.

Liquidity— although we generate positive cash flow and have access to a significant amount of additional credit, we cannot be sure that our current liquidity situation will be adequate in future periods. We cannot guarantee that we will be able to maintain our positive cash flow position or to obtain additional credit or raise additional capital which may restrict our ability to operate or to pursue new business opportunities in the future.

Stock price — our stock price is affected by a number of factors, including quarterly variations in our financial results. As a result, our stock price is subject to volatility.

Item 1B. UNRESOLVED STAFF COMMENTS.

None.

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 167 additional offices or facilities throughout the world, none of which are material in nature to Black Box.

The Company believes that its properties 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.

As previously disclosed, the Company received a subpoena, dated December 8, 2004, from the United States General Services Administration ("GSA"), Office of Inspector General. The subpoena requires production of documents and information. The Company understands that the materials are being sought in connection with an investigation regarding potential violations of the terms of a GSA Multiple Award Schedule contract. The Company has not received any communication on this matter from the GSA since June 2005.

Based on the facts currently available to the Company, management believes its legal matters are adequately provided for, covered by insurance, without merit or not probable that an unfavorable outcome will result.

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:

Name	Age	Position with the Company
Fred C. Young	50	Chief Executive Officer
Michael McAndrew	46	Vice President, Chief Financial Officer, Treasurer, Secretary and Principal Accounting Officer
Roger E. M. Croft	57	Senior Vice President – Europe and Latin America
Francis W. Wertheimber	53	Senior 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, 50, was elected Chief Executive Officer of the Company on June 24, 1998. The role of non-executive Chairman was assumed by an independent director of the Company in May 2004. Mr. Young 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 14 years.

MICHAEL MCANDREW, 46, 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 16 years.

ROGER E. M. CROFT, 57, was promoted to Senior Vice President – Europe and Latin America in May 2004. He was promoted to Vice President – Europe and Latin America in May 1998, having served as Vice President of European Operations since 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 21 years.

FRANCIS W. WERTHEIMBER, 53, was promoted to Senior Vice President – Pacific Rim/Far East in May 2004. He 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 13 years.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's common stock, par value $.001 per share (the "Common Stock"), is traded on the Nasdaq National Market (trading symbol "BBOX"). As of March 31, 2006, 24,528,437 shares of the Common Stock were issued, of which 6,935,399 are held in treasury. On June 7, 2006, the last reported sale price of the Common Stock was $41.39 per share. As of March 31, 2006, there were approximately 2,242 holders of record of the Common Stock.

The following table sets forth the quarterly high and low sale prices of the Common Stock as reported by the Nasdaq National Market during each of the Company's fiscal quarters indicated.

	High	Low
Fiscal 2005		
1st Quarter	$58.18	$40.20
2nd Quarter	44.88	33.13
3rd Quarter	48.67	35.07
4th Quarter	48.00	33.70
Fiscal 2006		
1st Quarter	$37.93	$31.83
2nd Quarter	45.94	34.93
3rd Quarter	50.45	37.82
4th Quarter	55.37	45.12

Cash dividends of $0.05 per share of Common Stock were paid each of the first two quarters of Fiscal 2005 on April 15, 2004 and July 15, 2004, respectively. Cash dividends were increased to $0.06 per share for each of the final two quarters of Fiscal 2005 and each of the four quarters of Fiscal 2006. These dividends were paid on October 15, 2004, January 14, 2005, April 15, 2005, July 15, 2005, October 14, 2005 and January 13, 2006. A cash dividend of $0.06 per share of Common Stock also was paid during Fiscal 2007 on April 14, 2006. While the Company expects to continue to declare quarterly dividends, the payment of future dividends is at the discretion of the Company's Board of Directors and the timing and amount of any future dividends will depend upon earnings, cash requirements and financial condition of the Company.

See “Equity Plan Compensation Information,” in the Proxy Statement (as defined herein) which is incorporated herein by reference.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs [1]
January 1, 2006 to January 28, 2006	--	--	--	564,853
January 29, 2006 to February 25, 2006	252	$52.06	252	564,601
February 26, 2006 to March 31, 2006	--	--	--	564,601
Total	252	$52.06	252	564,601[2]

[1] As of January 2006, 564,853 shares were available for repurchase under repurchase programs approved by the Board of Directors and announced on November 20, 2003 and August 12, 2004.

[2] The repurchase programs have no expiration date and no programs were terminated prior to the full repurchase of the authorized amount.

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 of the Common Stock for the foreseeable future, there can be no assurance as to the timing or amount of such repurchases. The Second Amended and Restated Credit Facility, as amended, (the “Credit Agreement”) (see Note 6 of the Notes to Consolidated Financial Statements) provides that the Company is not permitted to repurchase Common Stock if the Company is in default under the Credit Agreement or would be in default under the Credit Agreement as a result of such repurchase.

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 2002 through 2006 were derived from the Consolidated Financial Statements of the Company.

	Fiscal Year Ended March 31,				
In thousands, except per share amounts	**2006**	**2005**	**2004**	**2003**	**2002**
Income Statement Data:					
Revenues:					
Hotline products	$213,946	$227,601	$237,872	$252,105	$309,744
On-site services[1]	507,389	307,475	282,540	352,912	433,937
Total	721,335	535,076	520,412	605,017	743,681
Cost of sales:					
Hotline products	108,220	108,281	112,949	123,470	159,063
On-site services[1]	330,765	211,866	191,212	242,700	294,068
Total	438,985	320,147	304,161	366,170	453,131
Gross profit	282,350	214,929	216,251	238,847	290,550
Selling, general & administrative expenses	205,866	160,002	140,805	152,808	181,867
Restructuring and other charges[2]	5,290	5,059	--	6,536	3,500
Intangibles amortization [3]	4,999	1,332	246	377	170
Operating income	66,195	48,536	75,200	79,126	105,013
Interest expense, net	9,123	2,755	1,808	2,826	6,268
Income tax expense	19,678	15,754	26,002	27,386	36,428
Net income	$ 37,358	$ 29,912	$ 47,243	$ 48,685	$ 62,042
Basic earnings per share	$ 2.18	$ 1.72	$ 2.60	$ 2.46	$ 3.11
Diluted earnings per share	$ 2.13	$ 1.68	$ 2.52	$ 2.39	$ 2.97
Dividends declared per common share	$ 0.24	$ 0.22	$ 0.20	$ 0.10	$ --
Balance Sheet Data (at end of period):					
Working capital [4]	$103,256	$112,536	$109,431	$118,592	$143,464
Total assets	799,734	772,890	617,302	626,729	650,787
Long-term debt	122,673	147,196	35,177	49,453	75,497
Total debt	123,722	147,888	36,238	50,379	78,676
Stockholders' equity	540,900	490,701	504,904	494,422	490,098

[1] Represents combined Data Services and Voice Services.
[2] See Note 17 of the Notes to Consolidated Financial Statements.
[3] See Note 5 of the Notes to Consolidated Financial Statements.
[4] Represents Current Assets minus Current Liabilities.

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

The Company offers one-source network infrastructure services for: data networks (Data Services), including structured cabling for wired and wireless systems; voice systems (Voice Services), including new and upgraded telephony systems; and 24/7/365 hotline technical support (Hotline Services) for more than 118,000 network infrastructure products that it sells through its catalog, Internet Web site and on-site services offices.

References herein to "Fiscal Year" or "Fiscal" mean the Company's Fiscal Year ended March 31 for the year referenced.

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.

During the fourth quarter of Fiscal 2006, the Company incurred a pre-tax charge of $7.1 million related to an adjustment of earnings over multiple years, from Fiscal 2003 through Fiscal 2006, from the Company's Italian Operations ("Italian Operations Adjustment"). The Italian Operations Adjustment resulted from intentional misconduct by certain local operational and financial managers of the Company's Italian Operations acting in collusion with one another for the purpose of overstating local financial results. All involved team members have been terminated and the Company intends to pursue all available legal remedies against these individuals. The misconduct was brought to the Company management's attention by a team member of the Italian Operations pursuant to the Company's "Open Door" Policy. Company management responded by immediately suspending the management team of the Italian Operations and conducting a full investigation of the matter. The Company believes that all accounting irregularities have been identified, corrective action taken and that the Italian Operations Adjustment captures all necessary corrections.

The Company's management concluded, with the concurrence of the Audit Committee of the Board of Directors, that the impact of the Italian Operations Adjustment was not material to the Company's consolidated financial statements for any interim or annual period between Fiscal 2003 through Fiscal 2006. In reaching this conclusion, the Company reviewed and analyzed the SEC's Staff Accounting Bulletin ("SAB") No. 99, "Materiality," in order to determine that the impact was not material on a quantitative or qualitative basis to any one period. As a result, the Company recorded a cumulative adjustment in the fourth quarter of Fiscal 2006.

During the first quarter of Fiscal 2006 and fourth quarter of Fiscal 2005, the Company recorded pre-tax restructuring charges of $5.3 million and $5.1 million, respectively, related to staffing level adjustments and real estate consolidations in Europe and North America. These restructuring charges completed the Company's previously announced restructuring plans that were initiated during the fourth quarter of Fiscal 2005.

On January 25, 2005, the Company completed the acquisition of Norstan. Norstan's revenues are included in North America and Voice Services revenues.

The following table has been included to provide the allocation of Fiscal 2006 and Fiscal 2005 actual acquisition related expenses and the estimated allocation of such expenses in Fiscal 2007 and Fiscal 2008 to Fiscal 2025, directly related to the acquisition of Norstan:

P&L Impact:	**FY05 Total**	**FY06 Total**	**FY07 Total**	**FY08 to FY25**
Gross Profit	$1,028	$1,543	$ --	$ --
SG&A	913	490	--	--
Intangibles amortization	759	3,821	672	10,356
Total	$2,700	$5,854	$ 672	$10,356

During Fiscal 2006 and Fiscal 2005, the Company incurred pre-tax, non-cash charges of $5.9 million and $2.7 million, respectively, in connection with the acquisition of Norstan.

During Fiscal 2005, the Company incurred $4.4 million of costs associated with establishment of certain internal monitoring processes in accordance with the compliance requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404").

On April 30, 2006, the Company acquired NextiraOne from Platinum Equity, LLC. The acquired operations service commercial and various government agency clients and represent approximately $270 million to $280 million of projected annualized Voice Services revenues.

On May 1, 2006, the Company acquired NUVT, a privately held company, which provides planning, installation, monitoring and maintenance services for voice and data network systems. NUVT has an active customer base, which includes commercial, education and various government agency accounts and is expected to provide annual revenues of approximately $55 million.

Dollars in Thousands, unless Otherwise Indicated

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

	Year Ended March 31,					
	2006		2005		2004	
	$	% of total revenues	$	% of total revenues	$	% of total revenues
By Geography						
Revenues:						
North America	$564,700	78%	$355,013	66%	$341,299	66%
Europe	120,051	17%	142,838	27%	142,158	27%
All Other	36,584	5%	37,225	7%	36,955	7%
Total	$721,335	100%	$535,076	100%	$520,412	100%
Operating Income:						
North America	$ 53,550		$ 26,798		$ 44,281	
% of North America revenues	9.5%		7.5%		13.0%	
Europe	5,518		13,639		21,812	
% of Europe revenues	4.6%		9.5%		15.3%	
All Other	7,127		8,099		9,107	
% of All Other revenues	19.5%		21.8%		24.6%	
Total	$ 66,195		$ 48,536		$ 75,200	
% of Total revenue	9.2%		9.1%		14.5%	
Restructuring and other charges and reconciling items:						
North America	$ 7,358		$ 11,156		$ --	
Europe	10,807		1,003		--	
All Other	--		--		--	
Total	$ 18,165		$ 12,159		$ --	
% of Total revenue	2.5%		2.2%			

Information on revenues and gross profit for Data Services, Voice Services and Hotline Services is presented below:

	Year Ended March 31,					
	2006		2005		2004	
	$	% of total revenues	$	% of total revenues	$	% of total revenues
By Service Type						
Revenues:						
Data Services [1]	$196,585	27%	$200,935	38%	$214,299	41%
Voice Services [1]	310,804	43%	106,540	20%	68,241	13%
Hotline Services	213,946	30%	227,601	42%	237,872	46%
Total	$721,335	100%	$535,076	100%	$520,412	100%
Gross Profit:						
Data Services	$ 57,068		$ 59,354		$ 67,329	
% of Data Services revenues	29.0%		29.5%		31.4%	
Voice Services	119,556		36,255		23,999	
% of Voice Services revenues	38.5%		34.0%		35.2%	
Hotline Services	105,726		119,320		124,923	
% of Hotline Services revenues	49.4%		52.4%		52.5%	
Total	$282,350		$214,929		$216,251	
% of Total revenues	39.1%		40.2%		41.6%	
Reconciling items:						
Data Services	$2,071		—		—	
Voice Services	—		—		—	
Hotline Services	1,517		—		—	
Total	$ 3,588		—		—	
% of Total revenues	0.5%					

[1] Data Services and Voice Services may also be collectively referred to as “On-Site Services”

Fiscal 2006 Compared To Fiscal 2005

Total Revenues

Total revenues for Fiscal 2006 were $721,335, an increase of 35% compared to Fiscal 2005 total revenues of $535,076. The increase was due to the acquisitions of TSM, GTC, BCI, Universal, C=Win and CSG during Fiscal 2006, and a full twelve months of revenue from the acquisition of Norstan (collectively referred to as the “Acquired Companies”) during the fourth quarter of Fiscal 2005. The Acquired Companies added revenue of $227,313 and $35,208 for Fiscal 2006 and Fiscal 2005, respectively. Excluding the Acquired Companies, revenues decreased by 1%. The decrease included $4,321 negative impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2005, and excluding the Acquired Companies, total Fiscal 2006 revenues would have increased a total of 1% compared to Fiscal 2005.

Revenues by Geography

North America Revenues

Revenues in North America were $564,700 for Fiscal 2006, an increase of 59% compared to $355,013 for Fiscal 2005. The North America revenue increase was primarily due to the acquisition of the Acquired Companies. The Acquired Companies added North America

revenue of $227,313 and $35,208 for Fiscal 2006 and Fiscal 2005, respectively. Excluding the Acquired Companies, revenues would have increased 5%. The Company believes this overall increase was generally due to the increased demand for Data Services and Voice Services and success in the Company's DVH (Data, Voice and Hotline) Services cross-selling initiatives, offset in part by $281 negative impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2005, and excluding the impact of the Acquired Companies, total Fiscal 2006 revenues would have increased a total of $17,865 or 5%.

Europe Revenues
Revenues in Europe were $120,051 for Fiscal 2006, a decrease of 16% from Fiscal 2005 revenues of $142,838. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2005, Europe revenues would have increased by $4,046 for a decrease of 13%. The Company believes the Europe revenues decrease was due to the weak general economic conditions that affected client demand and the Italian Operations Adjustment.

All Other Revenues
Revenues for All Other were $36,584 for Fiscal 2006, a slight decrease compared to $37,225 for Fiscal 2005. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2005, All Other revenues would have increased by $556 for a decrease of less than 1%.

Revenue by Service Type

Data Services
Revenues from Data Services were $196,585 for Fiscal 2006, a decrease of 2% compared to $200,935 for Fiscal 2005. The Company believes the overall decline in Data Services revenue was driven by weak general economic conditions in the European market, the Italian Operations Adjustment and by $1,357 negative impact of exchange rates relative to the U.S. dollar for its International Data Services. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2005, Data Services revenues would have decreased 1%.

Voice Services
Revenues from Voice Services were $310,804 for Fiscal 2006, an increase of 192% compared to $106,540 for Fiscal 2005. The increase is primarily due to the Acquired Companies, which added $227,313 and $35,208 revenues to total Fiscal 2006 and Fiscal 2005, respectively. Excluding the effects of the Acquired Companies, Voice Services revenues increased 17% over Fiscal 2005. The Company believes the overall increase in Voice Services revenues was driven by increased client demands and the Company's ability to successfully cross-sell the DVH services to its existing customers. There was no exchange rate impact on Voice Service revenues as all of the Company's Voice Services revenue is denominated in U.S. dollars.

