

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2007**

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**

(State or other jurisdiction of incorporation or organization)

**95-3086563**

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

**1000 Park Drive, Lawrence, Pennsylvania**

(Address of principal executive offices)

**15055**

(Zip Code)

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

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 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

As of August 14, 2007, there were 17,527,227 shares of common stock, par value \$.001 (the "common stock"), outstanding.

**BLACK BOX CORPORATION**  
**FOR THE QUARTER ENDED JUNE 30, 2007**  
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## PART I – FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS.

### BLACK BOX CORPORATION CONSOLIDATED BALANCE SHEETS

In thousands, except par value	June 30, 2007 (Unaudited)	March 31, 2007
<b>Assets</b>		
Cash and cash equivalents	\$ 16,295	\$ 17,157
Accounts receivable, net of allowance for doubtful accounts of \$13,711 and \$14,253	162,384	161,733
Inventories, net	69,745	72,807
Costs/estimated earnings in excess of billings on uncompleted contracts	62,296	61,001
Prepaid and other current assets	33,215	31,057
<b>Total current assets</b>	<b>343,935</b>	<b>343,755</b>
Property, plant and equipment, net	37,237	39,051
Goodwill, net	569,438	568,647
Intangibles:		
Customer relationships, net	67,048	68,016
Other intangibles, net	31,916	33,258
Other assets	30,618	37,364
<b>Total assets</b>	<b>\$ 1,080,192</b>	<b>\$ 1,090,091</b>
<b>Liabilities</b>		
Accounts payable	\$ 79,492	\$ 74,727
Accrued compensation and benefits	20,529	21,811
Deferred revenue	32,574	35,630
Billings in excess of costs/estimated earnings on uncompleted contracts	18,446	19,027
Income taxes	13,574	13,430
Other liabilities	58,789	62,071
<b>Total current liabilities</b>	<b>223,404</b>	<b>226,696</b>
Long-term debt	234,999	238,194
Other liabilities	20,321	25,505
<b>Total liabilities</b>	<b>478,724</b>	<b>490,395</b>
<b>Stockholders' equity</b>		
Preferred stock authorized 5,000, par value \$1.00, none issued	--	--
Common stock authorized 100,000, par value \$.001, 17,527 and 17,527 shares issued and outstanding	25	25
Additional paid-in capital	438,595	441,283
Retained earnings	452,048	450,022
Accumulated other comprehensive income	27,833	25,399
Treasury stock, at cost 7,436 and 7,436 shares	(317,033)	(317,033)
<b>Total stockholders' equity</b>	<b>601,468</b>	<b>599,696</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,080,192</b>	<b>\$ 1,090,091</b>

See Notes to the Consolidated Financial Statements

## BLACK BOX CORPORATION

### CONSOLIDATED STATEMENTS OF INCOME

In thousands, except per share amounts	Three months ended (Unaudited)	
	June 30, 2007	July 1, 2006
<b>Revenues</b>		
Hotline products	\$ 56,139	\$ 52,225
On-Site services	196,152	178,170
Total	252,291	230,395
<b>Cost of Sales</b>		
Hotline products	29,362	25,461
On-Site services	131,699	119,090
Total	161,061	144,551
<b>Gross profit</b>	<b>91,230</b>	<b>85,844</b>
Selling, general & administrative expenses	72,743	70,202
Intangibles amortization	2,318	1,506
<b>Operating income</b>	<b>16,169</b>	<b>14,136</b>
Interest expense (income), net	3,280	3,640
Other expenses (income), net	(67)	115
Income before provision for income taxes	12,956	10,381
Provision for income taxes	4,768	3,568
<b>Net income</b>	<b>\$ 8,188</b>	<b>\$ 6,813</b>
Earnings per common share		
Basic	\$ 0.47	\$ 0.39
Diluted	\$ 0.46	\$ 0.37
Weighted average common shares outstanding		
Basic	17,527	17,626
Diluted	17,639	18,262
Dividends per share	\$ 0.06	\$ 0.06