Hotline Services
Revenues from Hotline Services were $213,946 for Fiscal 2006, a decrease of 6% compared to $227,601 for Fiscal 2005. The Company believes the overall decline in Hotline Services revenues was driven by weak general economic conditions in the European market, the Italian Operations Adjustment and by $2,966 negative impact of exchange rates relative to the U.S. dollar for its International Hotline Services. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2005, Hotline Services revenues would have decreased 5%.

Gross Profit

Gross profit dollars for Fiscal 2006 increased to $282,350 from $214,929 for Fiscal 2005. The Company believes the increase in gross profit dollars over the prior year was primarily due to the acquisition of the Acquired Companies, offset in part by the Italian Operations Adjustment. Gross profit as a percent of revenues for Fiscal 2006 decreased to 39.1% of revenues from 40.2% of revenues for Fiscal 2005. The Company believes the percent decrease was primarily related to a lower gross profit percent in Hotline Services and the Italian Operations Adjustment.

Gross profit dollars for Data Services were $57,068 or 29.0% of revenues, for Fiscal 2006 compared to $59,354, or 29.5% of revenues, for Fiscal 2005. Gross profit dollars for Voice Services were $119,556, or 38.5% of revenues, for Fiscal 2006 compared to $36,255, or 34.0% of revenues, for Fiscal 2005. Gross profit dollars for Hotline Services were $105,726 or 49.4% of revenues, for Fiscal 2006 compared to $119,320 or 52.4% of revenues, for Fiscal 2005.

SG&A Expenses

Selling, general and administrative ("SG&A") expenses for Fiscal 2006 were $205,866, an increase of $45,864 over SG&A expenses of $160,002 for Fiscal 2005. SG&A expenses as a percent of revenue for Fiscal 2006 were 28.5% of revenues compared to 29.9% of revenues for Fiscal 2005. The dollar increase is primarily due to the acquisition of the Acquired Companies and lower expenses as a result of execution of a previously announced restructuring plan.

Restructuring and Other Charges

In the first quarter of Fiscal 2006, the Company recorded a restructuring charge of $5,290 to complete its staffing level adjustments in Europe and North America and for real estate consolidations initiated in the fourth quarter of Fiscal 2005. Of this charge, $1,548 and $3,742 related to North America and Europe, respectively. See Notes to Consolidated Financial Statements for further details related to the restructuring and other charges.

In the fourth quarter of Fiscal 2005, the Company recorded a restructuring and other charge of $5,059. This charge was comprised of $3,019 for staffing level adjustments and real estate consolidations in Europe and North America and $2,040 for the satisfaction of a previously disclosed litigation judgment. Of this charge, $4,056 and $1,003 related to North America and Europe, respectively. See Notes to Consolidated Financial Statements for further details related to the restructuring and other charges.

Intangibles Amortization

Intangibles amortization for Fiscal 2006 increased to $4,999 from $1,332 for Fiscal 2005. The increase was primarily attributable to the addition of $16,306 and $15,971 of intangible assets acquired through the acquisition of the Acquired Companies in Fiscal 2006 and Fiscal 2005, respectively. These intangibles consisted of non-compete agreements, backlog and customer relationships and will be amortized from one to twenty years (see Notes to Consolidated Financial Statements). The Company expects to incur additional amortization expense relative to these newly acquired intangibles of $2,135 in Fiscal 2007 and approximately $25,566 in the aggregate thereafter through Fiscal 2026. In addition, the Company paid $180 of deferred financing costs related to the Credit Agreement. These costs will be amortized through the Fiscal 2011 maturity date of the Credit Agreement.

Operating Income

Operating income for Fiscal 2006 was $66,195, or 9.2% of revenues, compared to $48,536, or 9.1% of revenues, for Fiscal 2005.

Interest Expense, Net

Net interest expense for Fiscal 2006 increased to $9,123 from $2,755 for Fiscal 2005 due to an increase in the weighted average outstanding debt of approximately $155,898 for Fiscal 2006 compared to approximately $74,977 for Fiscal 2005. The increase in debt relates primarily to the acquired companies during Fiscal 2006 and Fiscal 2005. In addition, the weighted average interest rate outstanding for Fiscal 2006 was 5.10% compared to the Fiscal 2005 rate of 2.98%.

Provision for Income Taxes

The tax provision for Fiscal 2006 was $19,678, an effective tax rate of 34.5%. This compares to the tax provision for Fiscal 2005 of $15,754, an effective tax rate of 34.5%.

The annual effective tax rate is lower than the U.S. statutory rate of 35.0% primarily due to foreign income taxes at rates lower than 35.0%. The Company anticipates that its deferred tax asset is realizable in the foreseeable future.

Net Income

Net income for Fiscal 2006 was $37,358, or 5.2% of revenues, compared to $29,912, or 5.6% of revenues, for Fiscal 2005.

Fiscal 2005 Compared To Fiscal 2004

Total Revenues

Total revenues for Fiscal 2005 were $535,076, an increase of 3% compared to Fiscal 2004 total revenues of $520,412. The increase was due to the acquisition of Norstan during the fourth quarter, which added $35,208 of revenues to total Fiscal 2005 results. Excluding the Norstan acquisition, revenues would have decreased 4%. The overall decrease was generally due to weak general economic conditions that affected client demand, offset in part by $11,860 positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2004, and excluding the impact of the Norstan acquisition, total Fiscal 2005 revenues would have decreased a total of 6% compared to Fiscal 2004.

Revenues by Geography

North America Revenues

Revenues in North America were $355,013 for Fiscal 2005, an increase of 4% compared to $341,299 for Fiscal 2004. The North America revenue increase was due to the acquisition of Norstan, which added $35,208 of revenues to total Fiscal 2005 results. Excluding the Norstan acquisition, revenues would have decreased 6%. The overall decrease was generally due to weak general economic conditions that affected client demand, offset in part by $235 positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2004, and excluding the impact of the Norstan acquisition, total Fiscal 2005 revenues would have decreased a total of $21,729, with no change to the percentage decrease.

Europe Revenues

Revenues in Europe were $142,838 for Fiscal 2005, comparable to Fiscal 2004 revenues of $142,158. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2004, Europe revenues would have decreased by $10,253 or 7%. The Company believes the overall decline in Europe revenues was due to weak general economic conditions that affected client demand.

All Other Revenues

Revenues for All Other were $37,225 for Fiscal 2005, an increase of 1% compared to $36,955 for Fiscal 2004. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2004, All Other revenues would have decreased by $1,372 or 3%. The Company believes the overall revenue decline in these regions was due to weak general economic conditions that affected client demand.

Revenue by Service Type

Data Services

Revenues from Data Services were $200,935 for Fiscal 2005, a decrease of 6% compared to $214,299 for Fiscal 2004. The Company believes the overall decline in Data Services revenue was driven by weak general economic conditions, offset in part by $4,444 positive impact of exchange rates relative to the U.S. dollar for its International Data Services. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2004, Data Services revenues would have decreased 8%.

Voice Services
Revenues from Voice Services were $106,540 for Fiscal 2005, an increase of 56% compared to $68,241 for Fiscal 2004. The increase is primarily due to the acquisition of Norstan during the fourth quarter, which added $35,208 of revenues to total Fiscal 2005 results. Excluding the effects of the Norstan acquisition, Voice Services revenues increased 5% over Fiscal 2004. There was no exchange rate impact on Voice Service revenues as all of the Company's Voice Services revenue is denominated in U.S. dollars.

Hotline Services
Revenues from Hotline Services were $227,601 for Fiscal 2005, a decrease of 4% compared to $237,872 for Fiscal 2004. The Company believes the overall decline in Hotline Services revenues was driven by weak general economic conditions, offset in part by $7,417 positive impact of exchange rates relative to the U.S. dollar for its International Hotline Services. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2004, Hotline Services revenues would have decreased 7%.

Gross Profit

Gross profit dollars for Fiscal 2005 decreased to $214,929 from $216,251 for Fiscal 2004. The decrease in gross profit dollars over the prior year was due to the decline in revenues. Gross profit as a percent of revenues for Fiscal 2005 decreased to 40.2% of revenues from 41.6% of revenues for Fiscal 2004. The decrease in gross profit percentage was due primarily to service mix and $1,028 of negative impact related to the amortization of the step-up to fair value of Norstan inventory recorded through purchase accounting (see Notes to Consolidated Financial Statements).

Gross profit dollars for Data Services were $59,354, or 29.5% of revenues, for Fiscal 2005 compared to $67,329, or 31.4% of revenues, for Fiscal 2004. Gross profit dollars for Voice Services were $36,255, or 34.0% of revenues, for Fiscal 2005 compared to $23,999, or 35.2% of revenues, for Fiscal 2004. Gross profit dollars for Hotline Services were $119,320, or 52.4% of revenues, for Fiscal 2005 compared to $124,923, or 52.5% of revenues, for Fiscal 2004.

SG&A Expenses

Selling, general and administrative ("SG&A") expenses for Fiscal 2005 were $160,002, an increase of $19,197 over SG&A expenses of $140,805 for Fiscal 2004. SG&A expenses as a percent of revenue for Fiscal 2005 were 29.9% of revenues compared to 27.1% of revenues for Fiscal 2004. The dollar increase is primarily due to the acquisition of Norstan which added $11,550 of SG&A expenses, $4,400 of costs incurred in relation to the Company's compliance with the requirements of Section 404 and a $2,100 increase in worldwide marketing costs.

Restructuring and Other Charges

In the fourth quarter of Fiscal 2005, the Company recorded a restructuring and other charge of $5,059. This charge was comprised of $3,019 for staffing level adjustments and real estate consolidations in Europe and North America, and $2,040 for the final settlement of a previously disclosed litigation matter. Of this charge, $4,056 and $1,003 related to North America and Europe, respectively. See Notes to Consolidated Financial Statements for further details related to the restructuring and other charges.

Intangibles Amortization

Intangibles amortization for Fiscal 2005 increased to $1,332 from $246 for Fiscal 2004. The increase was primarily attributable to the addition of $15,971 of intangible assets acquired through the Norstan acquisition. These intangibles consisted of non-compete agreements, backlog and customer relationships and will be amortized from one to twenty years (see Notes to Consolidated Financial Statements). The Company recorded an additional $759 of amortization expense in the fourth quarter due to these intangibles. The Company expects to incur additional amortization expense relative to these newly acquired intangibles of $3,808

in Fiscal 2006 and approximately $600 in the aggregate thereafter through Fiscal 2025. In addition, the Company paid $1,352 of deferred financing costs related to the Credit Agreement, for which $92 of amortization was recognized during Fiscal 2005. These costs will be amortized through the Credit Agreement maturity date in Fiscal 2011.

Operating Income

Operating income for Fiscal 2005 was $48,536, or 9.1% of revenues, compared to $75,200, or 14.5% of revenues, for Fiscal 2004.

Interest Expense, Net

Net interest expense for Fiscal 2005 increased to $2,755 from $1,808 for Fiscal 2004 due to an increase in the weighted average outstanding debt of approximately $74,977 for Fiscal 2005 compared to approximately $52,000 for Fiscal 2004. The increase in debt relates primarily to the Norstan acquisition. In addition, the weighted average interest rate outstanding for Fiscal 2005 was 2.98% compared to the Fiscal 2004 rate of 1.97%.

Provision for Income Taxes

The tax provision for Fiscal 2005 was $15,754, an effective tax rate of 34.5%. This compares to the tax provision for Fiscal 2004 of $26,002, an effective tax rate of 35.5%. The tax rate for Fiscal 2005 was lower than Fiscal 2004 due to the effect of implementing various international tax planning strategies.

The annual effective tax rate is lower than the U.S. statutory rate of 35.0% primarily due to foreign income taxes at rates lower than 35.0%. The Company anticipates that its deferred tax asset is realizable in the foreseeable future.

Net Income

Net income for Fiscal 2005 was $29,912, or 5.6% of revenues, compared to $47,243, or 9.1% of revenues, for Fiscal 2004. The decrease in net income dollars is primarily due to the restructuring and other charges and reconciling items incurred during Fiscal 2005.

Liquidity and Capital Resources

Cash Flows from Operating Activities

Net cash provided by operating activities for Fiscal 2006 was $51,797. Significant factors contributing to a source of cash were: Net Income of $37,358; a decrease in accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts of $9,369 and $3,573, respectively; and a decrease in net inventory consistent with efforts to increase inventory turns. Significant factors contributing to a use of cash were: a decrease in the short and long term restructuring reserve of $5,948; a decrease of deferred revenue and billings in excess of costs and estimated earnings on uncompleted contracts of $3,267; and an offset of $5,825 related to accrued acquisition costs, which have not been recognized as Investing Activities at year-end. Changes in the above accounts are based on an average Fiscal 2006 exchange rate.

Net cash provided by operating activities for Fiscal 2005 was $52,206. Significant factors contributing to a source of cash were: Net Income of $29,912; a decrease in accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts of $8,878 and $7,635, respectively, consistent with the decrease in revenue; and an increase in overall billings/collections efforts. Changes in the above accounts are based on an average Fiscal 2005 exchange rate.

Net cash provided by operating activities for Fiscal 2004 was $74,955. Significant factors contributing to a source of cash were: Net Income of $47,243; a decrease in accounts receivable of $7,486, consistent with the decrease in revenue and an increase in overall collection efforts; decrease in inventory of $1,144, primarily a result of the decrease in revenue; a decrease in other current assets primarily related to the reduction of costs and estimated earnings in excess of billings on uncompleted contracts of $4,498; and other assets of $1,294, related to normal business activities. Changes in the above accounts are based on an average Fiscal 2004 exchange rate.

At March 31, 2006, the Company had cash and cash equivalents of $11,207, working capital of $103,256 and long-term debt of $122,673.

The Company believes that its cash provided by operating activities and availability under its credit facility will be sufficient to fund the Company's working capital requirements, capital expenditures, dividend program, potential stock repurchases, potential future acquisitions or strategic investments and other cash needs for the next 12 months.

Investing Activities

Cash used by investing activities for all periods primarily represented acquisition of businesses and capital expenditures. Net cash used in investing activities during Fiscal 2006, 2005 and 2004 was $43,730, $104,765 and $2,832, respectively.

During Fiscal 2006, gross capital expenditures were $4,115, while capital disposals were $1,445. Gross capital expenditures were $3,506, while capital disposals were $1,187 in Fiscal 2005. Gross capital expenditures for Fiscal 2007 are projected to be $5,000 to $7,000 and will be spent primarily on information systems, general equipment and facility improvements.

The net cash impact of acquisitions during Fiscal 2006, 2005 and 2004 was $40,682, $102,553 and $0, respectively. See Note 18 of the Notes to Consolidated Financial Statements for additional detail on acquisitions made during Fiscal 2006. The cash impact of prior merger-related (recoveries)/payments, such as earn-outs, made during Fiscal 2006, 2005 and 2004 was $378, ($107) and $3,010, respectively.

Financing Activities

Net cash provided by/(used) in financing activities during Fiscal 2006, 2005 and 2004 was ($7,978), $55,800 and ($76,875), respectively. Cash used by financing activities in Fiscal 2006 primarily represents the net decrease in debt obligations combined with dividend payments to shareholders offset by cash received from the exercise of stock options. Cash provided by financing activities in Fiscal 2005 primarily represents the net increase in debt obligations and cash received from the exercise of stock options, offset by cash used for dividends and purchase of treasury stock. Cash used by financing activities in Fiscal 2004 primarily represents the net reduction of debt obligations combined with dividend payments to shareholders and purchases of treasury stock, offset by cash received from the exercise of stock options.

Total Debt

In June 2004, the Company entered into a $120,000 amended and restated credit facility with Citizens Bank of Pennsylvania, as agent, and a group of lenders (the "Amended and Restated Credit Facility"). Under the Amended and Restated Credit Facility, up to $5,000 was available for use under a swing line facility (at a LIBOR rate plus a margin) and up to $15,000 was available for use in connection with letters of credit.

Interest under the Amended and Restated Credit Facility was variable based on the Company's option of selecting the bank's LIBOR rate plus an applicable margin or the base rate plus an applicable margin. The majority of the Company's borrowings were under the LIBOR option. The applicable margin was adjusted each quarter based on the consolidated leverage ratio (as defined in the Amended and Restated Credit Facility). The applicable margin varied from 0.75% to 1.75% on the LIBOR rate option and

from 0.00% to 0.75% on the base rate option. The Amended and Restated Credit Facility provided for the payment of quarterly commitment fees on unborrowed funds, also based on the consolidated leverage ratio. The commitment fee percentage ranged from 0.15% to 0.375%.

On January 24, 2005, in connection with the acquisition of Norstan (see Note 18 of the Notes to Consolidated Financial Statements), the Company amended and restated the Amended and Restated Credit Facility (the "Second Amended and Restated Credit Facility"), also with Citizens Bank of Pennsylvania, as agent, and a group of lenders. Borrowings under the Second Amended and Restated Credit Facility were permitted up to a maximum amount of $240,000, including up to $15,000 of swingline loans and $25,000 of letters of credit. Interest on outstanding indebtedness under the Second Amended and Restated Credit Facility accrued, at the Company's option, at a rate based on either: (a) the greater of (i) the prime rate per annum of the agent then in effect and (ii) 0.50% plus the rate per annum announced by the Federal Reserve Bank of New York as being the weighted average of the rates on overnight Federal funds transactions arranged by Federal funds brokers on the previous trading day or (b) a rate per annum equal to the LIBOR rate plus 0.75% to 1.50% (determined by a leverage ratio based on the Company's EBITDA). The other terms and conditions of the Second Amended and Restated Credit Facility were substantially the same as the Amended and Restated Credit Facility.

On March 28, 2006, the Company amended the Second Amended and Restated Credit Facility, also with Citizens Bank of Pennsylvania, as agent, and a group of lenders. Borrowings under the Second Amended and Restated Credit Facility, as amended (the "Credit Agreement"), are permitted up to a maximum amount of $310,000, including up to $15,000 of swingline loans and $25,000 of letters of credit. The Credit Agreement may be increased by the Company up to an additional $90,000 with the approval of the lenders and may be unilaterally and permanently reduced by the Company to not less than the then outstanding amount of all borrowings. Interest on outstanding indebtedness under the Credit Agreement accrues, at the Company's option, at a rate based on either: (a) the greater of (i) the prime rate per annum of the agent then in effect and (ii) 0.50% plus the rate per annum announced by the Federal Reserve Bank of New York as being the weighted average of the rates on overnight Federal funds transactions arranged by Federal funds brokers on the previous trading day or (b) a rate per annum equal to the LIBOR rate plus 0.75% to 1.25% (determined by a leverage ratio based on the Company's EBITDA). The Credit Agreement expires on March 28, 2011.

The Company's total debt as of March 31, 2006 of $123,722 was comprised of $121,303 under the Credit Agreement, $1,891 of obligations under capital leases and $528 of various other third-party, non-employee loans. The weighted average interest rate on all indebtedness of the Company during the fourth quarter ending March 31, 2006 and March 31, 2005 was approximately 5.89% and 3.61%, respectively, and the weighted average interest rate on all indebtedness of the Company during the fiscal year ended March 31, 2006 and March 31, 2005 was 5.10% and 2.98%, respectively. In addition, as of March 31, 2006, the Company had $3,065 of letters of credit outstanding and $185,632 available under the Credit Agreement.

Dividends

Beginning in the third quarter of Fiscal 2003 and in all subsequent quarters through the first quarter of Fiscal 2005, the Company's Board of Directors declared quarterly cash dividends of $0.05 per share on all outstanding shares of Common Stock. In August 2004, the Company declared an increase to its current annual dividend payment rate from $0.20 to $0.24 so as to provide an additional return on investment to its stockholders. In the second quarter of Fiscal 2005 and in all subsequent quarters through the fourth quarter of Fiscal 2006, the Company's Board of Directors declared quarterly cash dividends of $0.06 per share on all outstanding shares of Common Stock.

The dividend declared in the fourth quarter of Fiscal 2006 totaled $1,055 and was paid on April 14, 2006 to stockholders of record at the close of business on March 31, 2006. The dividend declared in the first quarter of Fiscal 2007 will be paid on July 14, 2006 to stockholders of record at the close of business on June 30, 2006. While the Company expects to continue to declare dividends for the foreseeable future, there can be no assurance as to the timing or amount of such dividends.

Repurchase of Common Stock
The Company initiated a stock repurchase program in 1999. Since inception of the repurchase program in April 1999 through March 31, 2006, the Company has repurchased in aggregate approximately 6.9 million shares for approximately $297,000. During Fiscal 2006, the Company repurchased 565 shares for $27. Repurchases for the year ended March 31, 2005 totaled approximately 1,400,000 shares of the Common Stock for $56,912. Funding for the stock repurchases came primarily from cash flow from operations. Repurchases of stock during Fiscal 2007 and future periods 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 Credit Agreement (see Note 6 of the Notes to Consolidated Financial Statements) provides that the Company is not permitted to repurchase the Common Stock if the Company is in default under the Credit Agreement or would be in default under the Credit Agreement as a result of such repurchase. Additionally, without the consent of the lenders holding a majority of the commitments, which consent may not be unreasonably withheld, the Company may not repurchase stock if it is not in compliance with a leverage ratio.

Foreign Currency Exchange Impact
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, Mexico and Singapore are denominated in U.S. dollars.

The Company has entered and will continue in the future, on a selective basis, to enter into foreign currency forward contracts to reduce the foreign currency exposure related to certain intercompany transactions, primarily trade receivables and loans. All of the contracts have been designated and qualify as cash flow hedges. The effective portion of any changes in the fair value of the derivative instruments is recorded in other comprehensive income (loss) ("OCI") until the hedged forecasted transaction occurs or the recognized currency transaction affects earnings. Once the forecasted transaction occurs or the recognized currency transaction affects earnings, the effective portion of any related gains or losses on the cash flow hedge is reclassified from OCI to earnings. In the event the hedged forecasted transaction does not occur, or it becomes probable that it will not occur, the ineffective portion of any gain or loss on the related cash flow hedge would be reclassified from OCI to earnings at that time.

At March 31, 2006, the open foreign exchange contracts were in Euro, Pound sterling, Canadian dollar, Swiss franc, Japanese yen, Swedish krona, Danish krone, Norwegian kroner and Australian dollar. The open contracts have contract rates of 0.7850 to 0.8460 Euro, 0.5365 to 0.5816 Pound sterling, 1.1751 to 1.1774 Canadian dollar, 1.2149 to 1.3015 Swiss franc, 105.47 to 110.1 Japanese yen, 7.3773 to 8.0267 Swedish krona, 5.9275 to 6.3445 Danish krone, 6.2087 to 6.8514 Norwegian kroner and 1.3077 to 1.4194 Australian dollar, all per U.S. dollar.

The total open contracts, with a notional amount of approximately $66,870, have a fair value of $64,411 and will expire within 36 months.

Contractual Obligations
The Company has various contractual obligations and commitments to make future payments including debt agreements, operating and capital lease obligations and discounted lease rental commitments. See Notes 6, 7 and 9 of the Notes to Consolidated Financial Statements for additional information about these obligations and commitments.

The following table summarizes significant contractual obligations and commitments of the Company as of March 31, 2006. Except as set forth in the following table, the Company does not have any material long-term purchase obligations (as defined in SEC Regulation S-K 303(a)(5)) nor other long-term liabilities that are reflected on its balance sheet as of March 31, 2006:

	Payments Due by Period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-term debt obligations	$121,831	$ 528	$ --	$ 121,303	$ --
Interest expense on long-term debt	31,331	6,293	12,545	12,493	--
Capital lease obligations	1,891	521	1,123	247	--
Operating lease obligations	53,850	13,746	20,213	12,871	7,019
Discounted lease rentals	30	30	--	--	--
Total contractual obligations	$208,933	$ 21,118	$ 33,881	$ 146,914	$ 7,019

The following table summarizes significant commercial commitments of the Company as of March 31, 2006 and the related expiration per period:

	Amount of Commitment Expiration Per Period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Letters of credit	$3,065	$ 3,065	--	--	--
Total commercial commitments	$3,065	$ 3,065	--	--	--

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, other than those disclosed above, that are material to investors.

Recent Accounting Pronouncements

Accounting for Conditional Asset Retirement Obligations

In March 2005, the Financial Accounting Standards Board (the "FASB") issued Financial Interpretation Number ("FIN") 47, "Accounting for Conditional Asset Retirement Obligations" ("FIN 47"). FIN 47 clarifies the term "conditional asset retirement obligation" as used in Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement

Obligations" ("SFAS No. 143") which refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event. Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. There was no impact to the Company upon adoption of FIN 47.

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." The guidance expanded upon and clarified existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of variable interest entities, including special-purpose entities or off-balance sheet structures. In December 2003, the FASB issued a revision to FIN 46 ("FIN 46R") that modified some of the provisions and effective dates of FIN 46, and provided exemptions to certain entities from the original guidance. FIN 46R sets forth criteria to be used in determining whether an investment in a variable interest entity should be consolidated, and is based on the general premise that companies that control another entity through interests other than voting interests should consolidate the controlled entity. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. As amended, the consolidation requirements apply to older entities in the first fiscal year or interim period ending after March 15, 2004. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. There was no impact to the Company upon the adoption of FIN 46 and FIN 46R.

Stock-Based Compensation

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"). SFAS No. 123(R) is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" ("FASB No. 123"), supersedes Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and amends SFAS No. 95, "Statement of Cash Flows." SFAS No. 123(R) requires that companies recognize all share-based payments to employees, including grants of employee stock options, in the financial statements. The recognized cost will be based on the fair value of the equity or liability instruments issued. Pro forma disclosure of this cost will no longer be an alternative under SFAS No. 123(R). The Statement is effective for public companies at the beginning of the first annual reporting period that begins after June 15, 2005.

As permitted by SFAS No. 123, the Company currently accounts for its stock-based compensation plans under APB No. 25's intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of SFAS No. 123(R)'s fair value method will have a significant impact on the Company's results of operations, although it will have no impact on the Company's overall financial position or cash flows. The impact of adopting SFAS No. 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had the Company adopted SFAS No. 123(R) in prior periods, the impact would have approximated the amounts in its pro forma disclosure as described in the disclosure of pro forma net income and earnings per share in Note 1 of the Notes to Consolidated Financial Statements. Based on SFAS No. 123(R), the Company will transition to the new requirements by using the modified prospective transition method. This transition method requires compensation cost to be recognized for all share-based payments granted after the date of adoption and for all unvested awards existing on the date of adoption.

SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost be reported as a financing cash flow, rather than as an operating cash flow as required under current standards. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. The Company cannot estimate what those amounts will be in the future because they are dependant on, among other things, when employees exercise stock options. The amount of operating cash flows recognized for such excess tax deductions was $3,200, $3,472 and $6,789 during Fiscal 2006, 2005 and 2004, respectively.

The Company plans to adopt SFAS No. 123(R) as of the first day of the first quarter of Fiscal 2007, or April 1, 2006, as required.

Foreign Earnings Repatriation
In October 2004, the "American Jobs Creation Act of 2004" was signed into law. The law creates a temporary incentive for U.S. multinational companies to repatriate a portion of accumulated income earned outside of the U.S. at an effective tax rate of 5.25%. The law also includes a tax deduction of up to 9 percent of the lesser of (a) "qualified production activities income" or (b) taxable income. An issue arose as to whether that deduction should be accounted for as a special deduction or a tax rate reduction under SFAS No. 109, "Accounting for Income Taxes."

In December 2004, the FASB issued Staff Position No. FAS 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." The FASB staff believes that the deduction should be accounted for as a special deduction in accordance with SFAS No. 109. The Company believes that this treatment does not have an effect on its deferred taxes.

In December 2004, the FASB issued Staff Position No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" ("FSP 109-2"). FSP 109-2 allows additional time to assess the effect of repatriating international earnings under the law and requires explanatory disclosures from those who need the additional time.

The Company has evaluated the effects of the law and recent regulations on its plan for reinvestment or repatriation of international earnings. The Company believes that the temporary incentive to repatriate international earnings does not provide any tax benefit to the Company.

Segments
In February 2005, the FASB issued Emerging Issues Task Force ("EITF") No. 04-10, "Determining Whether to Aggregate Segments That Do Not Meet the Quantitative Thresholds" ("EITF No. 04-10"). This statement clarifies the aggregation criteria of operating segments as defined in SFAS No. 131 (as defined below in Note 19 of the Notes to Consolidated Financial Statements). The effective date of this statement is for fiscal years ending after September 15, 2005. The Company believes that its current segment reporting complies with EITF No. 04-10.

Accounting Changes and Error Corrections
In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections". This statement replaces APB No. 20 "Accounting Changes" cumulative effect accounting with accounting treatment based on retroactive restatement of comparative financial statements. It applies to all voluntary changes in accounting principles and defines "retrospective application" to differentiate it from restatements due to incorrect accounting. The provisions of this statement are effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company's adoption of SFAS No. 154 had no impact on its financial position, results of operations or cash flows.

Critical Accounting Policies
The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States, which require the Company to make estimates and assumptions that may affect the reported financial condition and results of operations should actual results differ. The Company bases its estimates and assumptions on the best available information and believes them to be reasonable for the circumstances. The Company believes that of its significant accounting policies, the following may involve a higher degree of judgment and complexity. See also Note 1 of the Notes to Consolidated Financial Statements for a summary of the Company's significant accounting policies.

Revenue Recognition
Within the Company's Hotline Services, revenues are recognized when title to products sold passes to the customer, which generally occurs upon shipment from the Company's location.

Within the Company's Data Services and Voice Services segments, revenues are recognized from maintenance service contracts, moves, adds and changes and network integration services, when the services are provided and revenues generally are recognized from the sale of IP application software upon delivery. Service contracts are generally pre-billed and are reflected on the balance sheet as deferred revenue and are generally recognized as revenue over the service period on a straight-line basis. Revenues from the sale and installation of products and systems are recognized using the percentage-of-completion method based upon the proportion of actual costs incurred to estimated total costs. At the time a loss on a contract becomes known, the entire amount of the estimated loss is recognized immediately in the financial statements.

The Company has historically made reasonably accurate estimates of the extent of progress towards completion, contract revenues and contract costs on its long-term contracts. However, due to uncertainties inherent in the estimation process, actual results could differ materially from those estimates.

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. In order to calculate the appropriate provision, the Company reviews its accounts receivable aging and calculates an allowance through application of historic reserve factors to specifically identified at-risk receivables. In addition to specific reserves, a general reserve is provided based upon the age of the receivables. The Company's policy is to fully reserve for accounts receivable when an account is determined to be uncollectible.

Inventories and Related Inventory Reserves
The Company's inventory is valued at the lower of cost or market value and has been reduced by an allowance for excess and obsolete inventories. The Company records an estimate for slow moving and obsolete inventory based upon product knowledge, physical inventory observation, future demand and market conditions and an aging analysis of the inventory on hand. If actual market conditions are less favorable than those projected by management, additional reductions to inventory 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 reductions.

Loss Contingencies
The Company incurs contingencies as a normal part of its business operations, such as future warranty obligations and potential liabilities relating to legal or regulatory matters. The Company accrues for contingent obligations when a loss is probable and the amount can be reasonably estimated.

Deferred Tax Valuation Allowances
Should the Company determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets 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 and indefinite life intangibles 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 and indefinite life intangibles 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. Estimated fair values of reporting units are estimated using an earnings 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 used to discount those estimated cash flows. Significant 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.

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.

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, 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, the ability of the Company to identify, acquire and operate additional technical service companies and various other matters, including those discussed in Part I, Item 1A, "Risk Factors," 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 interest rates and foreign currency exchange rates. Market risk is measured as the potential negative impact on earnings, cash flows or fair values resulting from a hypothetical change in interest rates or foreign currency exchange rates over the next year.

Interest Rate Risk

The Company's primary interest rate risk relates to its long-term debt obligations. At March 31, 2006, the Company had total long-term obligations, including the current portion of those obligations, of $123,722. Of that amount, $2,121 was in fixed rate obligations and $121,601 was in variable rate obligations. For the amounts in variable rate debt at March 31, 2006, an instantaneous 100 basis point increase in the interest rate would reduce the Company's expected net income in the subsequent fiscal year by $808, assuming the Company employed no intervention strategies. The Company had no interest rate hedging agreements in effect during the fiscal year ended March 31, 2006. Subsequent to March 31, 2006, the Company entered into an interest rate swap agreement with a notional value of $100,000, the effect of which will be to effectively convert a portion of the variable rate based debt to a fixed rate portion.