See Notes to the Consolidated Financial Statements

## BLACK BOX CORPORATION

### CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands	Three months ended (Unaudited)	
	June 30, 2007	July 1, 2006
<b>Operating Activities</b>		
Net income	\$ 8,188	\$ 6,813
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Intangibles amortization and depreciation	5,273	3,806
Loss on sale of property	481	--
Deferred taxes	(7,789)	(508)
Stock compensation expense	1,716	3,249
Tax impact from stock options	4,404	779
Change in fair value of interest rate swap	(1,308)	--
Changes in operating assets and liabilities:		
Accounts receivable, net	320	11,218
Inventories, net	3,312	(1,066)
All other current assets excluding deferred tax asset	(1,996)	(2,115)
Liabilities exclusive of long-term debt	(4,897)	(9,569)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 7,704</b>	<b>\$ 12,607</b>
<b>Investing Activities</b>		
Capital expenditures	\$ (984)	\$ (1,523)
Capital disposals	--	30
Acquisition of businesses (payments)/recoveries	--	(129,161)
Prior merger-related (payments)/recoveries	(3,250)	(1,350)
<b>Net cash provided by (used for) investing activities</b>	<b>\$ (4,234)</b>	<b>\$ (132,004)</b>
<b>Financing Activities</b>		
Proceeds from borrowings	\$ 47,445	\$ 194,522
Repayment of borrowings	(50,818)	(73,769)
Repayment on discounted lease rentals	--	(21)
Proceeds from exercise of options	--	3,530
Payment of dividends	(1,052)	(1,055)
<b>Net cash provided by (used for) financing activities</b>	<b>\$ (4,425)</b>	<b>\$ 123,207</b>
Foreign currency exchange impact on cash	\$ 93	\$ (657)
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>\$ (862)</b>	<b>\$ 3,153</b>
Cash and cash equivalents at beginning of period	\$ 17,157	\$ 11,207
Cash and cash equivalents at end of period	\$ 16,295	\$ 14,360
<b>Supplemental Cash Flow:</b>		
Cash paid for interest	\$ 4,714	\$ 2,601
Cash paid for income taxes	8,145	2,685
Non-cash financing activities:		
Dividends payable	1,052	1,061
Capital leases	192	109

See Notes to the Consolidated Financial Statements

# BLACK BOX CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (UNAUDITED)

#### **Note 1: Basis of Presentation**

The accompanying unaudited interim consolidated financial statements of Black Box Corporation (“Black Box” or the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The Company believes that these consolidated financial statements reflect all normal, recurring adjustments needed to present fairly the Company’s results for the interim periods presented. The results for interim periods may not be indicative of the results of operations for any other interim period or for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s most recent Annual Report on Form 10-K as filed with the Securities and Exchange Commission (“SEC”) for the fiscal year ended March 31, 2007 (the “Form 10-K”).

The Company’s fiscal year ends on March 31. The fiscal quarters consist of 13 weeks and end on the Saturday nearest each calendar quarter end. The actual ending dates for the periods presented in these Notes to the Consolidated Financial Statements as of June 30, 2007 and 2006 were June 30, 2007 and July 1, 2006. References to “Fiscal Year” or “Fiscal” mean the Company’s fiscal year ended March 31 for the year referenced. All references to dollar amounts herein are presented in thousands, except per share amounts.

#### 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, intangible assets and goodwill. Actual results could differ from those estimates. Management believes the estimates made are reasonable.

#### Reclassification

Certain reclassifications have been made to the financial statements for prior periods in order to conform to the presentation for the three (3) month periods ended June 30, 2007.

#### **Note 2: Significant Accounting Policies / Recent Accounting Pronouncements**

##### Significant Accounting Policies

The significant accounting policies used in the preparation of the Company’s Consolidated Financial Statements are disclosed in Note 2 of the Notes to the Consolidated Financial Statements within the Company’s Form 10-K. Additional significant accounting policies adopted during Fiscal 2008 are disclosed below.

##### *Uncertainty in Income Taxes:*

The Company requires that the realization of an uncertain income tax position must be “more likely than not” (*i.e.*, greater than 50% likelihood of receiving a benefit) before it can be recognized in the financial statements. The benefit to be recorded in the financial statements is the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. The Company includes interest and penalties related to uncertain tax positions within the Provision for income taxes within the Company’s Consolidated Statements of Income.