Foreign Exchange Rate Risk

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. To mitigate this risk, the Company has entered and will continue in the future, on a selective basis, to enter into foreign currency forward contracts to reduce the foreign currency exposure related to certain intercompany transactions. See Note 1 of the Notes to Consolidated Financial Statements for additional information about the Company's foreign currency hedging activities. At March 31, 2006, the Company had total open contracts valued at approximately $66,870 with a fair value of approximately $64,411.

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

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Reports of Independent Registered Public Accounting Firms	32
Consolidated Statements of Income for the years ended March 31, 2006, 2005 and 2004	34
Consolidated Balance Sheets as of March 31, 2006 and 2005	35
Consolidated Statements of Changes in Stockholders' Equity for the years ended March 31, 2006, 2005 and 2004	36
Consolidated Statements of Cash Flows for the years ended March 31, 2006, 2005 and 2004	37
Notes to Consolidated Financial Statements	38

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Black Box Corporation
Lawrence, Pennsylvania

We have audited the accompanying consolidated balance sheets of Black Box Corporation as of March 31, 2006 and 2005 and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. We have also audited the schedules listed in the accompanying index. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedules. 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 at March 31, 2006 and 2005 and the results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the 2006 and 2005 schedules present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Black Box Corporation's internal control over financial reporting as of March 31, 2006, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated May 26, 2006 expressed an unqualified opinion thereon.

/s/ BDO Seidman, LLP

Chicago, Illinois
May 26, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the consolidated statements of income, shareholders' equity and cash flows of Black Box Corporation and subsidiaries for the year ended March 31, 2004. Our audit also included the financial statement schedule listed in the index at Item 15 for the year ended March 31, 2004. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Black Box Corporation and subsidiaries as of March 31, 2004 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the financial statement schedule for the year ended March 31, 2004 referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Pittsburgh, Pennsylvania
June 10, 2004

BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

In thousands, except per share amounts	Year Ended March 31, 2006	2005	2004
Revenues			
Hotline products	$213,946	$227,601	$237,872
On-site services	507,389	307,475	282,540
Total	721,335	535,076	520,412
Cost of sales			
Hotline products	108,220	108,281	112,949
On-site services	330,765	211,866	191,212
Total	438,985	320,147	304,161
Gross profit	282,350	214,929	216,251
Selling, general and administrative expenses	205,866	160,002	140,805
Restructuring and other charges	5,290	5,059	--
Intangibles amortization	4,999	1,332	246
Operating income	66,195	48,536	75,200
Interest expense, net	9,123	2,755	1,808
Other expense, net	36	115	147
Income before provision for income taxes	57,036	45,666	73,245
Provision for income taxes	19,678	15,754	26,002
Net income	$ 37,358	$ 29,912	$ 47,243
Earnings per common share			
Basic	$ 2.18	$ 1.72	$ 2.60
Diluted	$ 2.13	$ 1.68	$ 2.52
Weighted average common shares outstanding			
Basic	17,164	17,411	18,173
Diluted	17,544	17,845	18,766
Dividends per share	$ 0.24	$ 0.22	$ 0.20

See Notes to Consolidated Financial Statements

BLACK BOX CORPORATION
CONSOLIDATED BALANCE SHEETS

In thousands, except par value	March 31, 2006	2005
Assets		
Cash and cash equivalents	$ 11,207	$ 11,592
Trade accounts receivable, net of allowance for doubtful accounts of $9,517 and $7,342	116,713	116,865
Lease receivables (Note 2)	512	1,697
Inventories, net (Note 3)	53,926	57,176
Costs and estimated earnings in excess of billings on uncompleted contracts	23,803	25,695
Deferred tax asset	8,973	9,236
Net current assets of discontinued operations	467	549
Other current assets	15,523	14,724
Total current assets	231,124	237,534
Property, plant and equipment, net (Note 4)	35,124	38,268
Goodwill, net (Note 5)	468,724	444,567
Other intangibles, net (Note 5)	55,440	44,157
Lease receivables, net of current portion	--	473
Deferred tax asset	4,231	3,793
Discontinued operations, net of current portion	--	373
Other assets	5,091	3,725
Total assets	$ 799,734	$ 772,890
Liabilities		
Current maturities of long-term debt (Note 6)	$ 1,049	$ 692
Current maturities of discounted lease rentals (Note 7)	30	890
Accounts payable	44,943	36,032
Billings in excess of costs and estimated earnings on uncompleted contracts	8,648	8,947
Deferred revenue	22,211	21,456
Accrued liabilities:		
Compensation and benefits	13,954	14,270
Restructuring reserve (Note 17)	3,292	6,709
Other liabilities	27,817	32,708
Income taxes	5,924	3,295
Total current liabilities	127,868	124,999
Long-term debt (Note 6)	122,673	147,196
Discounted lease rentals	--	30
Other liabilities	887	75
Restructuring reserve (Note 17)	7,406	9,889
Stockholders' Equity		
Preferred stock authorized 5,000, par value $1.00, none issued	--	--
Common stock authorized 100,000, par value $.001, 17,593 and 16,840 shares outstanding	25	24
Additional paid-in capital	362,810	336,290
Retained earnings	461,853	428,632
Treasury stock, at cost, 6,935 and 6,935 shares	(296,824)	(296,797)
Accumulated other comprehensive income	13,036	22,552
Total stockholders' equity	540,900	490,701
Total liabilities and stockholders' equity	$ 799,734	$ 772,890

See Notes to Consolidated Financial Statements

BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

In thousands, except share amounts	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total
Balance at March 31, 2003	22,594,034	$ 23	$295,271	$359,037	$(163,547)	$ 3,638	$494,422
Comprehensive income:							
Net income				47,243			47,243
Foreign currency translation adjustment						14,013	14,013
Unrealized gains on derivatives designated and qualified as cash flow hedges, net of tax						454	454
Reclassification of unrealized gains on expired derivatives						(233)	(233)
Comprehensive income							61,477
Dividends declared				(3,605)			(3,605)
Purchase of treasury stock					(76,338)		(76,338)
Exercise of options, net of tax	799,644		22,159				22,159
Tax benefit from exercised options			6,789				6,789
Balance at March 31, 2004	23,393,678	23	324,219	402,675	(239,885)	17,872	504,904
Comprehensive income:							
Net income				29,912			29,912
Foreign currency translation adjustment						5,281	5,281
Unrealized losses on derivatives designated and qualified as cash flow hedges, net of tax						(147)	(147)
Reclassification of unrealized gains on expired derivatives						(454)	(454)
Comprehensive income							34,592
Stock compensation expense			680				680
Dividends declared				(3,955)			(3,955)
Purchase of treasury stock					(56,912)		(56,912)
Exercise of options, net of tax	381,272	1	7,919				7,920
Tax benefit from exercised options			3,472				3,472
Balance at March 31, 2005	23,774,950	24	336,290	428,632	(296,797)	22,552	490,701
Comprehensive income:							
Net income				37,358			37,358
Foreign currency translation adjustment						(10,511)	(10,511)
Unrealized gains on derivatives designated and qualified as cash flow hedges, net of tax						1,142	1,142
Reclassification of unrealized gains on expired derivatives						(147)	(147)
Comprehensive income							27,842
Dividends declared				(4,137)			(4,137)
Purchase of treasury stock					(27)		(27)
Exercise of options, net of tax	753,487	1	23,320				23,321
Tax benefit from exercised options			3,200				3,200
Balance at March 31, 2006	24,528,437	$ 25	$362,810	$461,853	$(296,824)	$ 13,036	$540,900

See Notes to Consolidated Financial Statements

BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	Year Ended March 31, 2006	2005	2004
Operating Activities			
Net income	$ 37,358	$ 29,912	$ 47,243
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	13,930	7,955	6,765
Gain on disposal of assets	--	--	(531)
Deferred tax (benefit)/provision	(212)	(77)	2,386
Stock compensation expense	--	680	--
Tax benefit from exercised options	(3,200)	(3,472)	(6,789)
Changes in operating assets and liabilities (net of acquisitions):			
Accounts receivable, net	9,369	8,878	7,486
Inventories, net	5,000	(76)	1,144
Other current assets	7,541	3,307	16,455
Proceeds from lease contracts	1,658	504	--
Accounts payable and accrued liabilities	(19,647)	4,595	796
Net cash provided by operating activities	51,797	52,206	74,955
Investing Activities			
Capital expenditures	(4,115)	(3,506)	(1,673)
Capital disposals	1,445	1,187	1,851
Acquisition of businesses, net of cash acquired	(40,682)	(102,553)	--
Prior merger-related recovery/(payments)	(378)	107	(3,010)
Net cash used in investing activities	(43,730)	(104,765)	(2,832)
Financing Activities			
Repayment of borrowings	(218,989)	(127,959)	(229,914)
Proceeds from borrowings	192,882	238,409	215,600
Repayments on discounted lease rentals	(890)	(458)	--
Proceeds from the exercise of options	23,320	7,919	22,159
Payment of dividends	(4,094)	(3,847)	(3,663)
Deferred financing costs	(180)	(1,352)	--
Purchase of treasury stock	(27)	(56,912)	(81,057)
Net cash (used)/provided by financing activities	(7,978)	55,800	(76,875)
Foreign currency exchange impact on cash	(474)	(955)	15
(Decrease)/increase in cash and cash equivalents	(385)	2,286	(4,737)
Cash and cash equivalents at beginning of year	11,592	9,306	14,043
Cash and cash equivalents at end of year	$ 11,207	$ 11,592	$ 9,306
Supplemental Cash Flow:			
Cash paid for interest	$ 8,336	$ 3,045	$ 1,808
Cash paid for income taxes	17,223	17,064	25,176
Non-cash financing activities:			
Dividends payable	1,055	1,011	903
Capital leases	1,214	714	--

See Notes to Consolidated Financial Statements

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts)

Note 1: Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the accounts of the parent company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates in these financial statements include allowances for doubtful accounts receivable, sales returns, net realizable value of inventories, loss contingencies, warranty reserves and intangible assets. Actual results could differ from those estimates.

Allowance for doubtful accounts receivable: 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. Specific accounts are evaluated on a case-by-case basis before they are written off.

Sales returns: At the time of sale, an estimate for sales returns is recorded based on historical experience.

Inventory valuation: The Company records an estimate for slow moving and obsolete inventory based upon product knowledge, physical inventory observation and an aging analysis of the inventory on hand.

Loss Contingencies: The Company accrues for contingent obligations when a loss is probable and the amount can be reasonably estimated.

Warranties: Estimated future warranty costs related to certain products are charged to operations in the period the related revenue is recognized based on historical experience.

Intangible Assets: The Company has purchased intangible assets, such as customer relationships, non-compete agreements and backlog, which have finite lives. These intangible assets are amortized over the estimated economic lives.

Cash and Cash Equivalents
The Company considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates market.

Inventories
Inventories are valued at the lower of cost or market. The first-in, first-out average cost method is used to value the majority of the inventory. However, some locations of the Company use other methods, including first-in first-out and actual current costs.

Property, Plant and Equipment
Property, plant and equipment are stated at cost. Maintenance, repairs and minor renewals are charged to operations as incurred. Major renewals and betterments, which substantially extend the useful life of the property, are capitalized at cost. Upon sale or

other disposition of assets, the costs and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in income.

Depreciation is computed using the straight-line method based on the estimated useful lives of 30 years for buildings and improvements and 3 to 5 years for machinery and equipment. Leasehold improvements are depreciated over their lease terms, or useful lives if shorter. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill and Other Intangible Assets

Goodwill is the excess of purchase price over the value of the net assets acquired. The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), on April 1, 2001. Under SFAS No. 142, goodwill and intangible assets with indefinite useful lives are no longer amortized but are subject to, at a minimum, an annual impairment assessment of their carrying value. Under SFAS No. 142, goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. Estimated fair values of the reporting units were estimated using an earnings 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 used to discount those estimated cash flows. See Note 5 for further discussion regarding goodwill and intangibles.

The cost of other acquired intangibles is amortized on a straight-line basis over their estimated useful lives of 3-10 years for non-compete agreements, one year for backlog and 20 years for customer relationships.

The Company assesses the carrying value of its long-lived assets, including land, building, equipment and leasehold improvement and amortizable intangible assets, whenever economic events or changes in circumstances indicate that the carrying values of the assets may not be recoverable. Long-lived assets are considered to be impaired when the sum of the undiscounted expected future net operating cash flows is less than the carrying values of the related assets.

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.

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, Mexico and Singapore are denominated in U.S. dollars.

The Company has entered and will continue in the future, on a selective basis, to enter into foreign currency forward contracts to reduce the foreign currency exposure related to certain intercompany transactions, primarily trade receivables and loans. All of the contracts have been designated and qualify as cash flow hedges. The effective portion of any changes in the fair value of the derivative instruments is recorded in other comprehensive income (loss) ("OCI") until the hedged forecasted transaction occurs or the recognized currency transaction affects earnings. Once the forecasted transaction occurs or the recognized currency transaction affects earnings, the effective portion of any related gains or losses on the cash flow hedge is reclassified from OCI to earnings. In the event the hedged forecasted transaction does not occur, or it becomes probable that it will not occur, the ineffective portion of any gain or loss on the related cash flow hedge would be reclassified from OCI to earnings at that time.

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

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. Foreign currency assets and liabilities are translated into U.S. dollars at the rate of exchange existing at the statement date. Income and expense amounts are translated at the average of the monthly exchange rates. Adjustments resulting from these translations are credited or charged directly to accumulated comprehensive income (loss) and will be included in income upon sale or liquidation of the foreign investment. Gains and losses from foreign currency transactions, denominated in a currency other than the functional currency, are credited or charged directly to income. For the subsidiaries located in Brazil and Mexico, the U.S. dollar is the functional currency.

Revenue Recognition

Within the Company's Hotline Services, revenues are recognized when title to products sold passes to the customer, which generally occurs upon shipment from the Company's location.

Within the Company's Data Services and Voice Services segments, revenues are recognized from maintenance service contracts, moves, adds and changes and network integration services, when the services are provided. Service contracts are generally pre-billed and are reflected on the balance sheet as deferred revenue and are generally recognized over the service period on a straight-line basis. Revenues from the sale and installation of products and systems are recognized using the percentage-of-completion method based upon the proportion of actual costs incurred to estimated total costs. At the time a loss on a contract becomes known, the entire amount of the estimated loss is recognized immediately in the financial statements. The Company has historically made reasonably accurate estimates of the extent of progress towards completion, contract revenues and contract costs on its long-term contracts. However, due to uncertainties inherent in the estimation process, actual results could differ materially from those estimates.

Billings in excess of costs and estimated earnings 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.

Advertising Costs

Catalogs and other direct mail costs are expensed over their useful life. All other advertising costs are expensed as incurred. The Company recognized $9,414, $11,649 and $9,550 in advertising expenses during Fiscal 2006, 2005 and 2004, respectively.

Stock-Based Compensation

Stock options are granted to certain employees and members of the Company's Board of Directors at the fair market value of the Company's stock on the date of the grant. For the periods covered by these financial statements, the Company accounted for its stock-based compensation plans under the provisions of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"), as amended and related guidance. Under this guidance there are no charges or credits to income with respect to stock options. The pro forma information below is based on provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", as amended by SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure," issued in December 2002. SFAS No. 148 requires that the pro forma information regarding net income and earnings per share are determined as if the Company had accounted for its employee stock options under the fair value method as prescribed by SFAS No. 123.

The following table shows the effects on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, as amended, to the stock-based awards:

		2006	2005	2004
Net income:	As reported	$ 37,358	$29,912	$47,243
Plus:	Stock-based compensation expense included in reported net income, net of related tax	--	445	--
Less:	Stock-based compensation expense determined by the fair value method for all awards, net of related tax	(23,972)	(9,492)	(9,881)
	Pro forma	$ 13,386	$20,865	$37,362
Earnings per share:	Basic – as reported	$ 2.18	$ 1.72	$ 2.60
	Basic – pro forma	$ 0.78	$ 1.20	$ 2.06
	Diluted – as reported	$ 2.13	$ 1.68	$ 2.52
	Diluted – pro forma	$ 0.76	$ 1.17	$ 1.99

For options with a vesting period, compensation expense is recognized on a ratable basis over the service period which corresponds to the vesting period. Compensation expense is recognized immediately for options that are granted fully vested on the date of the grant. The incremental fair value of each option grant is estimated on the date of grant using the Black-Scholes options pricing model. The model requires the use of various assumptions. The following assumptions were used in Fiscal 2006, 2005 and 2004:

	2006	2005	2004
Expected life (in years)	5.6	5.1	5.1
Risk free interest rate	4.2%	3.5%	3.0%
Volatility	49%	60%	61%
Dividend yield	0.6%	0.6%	0.5%

On October 31, 2005, in response to the issuance of SFAS No. 123(R) (as defined below), the Compensation Committee of the Board of Directors of the Company authorized the acceleration of the vesting of all of the Company's outstanding out-of-the-money unvested stock options held by current employees, including officers, and directors. Approximately 405,224 options that would have otherwise vested from time to time over the next three years became immediately exercisable. The Company also granted on October 31, 2005 fully vested options to purchase approximately 984,000 additional shares of Common stock. The combined options had an exercise price greater than $39.77, the approximate fair value of the Company's common stock, par value $.001 per share (the "Common Stock") on October 31, 2005. The accelerated vesting of these options increased pro-forma compensation expense for the three months ended December 31, 2005 by approximately $15,483, net of tax.

During the second quarter of Fiscal 2005, the Company recorded compensation expense, as a result of a modification to a retiring director's stock option agreements. Based on the guidance under Financial Interpretation Number ("FIN") 44, "Accounting for Certain Transactions Involving Stock Compensation" ("FIN 44"), the Company recorded compensation expense in the amount of $680. The expense was recorded as a component of Selling, General and Administrative expense.

Earnings Per Share

Basic earnings per share are calculated by dividing net income (loss) by the weighted average of common shares outstanding during the year. Diluted earnings per share is calculated by using the weighted average of common shares outstanding adjusted to include the potentially dilutive effect of outstanding stock options utilizing the treasury stock method.

Reclassification

Certain reclassifications have been made to the Consolidated Financial Statements for prior periods in order to conform to the Fiscal 2006 presentation.

Recent Accounting Pronouncements

Accounting for Conditional Asset Retirement Obligations
In March 2005, the Financial Accounting Standards Board (the "FASB") issued FIN 47, "Accounting for Conditional Asset Retirement Obligations". FIN 47 clarifies the term "conditional asset retirement obligation" as used in SFAS No. 143, "Accounting for Asset Retirement Obligations," which refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event. Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. There was no impact to the Company upon adoption of FIN 47.

Consolidation of Variable Interest Entities
In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51". The guidance expanded upon and clarified existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of variable interest entities, including special-purpose entities or off-balance sheet structures. In December 2003, the FASB issued a revision to FIN 46 ("FIN 46R") that modified some of the provisions and effective dates of FIN 46, and provided exemptions to certain entities from the original guidance. FIN 46R sets forth criteria to be used in determining whether an investment in a variable interest entity should be consolidated, and is based on the general premise that companies that control another entity through interests other than voting interests should consolidate the controlled entity. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. As amended, the consolidation requirements apply to older entities in the first fiscal year or interim period ending after March 15, 2004. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. There was no impact to the Company upon the adoption of FIN 46 and FIN 46R.

Stock-Based Compensation
In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123(R)"). SFAS No. 123(R) is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" ("FASB No. 123"), supersedes APB No. 25, and amends SFAS No. 95, "Statement of Cash Flows." SFAS No. 123(R) requires that companies recognize all share-based payments to employees, including grants of employee stock options, in the financial statements. The recognized cost will be based on the fair value of the equity or liability instruments issued. Pro forma disclosure of this cost will no longer be an alternative under SFAS No. 123(R). The Statement is effective for public companies at the beginning of the first annual reporting period that begins after June 15, 2005.

As permitted by SFAS No. 123, the Company currently accounts for its stock-based compensation plans under APB No. 25's intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of SFAS No. 123(R)'s fair value method will have a significant impact on the Company's results of operations, although it will have no impact on the Company's overall financial position or cash flows. The impact of adopting SFAS No. 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had the Company adopted SFAS No. 123(R) in prior periods, the impact would have approximated the amounts in its pro forma disclosure as described in the disclosure of pro forma net income and earnings per share in Note 1 of the Notes to Consolidated Financial Statements. Based on SFAS No. 123(R), the Company will transition to the new requirements by using the modified prospective transition method. This transition method requires compensation cost to be recognized for all share-based payments granted after the date of adoption and for all unvested awards existing on the date of adoption.

SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost be reported as a financing cash flow, rather than as an operating cash flow as required under current standards. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. The Company cannot estimate what those amounts will be in the future because they are dependant on, among other things, when employees exercise stock options. The amount of operating cash flows recognized for such excess tax deductions was $3,200, $3,472 and $6,789 during Fiscal 2006, 2005 and 2004, respectively.

The Company plans to adopt SFAS No. 123(R) as of the first day of the first quarter of Fiscal 2007, or April 1, 2006, as required.

Foreign Earnings Repatriation

In October 2004, the "American Jobs Creation Act of 2004" was signed into law. The law creates a temporary incentive for U.S. multinational companies to repatriate a portion of accumulated income earned outside of the U.S. at an effective tax rate of 5.25%. The law also includes a tax deduction of up to 9 percent of the lesser of (a) "qualified production activities income" or (b) taxable income. An issue arose as to whether that deduction should be accounted for as a special deduction or a tax rate reduction under SFAS No. 109, "Accounting for Income Taxes."

In December 2004, the FASB issued Staff Position No. FAS 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." The FASB staff believes that the deduction should be accounted for as a special deduction in accordance with SFAS No. 109. The Company believes that this treatment does not have an effect on its deferred taxes.

In December 2004, the FASB issued Staff Position No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" ("FSP 109-2"). FSP 109-2 allows additional time to assess the effect of repatriating international earnings under the law and requires explanatory disclosures from those who need the additional time.

The Company has evaluated the effects of the law and recent regulations on its plan for reinvestment or repatriation of international earnings. The Company believes that the temporary incentive to repatriate international earnings does not provide any tax benefit to the Company.

Segments

In February 2005, the FASB issued Emerging Issues Task Force ("EITF") No. 04-10, "Determining Whether to Aggregate Segments That Do Not Meet the Quantitative Thresholds" ("EITF No. 04-10"). This statement clarifies the aggregation criteria of operating segments as defined in SFAS No. 131 (as defined below in Note 19 of the Notes to Consolidated Financial Statements). The effective date of this statement is for fiscal years ending after September 15, 2005. The Company believes that its current segment reporting complies with EITF No. 04-10.

Accounting Changes and Error Corrections

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections". This statement replaces APB No. 20 "Accounting Changes" cumulative effect accounting with accounting treatment based on retroactive restatement of comparative financials statements. It applies to all voluntary changes in accounting principle and defines "retrospective application" to differentiate it from restatements due to incorrect accounting. The provisions of this statement are effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company's adoption of SFAS No. 154 had no impact on its financial position, results of operations or cash flows.

Note 2: Lease Receivables

The acquisition of Norstan (see Note 18) included outstanding lease receivables, which were primarily accounted for as sales-type leases for financial reporting purposes. Prior to the Company's acquisition, Norstan had made a strategic decision to discontinue offering financing directly to their customers. The Company concurs with this decision and will continue to not offer financing to customers in the future.

The components of lease receivables outstanding are as follows:

	March	
	2006	**2005**
Gross lease receivables	$ 730	$2,697
Residual values	94	219
Less:		
Unearned income	(236)	(553)
Allowance for financing losses	(76)	(193)
Total lease receivables, net	512	2,170
Less – current maturities	512	1,697
Long-term lease receivables	$ --	$ 473

The aggregate amounts of gross lease receivables maturing in each of the two years following March 31, 2006 are as follows:

Years Ending March 31,	
2007	$636
2008	94
	$730

Note 3: Inventories

Inventory balances, net of reserves for excess and obsolete inventories:

	March 31	
	2006	**2005**
Raw materials	$ 1,426	$ 1,447
Finished goods	66,787	68,275
Subtotal	68,213	69,722
Excess and obsolete inventory reserves	(14,287)	(12,546)
Inventory, net	$ 53,926	$ 57,176

Note 4: Property, Plant And Equipment

Property, plant and equipment balances, net of accumulated depreciation:

	March 31	
	2006	2005
Land	$ 2,369	$ 2,554
Building and improvements	26,052	26,019
Machinery	58,562	58,238
Subtotal	86,983	86,811
Accumulated depreciation	(51,859)	(48,543)
Property, plant and equipment, net	$ 35,124	$ 38,268

Depreciation expense for Fiscal 2006, 2005 and 2004 was $8,931, $6,623 and $6,519, respectively.

Note 5: Goodwill and Other Intangible Assets

On April 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Under this statement, goodwill and intangible assets with indefinite useful lives are not amortized. The Company was required to perform an impairment test upon adoption. In addition, the Company is required to perform an impairment test annually, or as often as impairment indicators are present.

At the time of adoption, the Company performed the required impairment test by comparing the fair value of each reporting unit to its carrying value. The Company concluded that no impairment existed. Based on the policy, the Company has performed the annual test for Fiscal 2005 and Fiscal 2006, with the most recent test having been conducted during the third quarter of Fiscal 2006, and concluded that no impairment existed. During the third quarter of each future fiscal year, the Company will evaluate its non-amortizable intangible assets for impairment with any resulting impairment reflected as an operating expense. The Company's only intangibles, as identified in SFAS No. 141, "Business Combinations," other than goodwill, are its trademarks, non-compete agreements, customer relationships and acquired backlog.

Changes in the carrying amount of goodwill in Fiscal 2006 and Fiscal 2005 by reporting segment:

	North America	Europe	All Other	Total
Balance as of March 31, 2004	$311,540	$67,358	$1,871	$380,769
Currency translation	45	3,099	15	3,159
Goodwill on businesses acquired	60,416	--	--	60,416
Actual earnout payments	--	277	82	359
Other	(136)	--	--	(136)
Balance as of March 31, 2005	371,865	70,734	1,968	444,567
Currency translation	24	(5,271)	33	(5,214)
Goodwill on businesses acquired	28,993	--	--	28,993
Actual earnout payments	--	--	41	41
Other	116	221	--	337
Balance as of March 31, 2006	$400,998	$65,684	$2,042	$468,724

At March 31, 2006, certain merger agreements provided for contingent payments of up to $4,588. If future operating performance goals are met, goodwill will be adjusted for the amount of the contingent payments.

The Company's intangible assets are comprised of the appraised fair market values of employee non-compete contracts, backlog and customer relationships obtained through business acquisitions. The Company has the following definite-lived intangibles:

	March 31, 2006			March 31, 2005		
	Gross Carrying Amount	**Accum. Amort.**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accum. Amort.**	**Net Carrying Amount**
Non-compete agreements	$ 4,894	$1,851	$ 3,043	$ 2,676	$1,105	$ 1,571
Customer relationships	25,654	997	24,657	11,699	114	11,585
Acquired backlog	3,935	3,934	1	3,930	668	3,262
Total	$34,483	$6,782	$27,701	$18,305	$1,887	$16,418

Intangible asset amortization is computed using the straight-line method based upon the estimated useful lives of the respective assets, which range from one to 20 years.

Intangible asset amortization expense for Fiscal 2006, 2005 and 2004 was $4,999, $1,332 and $246, respectively. The estimated intangible amortization expenses for the next five years are as follows:

Years Ending March 31,	
2007	$ 2,135
2008	2,097
2009	1,953
2010	1,903
2011	995
Thereafter	18,618
	$27,701

Intangible assets not subject to amortization consist solely of the Company's trademark portfolio. The net carrying amount was $27,739 at March 31, 2006 and 2005.

The changes in the carrying amount of goodwill and intangible assets, net of accumulated amortization:

	Trademarks	**Non-Competes and Backlog**	**Customer Relationships**	**Goodwill**	**Total**
Balance as of March 31, 2005	$27,739	$ 4,833	$11,585	$444,567	$488,724
Change in net intangible assets during the period related to:					
Amortization expense	--	(4,116)	(883)	--	(4,999)
Currency translation	--	(24)	--	(5,214)	(5,238)
Acquisitions	--	2,351	13,955	30,668	46,974
Adjustment on previous acquisitions	--	--	--	(1,675)	(1,675)
Other	--	--	--	378	378
Balance as of March 31, 2006	$27,739	$ 3,044	$24,657	$468,724	$524,164

Note 6: Indebtedness

Long-term debt consisted of the following:

	March 31,	
	2006	2005
Revolving credit agreement	$121,303	$146,560
Capital lease obligations	1,891	772
Other	528	556
Total debt	123,722	147,888
Less: current portion	(1,049)	(692)
Long-term debt	$122,673	$147,196

In June 2004, the Company entered into a $120,000 amended and restated credit facility with Citizens Bank of Pennsylvania, as agent, and a group of lenders (the "Amended and Restated Credit Facility"). Under the Amended and Restated Credit Facility, up to $5,000 was available for use under a swing line facility (at a LIBOR rate plus a margin) and up to $15,000 was available for use in connection with letters of credit. Other borrowings under the Amended and Restated Credit Facility bore interest, at the Company's option, at either the banks' base rate or the LIBOR rate, in each case plus a margin. The applicable margins were adjusted each quarter based on the consolidated leverage ratio and ranged from 0.00% to 0.75% for the base rate and 0.75% to 1.75% for the LIBOR rate. The Company was also subject, under the Amended and Restated Credit Facility, to various financial and non-financial covenants. The Amended and Restated Credit Facility was scheduled to expire on August 31, 2008.

On January 24, 2005, in connection with the acquisition of Norstan (see Note 18), the Company amended and restated the Amended and Restated Credit Facility (the "Second Amended and Restated Credit Facility"), also with Citizens Bank of Pennsylvania, as agent, and a group of lenders. Borrowings under the Second Amended and Restated Credit Facility were permitted up to a maximum amount of $240,000, including up to $15,000 of swingline loans and $25,000 of letters of credit. Interest on outstanding indebtedness under the Second Amended and Restated Credit Facility accrued, at the Company's option, at a rate based on either: (a) the greater of (i) the prime rate per annum of the agent then in effect and (ii) 0.50% plus the rate per annum announced by the Federal Reserve Bank of New York as being the weighted average of the rates on overnight Federal funds transactions arranged by Federal funds brokers on the previous trading day or (b) a rate per annum equal to the LIBOR rate plus 0.75% to 1.50% (determined by a leverage ratio based on the Company's EBITDA). The other terms and conditions of the Second Amended and Restated Credit Facility were substantially the same as the Amended and Restated Credit Facility.

On March 28, 2006, the Company amended the Second Amended and Restated Credit Facility, also with Citizens Bank of Pennsylvania, as agent, and a group of lenders. Borrowings under the Second Amended and Restated Credit Facility, as amended

(the “Credit Agreement”), are permitted up to a maximum amount of $310,000, including up to $15,000 of swingline loans and $25,000 of letters of credit. The Credit Agreement may be increased by the Company up to an additional $90,000 with the approval of the lenders and may be unilaterally and permanently reduced by the Company to not less than the then outstanding amount of all borrowings. Interest on outstanding indebtedness under the Credit Agreement accrues, at the Company’s option, at a rate based on either: (a) the greater of (i) the prime rate per annum of the agent then in effect and (ii) 0.50% plus the rate per annum announced by the Federal Reserve Bank of New York as being the weighted average of the rates on overnight Federal funds transactions arranged by Federal funds brokers on the previous trading day or (b) a rate per annum equal to the LIBOR rate plus 0.75% to 1.25% (determined by a leverage ratio based on the Company’s EBITDA). The Credit Agreement expires on March 28, 2011.

During the year ended March 31, 2006, the maximum amount and weighted average balance outstanding under the Credit Agreement was $173,535 and $155,898, respectively. As of March 31, 2006, the Company had $3,065 outstanding in letters of credit and $185,632 available under the Credit Agreement. The weighted average interest rate on all outstanding debt during the year ended March 31, 2006 was approximately 5.10%. At March 31, 2006, the Company is in compliance with all required covenants under the Credit Agreement.

During the year ended March 31, 2006, the Company has incurred an aggregate of $180 in financing costs associated with the execution of the Second Amended and Restated Credit Facility and the amendment to the Second Amended and Restated Credit Facility on March 28, 2006. These costs are being amortized over the life of the Credit Agreement and are recognized as a component of interest expense. For the year ended March 31, 2006, the Company recognized $15 in interest expense related to these costs.