##### Recent Accounting Pronouncements

##### *Fair Value Option for Financial Assets and Financial Liabilities*

In February, 2007, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 159, “*The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115*” (“SFAS 159”). SFAS 159 permits an entity to elect to measure eligible items at fair value (“fair value option”) including many financial instruments. The provisions of SFAS 159 are effective for the Company as of April 1, 2008. If the fair value option is elected, the Company will report unrealized gains and losses on items for which the

fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. The fair value option may be applied for a single eligible item without electing it for other identical items, with certain exceptions, and must be applied to the entire eligible item and not to a portion of the eligible item. The Company is currently evaluating the irrevocable election of the fair value option pursuant to SFAS 159.

#### *Fair Value Measurements*

In September, 2006, the FASB issued SFAS No. 157, “*Fair Value Measurements*” (“SFAS 157”), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for the Company beginning on April 1, 2008. The requirements of SFAS 157 will be applied prospectively except for certain derivative instruments that would be adjusted through the opening balance of retained earnings in the period of adoption. The Company is evaluating the impact of the adoption of SFAS 157 on the Company’s consolidated financial statements.

#### *Uncertainty in Income Taxes*

In July, 2006, the FASB issued FASB Interpretation No. 48, “*Accounting for Uncertainty in Income Taxes*” (“FIN 48”). FIN 48 requires that realization of an uncertain income tax position must be “more likely than not” (*i.e.*, greater than 50% likelihood of receiving a benefit) before it can be recognized in the financial statements. Further, FIN 48 prescribes the benefit to be recorded in the financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. FIN 48 also clarifies the financial statement classification of tax-related penalties and interest and sets forth new disclosures regarding unrecognized tax benefits. FIN 48 is effective for the next fiscal year beginning after December 15, 2006. The Company adopted FIN 48 as of April 1, 2007, as required. The adoption of FIN 48 resulted in a decrease to beginning retained earnings of \$5,110 representing the cumulative effect adjustment. The adjustment to beginning retained earnings is summarized in the following table. *See* “Significant Accounting Policies” within this Note 2 and Note 14 for further reference.

	<b>Retained Earnings</b>
Balance as of April 1, 2007	\$ 450,022
Adjustment for adoption of FIN 48	(5,110)
Balance as currently reported	\$ 444,912

#### *Definition of Settlement in FIN 48*

In May, 2007, the FASB issued staff position No. FIN 48-1, “*Definition of Settlement in FASB Interpretation No. 48*” (“FSP FIN 48-1”) which amended FIN 48 to provide guidance about how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. Under FSP FIN 48-1, a tax position could be effectively settled on completion of an examination by a taxing authority. The Company adopted FSP FIN 48-1 in conjunction with adoption of FIN 48 as of April 1, 2007. The adoption of FSP FIN 48-1 did not have a material impact on the Company’s consolidated financial statements.

### **Note 3: Inventories**

The Company’s inventories consist of the following:

	<b>June 30, 2007</b>	<b>March 31, 2007</b>
Raw materials	\$ 1,811	\$ 1,774
Finished goods	89,968	93,794
Subtotal	\$ 91,779	\$ 95,568
Excess and obsolete inventory reserves	(22,034)	(22,761)
Inventory, net	\$ 69,745	\$ 72,807

### **Note 4: Goodwill**

The following table summarizes changes to goodwill at the Company’s reporting units during the period.

	<b>North America</b>	<b>Europe</b>	<b>All Other</b>	<b>Total</b>
<b>Balance as of March 31, 2007</b>	\$ 493,462	\$ 73,065	\$ 2,120	\$ 568,647
Currency translation	(7)	1,172	23	1,188
Prior Period Acquisitions	(397)	--	--	(397)
<b>Balance as of June 30, 2007</b>	\$ 493,058	\$ 74,237	\$ 2,143	\$ 569,438

At June 30, 2007, certain merger agreements provided for contingent payments (earn-out) of up to \$2,294. If future operating performance goals of the acquired companies are met, goodwill will be adjusted for the amount of the contingent payments.