The capital lease obligations are primarily for facilities and equipment. The lease agreements have remaining terms ranging from less than one to four years with interest rates ranging from 3.83% to 10.83%.

Other debt is composed of various bank and third party loans secured by specific pieces of equipment and real property. The loans have remaining terms of less than one to five years with interest rates ranging from 0% to 7.1%.

Aggregate maturities of long-term debt for the next five years are as follows:

Years Ending March 31,	
2007	$ 1,049
2008	596
2009	527
2010	247
2011	121,303
Thereafter	--
	$123,722

Note 7: Discounted Lease Rentals

Through the acquisition of Norstan (see Note 18), the Company has recorded discounted lease rentals. Norstan historically utilized the lease receivables (see Note 2) and corresponding underlying equipment to borrow funds from financial institutions at fixed rates on a nonrecourse basis by discounting the stream of future lease payments. Proceeds from discounting are recorded on the Consolidated Balance Sheet as discounted lease rentals. Interest rates on these credit agreements range from 6.0% to 8.0% and payments are generally due in varying monthly installments through March 2007.

Discounted lease rentals consisted of the following:

	March	
	2006	**2005**
Total discounted lease rentals	$ 30	$ 920
Less – current maturities	(30)	(890)
Long-term discounted lease rentals	$ --	$ 30

Note 8: Derivative Instruments and Hedging Activities

The Company enters into derivative instruments to hedge exposure to variability in expected fluctuations in foreign currencies. All of the Company's derivatives have been designated and qualify as cash flow hedges. There was no hedge ineffectiveness during the year ended March 31, 2006.

At March 31, 2006, the Company had open contracts in Australian and Canadian dollar, Danish krone, Euro, Japanese yen, Norwegian kroner, Pound sterling, Swedish krona and Swiss franc. These contracts had a notional amount of approximately $66,870 and a fair value of $64,411 and mature within the next 36 months.

For the year ended March 31, 2006, the Company recognized in earnings approximately $865 in net gains on matured contracts. As of March 31, 2006, a gain of $1,142 was included in OCI. This gain is expected to be included in earnings over the life of the maturing contracts as the hedged transactions occur and it is expected that the gain will be offset by currency losses on the items being hedged.

Note 9: Operating Leases

The Company is obligated under various operating lease agreements for certain office facilities and equipment. Certain of these leases contain renewal options and rent escalation clauses.

Future minimum lease payments under noncancelable operating leases with initial or remaining terms of one year or more as of March 31, 2006 are as follows:

Years Ending March, 31	
2007	$13,746
2008	11,306
2009	8,908
2010	7,102
2011	5,769
Thereafter	7,019
	$53,850

For the years ended March 31, 2006, 2005 and 2004, rent expense was $16,059, $12,484 and $9,395, respectively.

Included in the above amounts is approximately $10,438 related to restructuring and other charges (see Note 17).

Note 10: Discontinued Operations

The Company has recorded net assets and liabilities of discontinued operations from the acquisition of Norstan (see Note 18). These discontinued operations were related to the divestiture of Norstan's IT consulting business in 2001 and the sale of their Network Services business in 2002.

Net assets (liabilities) of discontinued operations included the following:

	March	
	2006	**2005**
Assets:		
Cash, accounts receivable and inventories	$ 81	$ 125
Notes receivable and property	386	826
Liabilities:		
Other liabilities	--	(29)
Net assets of discontinued operations	467	922
Less: current portion liabilities (assets)	(467)	(549)
Net non-current assets (liabilities) of discontinued operations	$ --	$ 373

Note 11: Income Taxes

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

	2006	2005	2004
Domestic	$40,231	$35,773	$59,516
Foreign	16,805	9,893	13,729
Consolidated	$57,036	$45,666	$73,245

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

	2006	2005	2004
Current:			
Federal	$11,506	$12,784	$20,356
State	1,230	1,118	1,151
Foreign	5,038	3,449	4,629
Total current	17,774	17,351	26,136
Deferred	1,904	(1,597)	(134)
Total provision for income taxes	$19,678	$15,754	$26,002

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:

	2006	2005	2004
Federal statutory tax rate	35.0%	35.0%	35.0%
Foreign taxes, net of foreign tax credits	--	0.6	1.0
Effect of permanent book/tax differences	2.2	1.0	(0.9)
State income taxes, net of federal benefit	0.8	(0.2)	0.6
Valuation allowance	(2.5)	(2.7)	--
Other, net	(1.0)	0.8	(0.2)
Effective tax rate	34.5%	34.5%	35.5%

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

	2006	2005
Deferred Tax Liabilities:		
Tradename and trademarks	$ 9,684	$ 9,685
Amortization of intangibles	8,940	7,385
Unrequited earnings of Japanese subsidiary	2,109	1,283
Basis of fixed assets	4,586	4,089
Other	22	--
Gross deferred tax liabilities	25,341	22,442
Deferred Tax Assets:		
Net operating losses	16,519	15,752
Restructuring reserves	6,462	6,090
Outsourced leases	6,403	6,403
Basis of finished goods inventory	3,166	2,541
Reserve for bad debts	2,796	2,704
Miscellaneous accrued expenses	230	1,372
Foreign tax credit carryforwards	2,109	1,283
Accrued employee costs	1,093	912
Foreign exchange	719	719
Other	--	62
Gross deferred tax assets	39,497	37,838
Valuation allowance	(952)	(2,367)
Net deferred tax assets	38,545	35,471
Net deferred tax assets/(liabilities)	$13,204	$13,029

At March 31, 2006, the Company had $12,083, $36,834 and $27,543 of federal, state and foreign net operating loss carryforwards, respectively. As a result of the Company's reorganization in 1992 and concurrent ownership change and the Company's acquisition of Norstan, Section 382 of the Internal Revenue Code limits the amount of net operating losses available to the Company to approximately $4,148 per year. The federal net operating loss carryforwards expire in Fiscal 2021. The state net operating loss carryforwards expire at various times through Fiscal 2026 and the foreign net operating loss carryforwards expire at various times through Fiscal 2016, with the exception of $939 for Belgium and $8,420 for Brazil, which have no expirations.

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has recorded a valuation allowance of $952 for certain foreign net operating loss carryforwards anticipated to produce no tax benefit. The valuation allowance was decreased in Fiscal 2006 by $1,415 in order to recognize the ability to use certain foreign net operating loss carryforwards.

In general, except for certain earnings in Japan, it is management's intention to reinvest undistributed earnings of foreign subsidiaries, which aggregate approximately $14,954 based on exchange rates at March 31, 2006. 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 12: 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, 2006, 2005 and 2004 was $5,431, $1,123 and $2,523, respectively.

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, 2006, 2005 and 2004 was $3,532, $2,243 and $2,992, respectively.

Stock Option Plans
The Company has two stock option plans, the 1992 Stock Option Plan, as amended (the "Employee Plan"), and the 1992 Director Stock Option Plan, as amended (the "Director Plan"). As of March 31, 2006, the Employee Plan authorized the issuance of options and stock appreciation rights ("SARs") for up to 9,200,000 shares of the 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 Director Plan authorizes the issuance of options and SARs for up to 250,000 shares of the Common Stock. Options are issued by the Board of Directors or a Board designee and generally become exercisable in equal amounts over a three-year period. Option prices are equal to the fair market value of the Common 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:

	2006		2005		2004	
Shares in thousands	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**	**Shares**	**Weighted Average Exercise Price**
Outstanding at beginning of year	4,780	$ 37.14	4,414	$ 36.40	4,487	$ 34.30
Granted	1,256	38.51	924	34.86	911	39.68
Exercised	(753)	30.95	(381)	20.78	(799)	27.71
Forfeited	(228)	39.84	(177)	42.01	(185)	39.01
Outstanding at end of year	5,055	$ 38.28	4,780	$ 37.14	4,414	$ 36.40
Exercisable at end of year	4,247	$ 39.07	3,143	$ 37.33	2,935	$ 34.93
Weighted average incremental fair value of options granted during the year using Black-Scholes option pricing model		$ 18.33		$ 18.19		$ 20.00

The following table summarizes information about the stock options outstanding at March 31, 2006:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price
$19.9500 - $26.60	328,335	1.9 years	$22.47	328,335	$22.47
$26.6001 - $33.25	367,329	3.1 years	30.07	364,528	30.07
$33.2501 - $39.90	1,985,052	9.0 years	36.93	1,179,109	38.82
$39.9001 - $46.55	2,215,840	5.7 years	42.38	2,215,840	42.38
$46.5501 - $53.20	155,120	3.6 years	49.39	155,120	49.39
$53.2001 - $59.85	1,668	3.8 years	55.88	1,668	55.88
$59.8501 - $66.50	2,000	3.7 years	63.22	2,000	63.22
$19.95 - $66.50	5,055,344	6.5 years	$38.28	4,246,600	$39.07

Note 13: Earnings Per Share

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

	2006	2005	2004
Net income, as reported	$37,358	$29,912	$47,243
Weighted average shares outstanding	17,164	17,411	18,173
Effect of dilutive securities from employee stock options, net of tax savings	380	434	593
Weighted average diluted shares outstanding	17,544	17,845	18,766
Basic earnings per share	$ 2.18	$ 1.72	$ 2.60
Dilutive earnings per share	$ 2.13	$ 1.68	$ 2.52

There is no impact to the weighted average share calculations during any period where the exercise price of a stock option is greater than the average market price during the same period. There were 1,287,219, 875,060 and 941,749 non-dilutive options outstanding during the years ended March 31, 2006, 2005 and 2004, respectively, that are not included in the above calculation.

Note 14: Repurchase of Common Stock

In April 1999, the Board of Directors of the Company initiated a plan to repurchase shares of the Common Stock. During Fiscal 2006, the Company repurchased approximately 565 shares for an aggregate purchase price of $27. During Fiscal 2005, the Company repurchased approximately 1,400,000 shares for an aggregate purchase price of $56,912. During Fiscal 2004, the Company repurchased approximately 1,700,000 shares for an aggregate purchase price of $76,338 and paid $4,719 for treasury share repurchases payable in relation to Fiscal 2003 repurchases. Since inception of the repurchase program, approximately 6,935,000 shares have been repurchased at a total cost of approximately $297,000. Funding for the stock repurchases came primarily from cash flow from operations.

The Company expects to continue to repurchase shares of the Common Stock; however, no assurance can be given as to the timing or amount of future repurchases. The Credit Agreement (see Note 6) provides that the Company is not permitted to repurchase Common Stock if the Company is in default under the Credit Agreement or would be in default under the Credit Agreement as a result of such repurchase.

Note 15: Comprehensive Income

The components of accumulated other comprehensive income as of March 31:

	2006	2005
Foreign currency translation adjustment	$12,041	$22,699
Unrealized (losses)/gains on derivatives designated and qualified as cash flow hedges, net of reclassification of unrealized losses on expired derivatives, net of tax	995	(147)
Total accumulated other comprehensive income	$13,036	$22,552

Note 16: Commitments and Contingencies

Litigation
The Company is, as a normal part of its business operations, a party to legal proceedings in addition to those described in current and previous filings. Based on the facts currently available, management believes legal matters are adequately provided for, covered by insurance, without merit or not probable that an unfavorable outcome will result.

As previously disclosed, the Company received a subpoena, dated December 8, 2004, from the United States General Services Administration ("GSA"), Office of Inspector General. The subpoena requires production of documents and information. The Company understands that the materials are being sought in connection with an investigation regarding potential violations of the terms of a GSA Multiple Award Schedule contract. The Company has not received any communication on this matter from the GSA since June 2005.

Product Warranties
Changes in the liability for product warranties are as follows:

	March 31,		
	2006	2005	2004
Beginning balance	$ 1,895	$ 422	$ 184
Increases to warranty reserve	62	233	360
Increases to reserve from acquisitions	--	1,683	--
Decreases for service costs	(574)	(443)	(122)
Ending balance	$ 1,383	$ 1,895	$ 422

The accrual for product warranties is classified with other accrued expenses in the Consolidated Balance Sheets. The expense for product warranties is classified with cost of sales in the Consolidated Statements of Income.

Note 17: Restructuring and Other Charges

During the first quarter of Fiscal 2006, the Company recorded a restructuring charge of $5,290 related to staffing level adjustments and real estate consolidation in Europe and North America. This charge was in connection with the restructuring initiated in the fourth quarter of Fiscal 2005 and discussed below. The majority of restructuring costs have now been recognized with the exception of certain facility costs, which will extend through Fiscal 2012.

During the fourth quarter of Fiscal 2005, the Company recorded restructuring and other charges of $5,059. This amount was comprised of restructuring expense of $3,019 related to staffing level adjustments and real estate consolidations, as well as other charges of $2,040 related to the satisfaction of a previously disclosed litigation judgment. These charges are discussed in further detail below.

In the fourth quarter of Fiscal 2005, the Company recorded a restructuring charge of $3,019 primarily related to staffing level adjustments and real estate consolidations in its Europe and North America segments. The restructuring was initiated as the Company continued to right-size the organization and bring its expense structure in-line with anticipated revenues and changing market demand for its solutions and services. As a result of the restructuring actions, approximately 28 employees were involuntarily terminated in its Europe segment resulting in a restructuring charge of $613. The Company also recorded a charge of $2,406 related to idle facility rent obligations and the write-off of leasehold improvements related to these facilities. $2,016 and $390 related to real estate consolidations in North America and Europe, respectively.

Upon completion of the acquisition of Norstan, Company management committed to a plan of reorganization of the Norstan operations. Restructuring accruals under SFAS No. 141 of approximately $14,761 have been recorded in both short and long term liabilities. See Note 18 for additional information on the restructuring charges related to the acquisition of Norstan.

As a result of the second quarter Fiscal 2006 acquisition of substantially all of the assets and certain liabilities of Universal Solutions of North America, L.L.C. and related entities ("Universal"), the Company's management committed to a plan of reorganization of Universal's operations. In connection with these integration actions, the Company incurred integration costs for facility consolidations of $364. These costs were included in the purchase price allocation for Universal in accordance with SFAS No. 141. Facility costs to be paid are anticipated to extend through Fiscal 2008.

The following table summarizes the restructuring and other charges and the remaining reserves reflected on the Consolidated Balance Sheet:

	Employee Severance	Facility Closures	Total
Accrued March 31, 2004	$ 352	$ 241	$ 593
Restructuring charge	613	2,406	3,019
Acquisition restructuring	2,887	11,874	14,761
Asset write-downs	--	(122)	(122)
Cash expenditures	(1,063)	(590)	(1,653)
Accrued at March 31, 2005	2,789	13,809	16,598
Restructuring charge	3,473	1,817	5,290
Acquisition restructuring	66	298	364
Asset write-downs	--	(636)	(636)
Cash expenditures	(6,068)	(4,850)	(10,918)
Accrued at March 31, 2006	$ 260	$ 10,438	$ 10,698

As previously disclosed, the Company had appealed an adverse arbitration award. By opinion filed March 9, 2005, the Court of Appeals affirmed the decision of the District Court confirming the award. The Company recorded a charge of $2,040 that is classified with restructuring and other charges on the Consolidated Statements of Income. This charge was comprised of $1,778 awarded to the plaintiff, which included interest, fees and costs as well as $262 of legal fees incurred by the Company previously capitalized in Goodwill. The Company accrued the award of $1,800 within accrued liabilities on the Consolidated Balance Sheet. On May 6, 2005, the Company paid the award of $1,800 in satisfaction of this judgment in full.

Note 18: Acquisitions

Fiscal 2006

During the first quarter of Fiscal 2006, the Company acquired 100% of the issued and outstanding equity interests of Telecommunication Systems Management, Inc. ("TSM"), GTC Technology Group, Inc. and Technology Supply, Inc. (collectively referred to as "GTC") and Business Communications, Inc., Bainbridge Communication, Inc., BCI of Tampa, LLC and Networx, L.L.C. (collectively referred to as "BCI"). These companies primarily provide full-service voice communication solutions and services in the Florida and Virginia markets. In connection with the acquisitions, the Company has allocated goodwill and definite-lived intangible assets of $9,950 and $4,263, respectively. The definite-lived intangible assets recorded represent the fair market value of acquired customer relationships and non-compete agreements. The definite-lived intangibles are to be amortized over a period of five to twenty years.

During the second quarter of Fiscal 2006, the Company acquired substantially all of the assets and certain liabilities of Universal Solutions of North America, L.L.C and related entities ("Universal"). Universal primarily provides planning, installation and maintenance services for voice and data network systems in 14 states. In connection with the acquisition, the Company has prepared preliminary allocations of goodwill and definite-lived intangible assets of $11,971 and $4,899, respectively. The definite-lived intangible assets recorded represent the estimated fair market value of acquired customer relationships and non-compete agreements. The Company estimates that the definite-lived intangibles are to be amortized over a period of four to twenty years.

During the third quarter of Fiscal 2006, the Company purchased 100% of the issued and outstanding equity interests of Communication is World InterActive Networking, Inc. ("C=WIN") and Converged Solutions Group, LLC ("CSG"). C=WIN has an active customer base which includes commercial and various government agency accounts. CSG has an active customer base which includes commercial, education, health care and various government agency accounts. The C=WIN and CSG acquisitions primarily provide planning, installation and maintenance services for voice and data network systems in 15 states. In connection with the acquisitions, the Company has prepared preliminary allocations of goodwill and definite-lived intangible assets of $10,328 and $5,561, respectively. The definite-lived intangible assets recorded represent the estimated fair market value of acquired customer relationships and non-compete agreements. The Company estimates that the definite-lived intangibles are to be amortized over a period of four to twenty years.

The results of operations of TSM, GTC, BCI, Universal, C=WIN and CSG are included in the Company's Consolidated Statements of Income beginning on their individual acquisition dates during Fiscal 2006. The acquisitions taken individually did not have a material impact on the Company's results of operations. The costs of the acquisitions were funded with borrowings under the Credit Agreement described in Note 6.

Fiscal 2005

On December 20, 2004, the Company signed a definitive agreement to acquire all of the outstanding shares of Norstan common stock for $5.60 per share in cash via a tender offer and merger. On January 25, 2005, the Company completed its cash tender offer and purchased approximately 86% of the outstanding shares of Norstan common stock. Also, on January 25, 2005, the Company acquired 6,000,000 Norstan shares through the exercise of a stock option granted by Norstan. The Company's exercise of the option resulted in the Company owning in excess of 90% of the outstanding shares of Norstan and qualified the Company to complete a short-form merger under Minnesota law. The remaining Norstan shares not acquired in the tender offer were then acquired through the short-form merger, also effected on January 25, 2005. In the merger, each share of Norstan common stock was converted into the right to receive $5.60 per share in cash, the same consideration paid for shares in the tender offer. As a result of the tender offer and merger, Norstan is now a wholly-owned subsidiary of the Company.

The Company paid a total of $77,717 for all outstanding shares through the cash tender offer and subsequent merger. The Company also paid $5,764 for all vested and unvested options and warrants outstanding at the date of the merger. In addition, the Company repaid Norstan's credit facility outstanding at the date of the merger of $17,500 and incurred transaction costs of $6,428 directly related to the acquisition (consisting primarily of banking, key-employee change of control payments and other professional fees), bringing the total acquisition cost to approximately $102,553, net of cash acquired of $4,856. The cost of the Norstan acquisition was funded with borrowings under the Credit Agreement described in Note 6.

The following table summarizes the fair value of the assets acquired and liabilities assumed at the date of acquisition. The allocation of the purchase price was final as of March 31, 2005.

	At January 25, 2005
Current assets, primarily consisting of accounts receivable and inventories	$ 71,141
Property, plant and equipment	12,649
Other non-current assets, primarily consisting of deferred taxes	18,779
Intangible assets	15,971
Goodwill	58,741
Total assets acquired	177,281
Current liabilities, primarily consisting of deferred revenue and accrued expenses	61,128
Other non-current liabilities, primarily consisting of restructuring accrual	8,744
Net assets acquired	$ 107,409

The amounts assigned to intangible assets are shown below:

Non-compete agreements	$ 342
Backlog	3,930
Customer relationships	11,699
Total intangible assets	$15,971

The amortization period is three years for non-compete agreements, one year for backlog and 20 years for customer relationships.

The transaction resulted in $58,742 of goodwill, none of which is deductible for tax purposes. The Company paid a premium for Norstan in order to further expand its operational footprint in the voice and data technology markets. In addition, the purchase increased the Company's solutions offerings and customer market, providing for a stronger worldwide technical services partner for its collective clients.

After consummation of the acquisition, the Company began to integrate Norstan's products, employees and facilities with its own. In connection with these integration actions, the Company incurred severance costs of $2,887 for the separation of approximately 150 employees. In addition, the Company incurred integration costs for facility consolidations of $11,874. These costs were properly included in the purchase price allocation for Norstan, in accordance with the SFAS No. 141. The majority of the severance costs were paid in Fiscal 2006 with certain facility costs extending through Fiscal 2012.

The following unaudited pro forma summary presents the Company's results of operations as if the acquisition had occurred at the beginning of the period indicated and does not purport to represent what the Company's results of operations would have been had the acquisition occurred on such date or at the beginning of the period indicated, or to project the Company's results of operations for any future date or period. The pro forma results of operations include adjustments to give effect to amortization of intangibles and other adjustments, together with related income tax effects. These pro forma results of operations do not include the effects of cost synergies and one-time nonrecurring transactions associated with the acquisition.

	Year Ended	
	March 31, 2005	March 31, 2004
Pro forma revenue	$ 716,853	$ 746,261
Pro forma net income from continuing operations	22,451	32,732
Pro forma earnings per share:		
Basic	$ 1.29	$ 1.80
Diluted	$ 1.26	$ 1.74

Norstan had an April fiscal year-end, which differed from the Company's March year-end. However, as the difference was less than 93 days, the pro forma information compiled for the fiscal year ended March 31, 2004 was not required to be adjusted to account for the different year-ends. For the fiscal year ended 2005 pro forma information, the Company's audited income statement for the year ended March 31, 2005 (which included Norstan's results of operations effective January 25, 2005) was combined with Norstan's unaudited income statement for the period April 1, 2004 through January 25, 2005.

Note 19: 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. This is consistent with how the Company is organized and how the business is managed on a day-to-day basis. The primary reportable segments are comprised of North America, Europe and All Other. Consistent with SFAS No. 131, the Company aggregates similar operating segments 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:

	2006	2005	2004
North America			
Revenues	$564,700	$355,013	$341,299
Operating income	53,550	26,798	44,281
Depreciation	8,012	5,144	4,515
Amortization	4,472	878	46
Segment assets	745,746	705,762	557,239
Europe			
Revenues	$120,051	$142,838	$142,158
Operating income	5,518	13,639	21,812
Depreciation	671	1,213	1,670
Amortization	491	398	177
Segment assets	116,717	134,982	131,302
All Other			
Revenues	$ 36,584	$ 37,225	$ 36,955
Operating income	7,127	8,099	9,107
Depreciation	248	266	334
Amortization	36	56	23
Segment assets	16,416	15,357	15,981

Operating income for Fiscal 2006 for North America and Europe was reduced by $1,548 and $3,742, respectively, for restructuring charges incurred during that year.

Operating income for Fiscal 2005 for North America and Europe was reduced by $4,056 and $1,003, respectively, for restructuring and other charges incurred during that year.

The sum of the segment revenues, operating income, depreciation and amortization equals the consolidated revenues, operating income, depreciation and amortization. The following reconciles segment assets to total consolidated assets for the years ending March 31:

	2006	2005	2004
Assets for North America, Europe and All Other segments	$878,879	$856,101	$704,522
Corporate eliminations	(79,145)	(83,211)	(88,233)
Total consolidated assets	$799,734	$772,890	$616,289

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

Revenues	2006	2005	2004
Data Services (1)	$196,585	$200,935	$214,299
Voice Services (1)	310,804	106,540	68,241
Hotline Products	213,946	227,601	237,872
Total revenues	$721,335	$535,076	$520,412

(1) Data Services and Voice Services are also collectively referred to as "On-Site Services."

Note 20: Quarterly Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Fiscal 2006					
Revenues					
Hotline products	$ 53,452	$ 54,056	$ 52,771	$ 53,667	$213,946
On-site services	125,830	130,994	129,364	121,201	507,389
Total	179,282	185,050	182,135	174,868	721,335
Gross profit					
Hotline products	27,578	27,227	26,463	24,458	105,726
On-site services	43,362	46,655	46,939	39,668	176,624
Total	70,940	73,882	73,402	64,126	282,350
Net income	$ 7,394	$ 12,797	$ 12,511	$ 4,656	$ 37,358
Basic earnings per common share	0.44	0.75	0.72	0.26	2.18(1)
Diluted earnings per common share	0.43	0.74	0.70	0.26	2.13(1)
Fiscal 2005					
Revenues					
Hotline products	$ 57,852	$ 56,972	$ 57,267	$ 55,510	$227,601
On-site services	66,503	69,623	69,629	101,720	307,475
Total	124,355	126,595	126,896	157,230	535,076
Gross profit					
Hotline products	30,978	30,217	29,400	28,725	119,320
On-site services	20,902	22,098	21,618	30,991	95,609
Total	51,880	52,315	51,018	59,716	214,929
Net income	$ 10,003	$ 10,623	$ 9,249	$ 37	$ 29,912
Basic earnings per common share	0.56	0.61	0.54	0.00	1.72(1)
Diluted earnings per common share	0.54	0.60	0.52	0.00	1.68(1)

(1) Earnings per share for the year is different than the sum of the quarterly earnings per share due to rounding and average share prices.

During the fourth quarter of Fiscal 2006, the Company incurred a pre-tax charge of $7.1 million related to an adjustment of earnings over multiple years, from Fiscal 2003 through Fiscal 2006, from the Company's Italian Operations ("Italian Operations Adjustment"). The Italian Operations Adjustment resulted from intentional misconduct by certain local operational and financial managers of the Company's Italian Operations acting in collusion with one another for the purpose of overstating local financial results.

The Company's management concluded, with the concurrence of the Audit Committee of the Board of Directors, that the impact of the Italian Operations Adjustment was not material to the Company's consolidated financial statements for any interim or annual period between Fiscal 2003 through Fiscal 2006. In reaching this conclusion, the Company reviewed and analyzed the SEC's Staff Accounting Bulletin No. 99, "Materiality," in order to determine that the impact was not material on a quantitative or qualitative basis to any one period. As a result, the Company recorded a cumulative adjustment in the fourth quarter of Fiscal 2006.

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

None.

Item 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

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 the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Act")). There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including cost limitations, judgments used in decision making, assumptions regarding the likelihood of future events, soundness of internal controls, fraud, the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can provide only reasonable, and not absolute, assurance of achieving their control objectives. Based on that evaluation, management, including the CEO and CFO, has concluded that, as of March 31, 2006, the Company's disclosure controls and procedures were effective in all material respects at the reasonable assurance level to ensure that information required to be disclosed in reports that the Company files or submits under the Act is recorded, processed, summarized and timely reported in accordance with the rules and forms of the SEC.

Management's Report on Internal Control Over Financial Reporting

Company management is responsible for establishing and maintaining adequate internal control over financial reporting; as such term is defined in Rule 13a-15(f) under the Act. Under the supervision and with the participation of Company management, including the CEO and CFO, an evaluation was performed of the effectiveness of the Company's internal control over financial reporting. The evaluation was based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time. Based on the evaluation under the framework in "Internal Control — Integrated Framework" issued by COSO, Company management concluded that the Company's internal control over financial reporting was effective at the reasonable assurance level as of March 31, 2006.

The scope of management's assessment of the effectiveness of internal controls over financial reporting includes all of the Company's businesses except for Universal, C=Win and CSG. The businesses represented approximately 6% and 3% of total assets and revenues, respectively, as of March 31, 2006.

Attestation Report of the Registered Public Accounting Firm

Company management's assessment of the effectiveness of its internal control over financial reporting as of March 31, 2006 has been audited by BDO Seidman, LLP, an independent registered public accounting firm, as stated in its report which appears below.

Changes in Internal Control Over Financial Reporting

In the fourth fiscal quarter ended March 31, 2006, there had been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

Board of Directors
Black Box Corporation
Lawrence, Pennsylvania

We have audited management's assessment, included in the accompanying Management's Report that Black Box Corporation maintained effective internal control over financial reporting as of March 31, 2006, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of three locations, which the Company acquired on various dates throughout fiscal year 2006, and whose financial statements reflect total assets and total revenues constituting 6% and 3%, respectively, of the related consolidated financial statements as of and for the year ended March 31, 2006. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of these three locations.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of March 31, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2006, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Standards Board (United States), the consolidated balance sheets of Black Box Corporation as of March 31, 2006 and 2005, and the related consolidated statements of income, shareholder's equity and cash flows for the years then ended and our report dated May 26, 2006 expressed an unqualified opinion on those consolidated financial statements.

/s/ BDO Seidman, LLP

Chicago, Illinois
May 26, 2006

Item 9B. OTHER INFORMATION.

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Certain of 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 Annual Report on Form 10-K.

The other information required by this item is incorporated herein by reference to the information set forth under the captions "Annual Meeting Matters, Proposal 1 – Election of Directors" and "Board of Directors and Certain Board Committees" in the Company's definitive proxy statement for the 2006 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 Other Information" and "Report of the Compensation Committee of the Board of Directors" 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 Information," "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. PRINCIPAL ACCOUNTING FEES AND SERVICES.

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Financial statements, financial statement schedules and exhibits not listed below 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 Annual Report on Form 10-K other than those in Item 8

(2) Financial Statement Schedule

Schedule II – Valuation and Qualifying Accounts

(3) Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of December 20, 2004, by and among the Company, SF Acquisition Co. and Norstan, Inc. (1)
2.2	Tender and Voting Agreement, dated as of December 20, 2004, by and among the Company, SF Acquisition Co. and Norstan, Inc. (1)
2.3	Stock Option Agreement, dated as of December 20, 2004, by and among the Company, SF Acquisition Co. and Norstan, Inc. (1)
2.4	Interest Purchase Agreement by and between Platinum Equity, LLC and the Company dated as of April 10, 2006 (2)
2.5	Amendment to the Interest Purchase Agreement by and between Platinum Equity, LLC and the Company dated as of April 30, 2006 (3)
3(i)	Second Restated Certificate of Incorporation of the Company, as amended (4)
3(ii)	Amended and Restated By-laws of the Company, as amended (5)
10.1	Amended and Restated Credit Agreement, dated as of June 30, 2004, by and among Black Box Corporation of Pennsylvania, as Borrower, the Company, the Guarantors parties thereto, the Lenders parties thereto and Citizens Bank of Pennsylvania (6)
10.2	Guaranty and Suretyship Agreement, dated as of June 30, 2004, by and among the Company, the Lenders and Citizens Bank of Pennsylvania (6)
10.3	Guaranty and Suretyship Agreement, dated as of June 30, 2004, by and among the Guarantors, the Lenders and Citizens Bank of Pennsylvania (6)
10.4	Second Amended and Restated Credit Agreement, dated as of January 24, 2005, by and among Black Box Corporation of Pennsylvania and SF Acquisition Co., as Borrowers, the Company, the Guarantors parties thereto, the Lenders parties thereto and Citizens Bank of Pennsylvania (7)

10.5	Guaranty and Suretyship Agreement, dated as of January 24, 2005, by and among the Company, the Lenders and Citizens Bank of Pennsylvania (8)
10.6	Guaranty and Suretyship Agreement, dated as of January 24, 2005, by and among the Guarantors, the Lenders and Citizens Bank of Pennsylvania (8)
10.7	First Amendment to the Second Amended and Restated Credit Agreement, dated as of February 17, 2005, by and among Black Box Corporation of Pennsylvania and Norstan, Inc., as Borrowers, the Company, the Guarantors parties thereto, the Lenders parties thereto and Citizens Bank of Pennsylvania (9)
10.8	Second Amendment to the Second Amended and Restated Credit Agreement dated as of March 28, 2006 by and among Black Box Corporation of Pennsylvania and Norstan, Inc., as Borrowers, the Company, the Guarantors parties thereto, the Lenders parties thereto and Citizens Bank of Pennsylvania (3)
10.9	Agreement between the Company and Fred C. Young (5)
10.10	Agreement between the Company and Roger E. M. Croft (10)
10.11	Agreement between the Company and Francis W. Wertheimber (10)
10.12	1992 Stock Option Plan, as amended through August 9, 2005 (11)
10.13	1992 Director Stock Option Plan, as amended through March 15, 2005 (12)
10.14	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Director Stock Option Plan; form of agreement in effect prior to August 10, 2004) (10)
10.15	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Director Stock Option Plan; form of agreement in effect as of August 10, 2004) (10)
10.16	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Director Stock Option Plan; form of agreement in effect as of October 31, 2005) (11)
10.17	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Stock Option Plan) (10)
10.18	Form of Black Box Corporation Non-Qualified Stock Option Agreement (pursuant to the 1992 Stock Option Plan; form of agreement in effect as of October 31, 2005) (11)
10.19	Description of Executive Incentive Bonus Plan for Fiscal 2006 (11)
10.20	Summary of Director Compensation (13)
21.1	Subsidiaries of the Registrant (13)
23.1	Consent of Independent Registered Public Accounting Firm (13)
23.2	Consent of Independent Registered Public Accounting Firm (13)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities and Exchange Act of 1934, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002 (13)
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities and Exchange Act of 1934, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002 (13)

32.1 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities and Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 [14]

[1] Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on December 23, 2004, and incorporated herein by reference.