**Note 5: Intangible Assets**

The following table summarizes the gross carrying amount, accumulated amortization and net carrying amount by intangible asset class:

	June 30, 2007			March 31, 2007		
	Gross Carrying Amount	Accum. Amort.	Net Carrying Amount	Gross Carrying Amount	Accum. Amort.	Net Carrying Amount
<b>Definite-lived</b>						
Non-compete agreements	\$ 8,008	\$ 3,831	\$ 4,177	\$ 7,963	\$ 3,414	\$ 4,549
Customer relationships	71,989	4,941	67,048	71,989	3,973	68,016
Acquired backlog	10,783	10,783	--	10,783	9,813	970
<b>Total</b>	<b>\$ 90,780</b>	<b>\$ 19,555</b>	<b>\$ 71,225</b>	<b>\$ 90,735</b>	<b>\$ 17,200</b>	<b>\$ 73,535</b>
<b>Indefinite-lived</b>						
Trademarks	35,992	8,253	27,739	35,992	8,253	27,739
<b>Total</b>	<b>\$ 126,772</b>	<b>\$ 27,808</b>	<b>\$ 98,964</b>	<b>\$ 126,727</b>	<b>\$ 25,453</b>	<b>\$ 101,274</b>

The Company's indefinite-lived intangible assets consist solely of the Company's trademark portfolio obtained through business acquisitions. The Company's definite-lived intangible assets are comprised of employee non-compete contracts, backlog and customer relationships also obtained through business acquisitions.

The following table summarizes the changes to carrying amounts of intangible assets during the period:

	Trademarks	Non-Competes and Backlog	Customer Relationships	Total
<b>Balance at March 31, 2007</b>	\$ 27,739	\$ 5,519	\$ 68,016	\$ 101,274
Amortization expense	--	(1,350)	(968)	(2,318)
Currency translation	--	8	--	8
<b>Balance at June 30, 2007</b>	<b>\$ 27,739</b>	<b>\$ 4,177</b>	<b>\$ 67,048</b>	<b>\$ 98,964</b>

Intangible asset amortization expense was \$2,318 and \$1,506 for the three (3) month period ended June 30, 2007 and 2006, respectively.

The following table details the estimated intangible amortization expense during the remainder of Fiscal 2008, each of the succeeding five fiscal years and the periods thereafter. These estimates are based on the carrying amounts of intangible assets as of June 30, 2007 that are subject to change pending the outcome of purchase accounting related to certain acquisitions:

**Fiscal years ending March 31,**

2008	\$ 4,039
2009	5,221
2010	5,093
2011	4,521
2012	4,119
2013	3,961
Thereafter	44,271
<b>Total</b>	<b>\$ 71,225</b>

**Note 6: Indebtedness**

The Company's long-term debt consists of the following:

	June 30, 2007	March 31, 2007
Revolving credit agreement	\$ 233,500	\$ 236,715
Capital lease obligations	2,162	2,123
Other	37	42
<b>Total debt</b>	<b>\$ 235,699</b>	<b>\$ 238,880</b>
Less: current portion (included in Other liabilities)	(700)	(686)
<b>Long-term debt</b>	<b>\$ 234,999</b>	<b>\$ 238,194</b>

*Revolving Credit Agreement* - On March 28, 2006, the Company entered into a Second Amendment to the Second Amended and Restated Credit Agreement dated January 24, 2005, as amended February 17, 2005 (collectively, the "Credit Agreement") with Citizens Bank of Pennsylvania, as agent, and a group of lenders. The Credit Agreement expires on March 28, 2011. Borrowings under the Credit Agreement are permitted up to a maximum amount of \$310,000, which includes up to \$15,000 of swing line 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 requires the Company to maintain compliance with certain non-financial and financial covenants such as minimum net worth, leverage and fixed charge coverage ratios. As of June 30, 2007, the Company was in compliance with all financial covenants under the Credit Agreement.

The maximum amount of debt outstanding under the Credit Agreement, the weighted average balance outstanding under the Credit Agreement and the weighted average interest rate on all outstanding debt for the three (3) month period ended June 30, 2007 was \$262,565, \$252,110 and 6.6%, respectively, compared to \$266,055, \$221,584 and 6.1%, respectively, for the three (3) month period ended June 30, 2006.

*Capital lease obligations* — The capital lease obligations are primarily for equipment. The lease agreements have remaining terms ranging from less than one year to five years with interest rates ranging from 3.83% to 11.73%.

*Other* - Other debt is comprised 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 three years with interest rates ranging from 0.0% to 5.9%.

*Unused available borrowings* - As of June 30, 2007, the Company had \$5,234 outstanding in letters of credit and \$71,266 available under the Credit Agreement.

## **Note 7: Derivative Instruments and Hedging Activities**

### Foreign Currency Forward Contracts:

The Company enters into foreign currency forward contracts to hedge exposure to variability in expected fluctuations in foreign currencies. As of June 30, 2007, the Company had open contracts in Australian and Canadian dollars, Danish krone, Euros, Mexican pesos, Japanese yen, Norwegian kroner, Pounds sterling, Swedish krona and Swiss francs, which have been designated as cash flow hedges. These contracts had a notional amount of approximately \$67,896 and a fair value of \$67,290 and mature within the next twenty-one months.

As of June 30, 2007, an unrecognized gain of \$961 (\$587 net of tax) on all open foreign currency forward contracts is included within the Company's Consolidated Balance Sheets as a component of Other comprehensive income ("OCI"). This unrecognized gain is expected to be credited to earnings over the life of the maturing contracts as the hedged forecasted transaction occurs and it is expected that the gain will be offset by currency losses on the items being hedged.

The Company recognized gains of \$96 (\$59 net of tax) and \$186 into earnings on matured contracts for the three (3) month periods ended June 30, 2007 and 2006, respectively. There was no hedge ineffectiveness for the three (3) month periods ended June 30, 2007 and 2006.

### Interest Rate Swap:

To mitigate the risk of interest-rate fluctuations associated with the Company's variable rate long term debt, the Company has implemented an interest-rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings caused by interest rate volatility. The Company's goal is to manage interest-rate sensitivity by modifying the re-pricing characteristics of certain balance sheet liabilities so that the net-interest margin is not, on a material basis, adversely affected by the movements in interest rates.

On July 26, 2006, the Company entered into a five-year interest rate swap ("interest rate swap") which has been used to effectively convert a portion of the Company's variable rate debt to fixed rate. The interest rate swap has a notional value of \$100,000 reducing to \$50,000 after three years and does not qualify for hedge accounting. For the three (3) month period ended June 30, 2007, the Company recognized a gain of \$1,308 related to the change in fair value of the interest rate swap included in Interest expense (income) within the Company's Consolidated Statements of Income. As of June 30, 2007, the Company has recorded a liability of \$426 related to the cumulative change in fair value of the interest rate swap which is a long-term liability recorded in Other liabilities within the Company's Consolidated Balance Sheets.

## **Note 8: Acquisitions**

### Current fiscal year acquisitions:

There have been no acquisitions during the three (3) month period ended June 30, 2007.

### Fiscal 2007 acquisitions:

During the fourth quarter of Fiscal 2007, the Company acquired ADS Telecom, Inc. (“ADS”), a privately-held company based out of Orlando, FL. ADS has an active customer base which includes commercial, financial, healthcare and various government agency accounts. In connection with the ADS acquisition, the Company has made a preliminary allocation to goodwill and definite-lived intangible assets, respectively. The definite-lived intangible assets recorded represent the estimated fair market value of customer relationships and non-compete agreements. The Company estimates that the definite-lived intangibles are to be amortized over a period of five to 20 years.

During third quarter of Fiscal 2007, the Company acquired Nortech Telecommunications, Inc. (“NTI”), a privately-held company based out of Chicago, IL. In connection with the NTI acquisition, the Company has made a preliminary allocation to goodwill and definite-lived intangible assets, respectively. The definite-lived intangible assets recorded represent the estimated fair market value of customer relationships and non-compete agreements. The Company estimates that the definite-lived intangibles are to be amortized over a period of five to 20 years.