[2] Filed as Exhibit 2.1 to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on April 13, 2006, and incorporated herein by reference.

[3] Filed as an exhibit to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on May 4, 2006, and incorporated herein by reference.

[4] Filed as Exhibit 3(i) to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on November 14, 2000, and incorporated herein by reference.

[5] Filed as an exhibit to the Annual Report on Form 10-K of the Company, file number 0-18706, filed with the SEC on June 14, 2004, and incorporated herein by reference.

[6] Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on August 12, 2004, and incorporated herein by reference.

[7] Filed as Exhibit (b)(2) to Amendment No. 4 to the Schedule TO filed by the Company and SF Acquisition Co. on January 26, 2005, and incorporated herein by reference.

[8] Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on February 10, 2005, and incorporated herein by reference.

[9] Filed as Exhibit 10.1 to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on February 23, 2005, and incorporated herein by reference.

[10] Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on November 12, 2004, and incorporated herein by reference.

[11] Filed as an exhibit to the Quarterly Report on Form 10-Q of the Company, file number 0-18706, filed with the SEC on November 10, 2005, and incorporated herein by reference.

[12] Filed as Exhibit 10.2 to the Current Report on Form 8-K of the Company, file number 0-18706, filed with the SEC on March 18, 2005, and incorporated herein by reference.

[13] Filed herewith.

(b) The Company hereby files as exhibits to the Annual Report on Form 10-K the exhibits set forth in Item 15 (a)(3) hereof which are not incorporated by reference.

(c) The Company hereby files as a financial statement schedule to this Annual Report on Form 10-K the financial statement schedule which is set forth in Item 15 (a)(2) hereof.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLACK BOX CORPORATION

Dated: June 14, 2006

/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, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Capacity	Date
/s/ WILLIAM F. ANDREWS William F. Andrews	Director	June 14, 2006
/s/ RICHARD L. CROUCH Richard L. Crouch	Director	June 14, 2006
/s/ THOMAS W. GOLONSKI Thomas W. Golonski	Director	June 14, 2006
/s/ THOMAS G. GREIG Thomas G. Greig	Director and Chairman of the Board	June 14, 2006
/s/ EDWARD A. NICHOLSON Edward A. Nicholson	Director	June 14, 2006
/s/ FRED C. YOUNG Fred C. Young	Director and Chief Executive Officer	June 14, 2006
/s/ MICHAEL MCANDREW Michael McAndrew	Vice President, Chief Financial Officer, Secretary, Treasurer and Principal Accounting Officer	June 14, 2006

SCHEDULE II

BLACK BOX CORPORATION

Valuation and Qualifying Accounts
(Dollars in thousands)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Resulting from Acquisitions	Reductions from Reserves	Balance at End of Period
Year Ended March 31, 2006					
Inventory reserves	$12,546	$4,136	$ 43	($ 2,438)	$14,287
Allowance for unrealizable accounts/sales returns	7,342	9,182	49	(7,056)	9,517
Restructuring reserve	16,598	5,290	364	(11,554)	10,698
Year Ended March 31, 2005					
Inventory reserves	$ 4,840	$2,106	$ 9,335	($ 3,735)	$12,546
Allowance for unrealizable accounts/sales returns	10,426	7,097	1,042	(11,223)	7,342
Restructuring reserve	593	3,019	14,761	(1,775)	16,598
Year Ended March 31, 2004					
Inventory reserves	$ 3,981	$3,697	$ --	($ 2,838)	$ 4,840
Allowance for unrealizable accounts/sales returns	11,710	2,502	--	(3,786)	10,426
Restructuring reserve	6,181	--	--	(5,588)	593

Exhibit 10.20

SUMMARY OF DIRECTOR COMPENSATION

Directors who are not employees of Black Box Corporation (the "Company") receive directors' fees of $7,500 per annum, paid quarterly, and an additional fee of $375 for each meeting of the Board of Directors attended in person. The Chairman of the Board also receives an annual fee of $60,000, paid quarterly. Non-employee directors also may receive grants of stock options or stock appreciation rights under the 1992 Director Stock Option Plan, as amended (the "Director Plan"). During Fiscal 2006, non-employee directors were each granted an option to purchase 7,000 shares of the Company's common stock, par value $.001 per share (the "Common Stock") under the Director Plan at an exercise price of $39.77 per share, the fair market value of the Common Stock on the date of grant of the options.

Members of the Audit Committee of the Board of Directors receive a fee of $1,500 for each meeting of the Audit Committee attended in person or by telephone. The Chairman of the Audit Committee also receives an annual fee of $6,000, paid quarterly.

In addition, the Company maintains directors' and officers' liability insurance. Directors also are reimbursed customary expenses for attending meetings of the board of directors, board committees and stockholders.

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Legal Name	Doing Business As	State or Other Jurisdiction of Incorporation or Organization
Black Box Corporation	Black Box Corporation	Delaware
Bainbridge Communications, Inc.	Black Box Network Services	Georgia
BBox Holding Company	BBox Holding Company	Delaware
A.T.S., Inc.	Black Box Network Services — Huntington	West Virginia
Advanced Communications Corporation	Black Box Network Services — South Carolina	South Carolina
Advanced Network Technologies, Inc.	Black Box Network Services — California	California
American Telephone Wiring Company	Black Box Network Services — West Virginia Operations	West Virginia
Associated Network Solutions, Inc.	Black Box Network Services Black Box Network Services — Southeast Florida	Florida
Atimco Network Services, Inc.	Black Box Network Services — Western Pennsylvania Operations	Pennsylvania
Black Box Corporation of Pennsylvania	Black Box Corporation of Pennsylvania Black Box Network Services	Delaware
BB Technologies, Inc.	BB Technologies, Inc.	Delaware
Black Box A/S	Black Box A/S	Denmark
Black Box Canada Corporation	Black Box Canada Corporation	Canada
Black Box Chile S.A.	Black Box Chile S.A.	Chile
Black Box Comunicaciones S.A.	Black Box Comunicaciones S.A.	Spain
Black Box Datacom B.V.	Black Box Datacom B.V.	Netherlands
Black Box de Mexico, S.A. de C.V.	Black Box de Mexico, S.A. de C.V.	Mexico
Black Box Deutschland GmbH	Black Box Deutschland GmbH	Germany
Black Box Netzwerk Services Bayern GmbH	Black Box Netzwerk Services Bayern GmbH	Germany
Black Box Netzwerk Services Stuttgart GmbH	Black Box Netzwerk Services Stuttgart GmbH	Germany

Legal Name	Doing Business As	State or Other Jurisdiction of Incorporation or Organization
Black Box do Brasil Industria e Comercio Ltda.	Black Box do Brasil Industria e Comercio Ltda.	Brazil
Black Box Foreign Sales Corporation	Black Box Foreign Sales Corporation	U.S. Virgin Islands
Black Box France, S.A.S.	Black Box France, S.A.S.	France
Black Box Services Reseaux Ile De France SAS	Black Box Services Reseaux Ile De France SAS	France
Black Box GmbH	Black Box GmbH	Austria
Black Box Holdings Australia Pty. Ltd.	Black Box Holdings Australia Pty. Ltd.	Australia
Black Box Italia S.r.l.	Black Box Italia S.r.l.	Italy
Black Box Network Products NV	Black Box Network Products NV	Belgium
Black Box Network Cabling NV	Black Box Network Cabling NV	Belgium
Black Box Network Design NV	Black Box Network Design NV	Belgium
Black Box Network Services AG	Black Box Network Services AG	Switzerland
Black Box Network Services Australia Pty Ltd.	Black Box Network Services Australia Pty Ltd.	Australia
Black Box Network Services New Zealand Limited	Black Box Network Services New Zealand Limited	New Zealand
Black Box Network Services Kabushiki Kaisha	Black Box Network Services Kabushiki Kaisha	Japan
Black Box P.R. Corp.	Black Box P.R. Corp.	Puerto Rico
Black Box Network and Electrical Services, Inc.	Black Box Network and Electrical Services, Inc. Allcom Electric	New York
Black Box Network Services Baltimore, Inc.	Black Box Network Services Baltimore, Inc. Black Box Network Services — Virginia Black Box Network Services — Kensington	Delaware
Black Box Network Services, Inc. — Government Solutions	Black Box Network Services, Inc. — Government Solutions	Tennessee
Cable Consultants, Incorporated	Black Box Network Services — Atlanta	Georgia
Comm Line, Inc.	Black Box Network Services	Ohio

Legal Name	Doing Business As	State or Other Jurisdiction of Incorporation or Organization
Communication Contractors, Inc.	Black Box Network Services — Chicago	Illinois
Datel Communications, Inc.	Black Box Network Services — Arizona	Arizona
Delaney Telecom, Inc.	Black Box Network Services	Pennsylvania
DESIGNet, Inc.	Black Box Network Services — San Jose	California
Integrated Cabling Systems, Inc.	Black Box Network Services — Nebraska	Nebraska
Jet Line Communications, Inc.	Black Box Network Services — Dallas	Texas
BBC Acquisition, LLC	BBC Acquisition, LLC	Texas
FBS Communications, L.P.	Black Box Network Services — San Antonio	Texas
K & A Communications, Inc.	Black Box Network Services	Missouri
Koncepts Communications of L.I., Corp.	Black Box Network Services — Tristate Operations	New York
Michael Electric, Inc.	Black Box Network Services — New Jersey	New Jersey
Midwest Communications Technologies, Inc.	Black Box Network Services	Ohio
Midwest Electronics and Communications, Inc.	Black Box Network Services — Denver Operations	Colorado
R & D Services, Inc.	Black Box Network Services Black Box Network Services — New England	Massachusetts
ST Communications & Cabling, Incorporated	Black Box Network Services — Kansas City Black Box Network Services — Iowa	Missouri
Teldata Corporation	Black Box Network Services — Tennessee	Tennessee
Telefuture Communications Ltd.	Black Box Network Services — New Rochelle Office	New York
Todd Communications, Inc.	Black Box Network Services — North Carolina	North Carolina
U.S. Premise Networking Services, Inc.	Black Box Network Services — MN	Minnesota
Black Box AB	Black Box AB	Sweden

Legal Name	Doing Business As	State or Other Jurisdiction of Incorporation or Organization
Black Box Finland OY	Black Box Finland OY	Finland
Black Box Network Services AB	Black Box Network Services AB	Sweden
Black Box Network Services Corporation	Black Box Network Services Corporation	Taiwan
Black Box Network Services (Dublin) Ltd.	Black Box Network Services (Dublin) Ltd.	Ireland
Black Box Network Services Gouda BV	Black Box Network Services Gouda BV	Netherlands
Black Box Network Services Puebla S.A. de C.V.	Black Box Network Services Puebla S.A. de C.V.	Mexico
Black Box Network Services Reseaux Mediterranee SAS	Black Box Network Services Reseaux Mediterranee SAS	France
Black Box Network Services s.r.l.	Black Box Network Services s.r.l.	Italy
Black Box Network Services Singapore Pte Ltd.	Black Box Network Services Singapore Pte Ltd.	Singapore
Black Box Network Services (UK) Ltd.	Black Box Network Services (UK) Ltd. Black Box Network Services (UK) Ltd. — Northern Ireland	England
Black Box Networkservices Basel AG	Black Box Networkservices Basel AG	Switzerland
Black Box Norge AS	Black Box Norge AS	Norway
Business Communications, Inc.	Black Box Network Services	Florida
BCI of Tampa, LLC	Black Box Network Services	Florida
Communication is World InterActive Networking, Inc.	Black Box Network Services	Georgia
Consultoria en Redes, S.A. de C.V.	Consultoria en Redes, S.A. de C.V.	Mexico
Converged Solutions Group, LLC	Black Box Network Services	Tennessee
GTC Technology Group, Inc.	Black Box Network Services	Florida
JC Informatica Integral, S.A. de C.V.	JC Informatica Integral, S.A. de C.V.	Mexico
Lanetwork Sales Ltd.	Black Box Network Services — Ajax Operations Black Box Network Services — Kitchener Operations	Canada

Legal Name	Doing Business As	State or Other Jurisdiction of Incorporation or Organization
Networx, L.L.C.	Black Box Network Services	Florida
Norstan, Inc.	Black Box Network Services	Minnesota
Norstan Communications, Inc.	Black Box Network Services	Minnesota
NextiraOne, LLC	Black Box Network Services	Delaware
Data Communications 2000, Inc.	Data Communications 2000, Inc.	California
Milgo Holdings Canada, LLC	Milgo Holdings Canada, LLC	Delaware
NextiraOne Canada ULC	NextiraOne Canada ULC	Canada
NextiraOne California L.P.	NextiraOne California L.P.	California
NXO Installation, LLC	NXO Installation, LLC	Delaware
NextiraOne Federal, LLC	Black Box Network Services	Delaware
NextiraOne New York, LLC	NextiraOne New York, LLC	Delaware
Vibes Technologies, Inc.	Black Box Resale Services	Minnesota
Norstan International, Inc.	Norstan International, Inc.	Minnesota
Norstan Canada Inc.	Norstan Canada Inc.	Minnesota
Norstan Canada, Ltd.	Black Box Network Services	Canada
Norstan Financial Services, Inc.	Norstan Financial Services, Inc.	Minnesota
Nu-Vision Technologies, Inc.	Nu-Vision Technologies, Inc.	New York
Nu-Vision Technologies, LLC	Black Box Network Services	New York
Technology Supply, Inc.	Black Box Network Services	Florida
Telecommunication Systems Management, Inc.	Black Box Network Services	Virginia

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 333-64410, 333-64412, 333-100294, 333-100295, 333-116550, 333-116551, 333-125839, 333-125840 and 333-129838) and the Registration Statements on Form S-4 (Nos. 333-77343, 333-43752 and 333-64656) of our report dated June 10, 2004, with respect to the consolidated financial statements and schedule of Black Box Corporation for the year ended March 31, 2004 and included in its Annual Report on Form 10-K for the fiscal year ended March 31, 2006 filed with the Securities and Exchange Commission.

/s/ ERNST & YOUNG LLP

Pittsburgh, Pennsylvania
June 14, 2006

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 333-64410, 333-64412, 333-100294, 333-100295, 333-116550, 333-116551, 333-125839, 333-125840 and 333-129838) and the Registration Statements on Form S-4 (Nos. 333-77343, 333-43752 and 333-64656) of our report dated May 26, 2006 relating to the consolidated financial statements, financial statement schedules, and the effectiveness of the Company's internal control over financial reporting of Black Box Corporation for the fiscal years ended March 31, 2006 and 2005 included in this Annual Report on Form 10-K for the fiscal year ended March 31, 2006.

/s/ BDO Seidman, LLP

Chicago, Illinois
June 14, 2006

Exhibit 31.1

CERTIFICATION

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 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 14, 2006

/s/ Fred C. Young

Fred C. Young
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael McAndrew, certify that:

1. I have reviewed this annual report on Form 10-K of Black Box Corporation;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 14, 2006

/s/ Michael McAndrew

Michael McAndrew
Chief Financial Officer

Exhibit 32.1

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 period ended March 31, 2006 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 14, 2006

/s/ Michael McAndrew

Michael McAndrew
Chief Financial Officer
June 14, 2006

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.