The allocation of the purchase price for ADS and NTI is based on preliminary estimates of the fair values of certain assets acquired and liabilities assumed as of the date of the acquisition. Management, with the assistance of independent valuation specialists, is currently assessing the fair values of the tangible and intangible assets acquired and liabilities assumed. The preliminary allocations of purchase price are dependant upon certain estimates and assumptions, which are preliminary and may vary from the amounts reported herein. The acquisitions of ADS and NTI, taken individually, did not have a material impact on the Company’s consolidated financial statements.

During the first quarter of Fiscal 2007, the Company acquired the privately-held USA Commercial and Government and Canadian operations of NextiraOne, LLC (“NextiraOne”). The acquired operations service commercial and various government agency clients. In connection with the NextiraOne acquisition, the Company has allocated \$73,995 and \$24,100 to goodwill and definite-lived intangible assets, respectively. The definite-lived intangible assets recorded represent the fair market value of customer relationships and non-compete agreements. The Company estimates that the definite-lived intangibles are to be amortized over a period of one to 20 years.

Also, during first quarter Fiscal 2007, the Company acquired Nu-Vision Technologies, Inc. and Nu-Vision Technologies, LLC (collectively referred to as “NUVT”). The acquired operations 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. In connection with the NUVT acquisition, the Company has allocated \$15,058 and \$18,601 to goodwill and definite-lived intangible assets, respectively. The definite-lived intangible assets recorded represent the fair market value of acquired backlog, customer relationships and non-compete agreements. The Company estimates that the definite-lived intangibles are to be amortized over a period of one to 20 years.

The results of operations of ADS, NTI, NextiraOne and NUVT are included within the Company’s Consolidated Statements of Income beginning on their respective acquisition dates.

## **Note 9: Restructuring**

In connection with acquisitions during Fiscal 2007, the Company has incurred costs related to facility consolidations, such as idle facility rent obligations and the write-off of leasehold improvements, and employee severance in an attempt to right-size the organization and more appropriately align the expense structure with anticipated revenues and changing market demand for its solutions and services. The majority of Fiscal 2007 costs were incurred in connection with acquisitions and as such were included in the purchase price allocation. Employee severance is generally payable within the next twelve months with certain facility costs extending through Fiscal 2014.

During the first quarter of Fiscal 2008, the Company incurred \$3,591 of costs related to facility consolidations and employee severance. These costs have been recorded in Selling, general & administrative expenses in the Company’s Consolidated Statements of Income.

The following table summarizes the changes to the restructuring reserve during the period:

	Employee Severance	Facility Closures	Total
<b>Balance at March 31, 2007</b>	\$ 3,006	\$ 16,422	\$ 19,428
Restructuring charge	2,371	1,220	3,591
Asset write-downs	--	(411)	(411)
Cash expenditures	(2,103)	(1,914)	(4,017)
<b>Balance at June 30, 2007</b>	\$ 3,274	\$ 15,317	\$ 18,591

Of the \$18,591 above, \$10,009 is classified as a current liability under Other liabilities on the Company's Consolidated Balance Sheets for the period ended June 30, 2007.

#### Note 10: Stock-based Compensation

##### Stock-Based Compensation

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 June 30, 2007, the Employee Plan is authorized to issue stock options and stock appreciation rights ("SARs") for up to 9,200,000 shares of common stock. The Employee Plan provides that options are to be granted by a committee appointed by the Company's Board of Directors (the "Board") to key employees of the Company; such stock options generally become exercisable in equal amounts over a three-year period. As of June 30, 2007, the Director Plan is authorized to issue stock options and SARs for up to 270,000 shares of common stock. The Director Plan provides that options are to be granted by the Board or a committee appointed by the Board; such options generally become exercisable in equal amounts over a three-year period. No SARs have been issued under either plan.

During the three (3) month periods ended June 30, 2007 and 2006, the Company recognized non-cash stock-based compensation expense of \$1,716 (\$1,084 net of tax) or \$0.06 per diluted share and \$3,249 (\$2,112 net of tax) or \$0.12 per diluted share, respectively, which is recorded in Selling, general & administrative expense within the Company's Consolidated Statements of Income.

The following table summarizes the Company's stock option activity for the three (3) month period ended June 30, 2007.

Shares in thousands	Three month period ended June 30, 2007	
	Shares	Weighted-Average Exercise Price (per share)
Outstanding at beginning of period	4,621	\$ 38.66
Granted	--	--
Exercised	--	--
Forfeited or expired	(1,632)	37.16
Outstanding at end of period	2,989	\$ 39.47
Exercisable at end of period	2,668	\$ 40.02
Weighted average fair value of options granted during the period		\$ --

The Audit Committee of the Board (the "Audit Committee") and other relevant Board committees are committed to a continued review and implementation of procedural enhancements and remedial actions in light of the findings of the Audit Committee's review of the Company's historical stock option granting practices as disclosed in Note 3 of the Notes to the Consolidated Financial Statements in the Form 10-K. Consistent with its obligation to act in the best interests of the Company taking into account all relevant facts and circumstances, the Audit Committee is continuing to assess the appropriateness of a broad range of possible procedural enhancements and potential remedial measures in light of the findings of its review.

While the Audit Committee has not completed its consideration of all such steps, procedural enhancements may include recommendations regarding improved stock option administration procedures and controls, training and monitoring compliance with those procedures, corporate recordkeeping, corporate risk assessment, evaluation of the internal compliance environment and other remedial steps that may be appropriate. Any such procedural enhancements will be recommended by the Audit Committee to the Board and/or appropriate Board committee for adoption. In advance of action by the Audit Committee, the Company has implemented additional procedures to its process for approving stock option grants that are focused on formalized documentation of appropriate approvals and determination of grant terms to employees.

The Audit Committee's ongoing review includes an evaluation of the role of and possible claims or other remedial actions against current and former Company personnel who may be found to have had responsibility for identified problems during the period from 1992 to the present (the "Review Period"). Accordingly, the Audit Committee has begun to address and is addressing and expects to continue to address issues of individual conduct or responsibility, including those of the Board, Chief Executive Officers ("CEO") and Chief Financial Officers serving during the Review Period. In connection therewith, based on the findings of the Audit Committee as to Fred C. Young, the Company's former

CEO who resigned on May 20, 2007, the Audit Committee concluded and recommended to the Board, and the Board determined, that Mr. Young could have been terminated due to Cause for Termination (as defined in his agreement dated May 11, 2004) at the time Mr. Young resigned as a director and as an officer of the Company on May 20, 2007. In light of that determination and the terms of the agreements with Mr. Young, all outstanding stock options held by Mr. Young (1,455,402 shares) terminated as of the date of his resignation.

This event occurred during the first quarter of Fiscal 2008 and the Company has determined that it should be considered a first quarter of Fiscal 2008 event for accounting purposes. This event had the following impacts on the Company's consolidated financial statements and related notes for the three month period ended June 30, 2007: (1) decrease in outstanding stock options of 1,455,402, (2) immaterial impact on the Diluted earnings per common share computation, (3) a decrease in deferred tax assets of \$4,637 with the offsetting entry of \$3,899 to Additional paid-in capital and (4) additional tax expense impact of approximately \$738.

The Audit Committee may recommend additional remedial measures that appropriately address the issues raised by its findings. Such potential remedial measures may include an evaluation of the role of and possible claims or other remedial actions against current and former Company personnel who may be found to have been responsible for identified problems during the Review Period.

The following table summarizes certain information regarding the Company's outstanding stock options at June 30, 2007:

Range of Exercise Prices	Options Outstanding				Options Exercisable			
	Shares Outstanding (000's)	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Average Intrinsic Value (000's)	Shares Exercisable (000's)	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Average Intrinsic Value (000's)
\$19.95 - \$26.60	14	1.3	\$21.94	\$ 272	14	1.3	\$21.94	\$ 272
\$26.60 - \$33.25	117	3.4	29.65	1,317	117	3.4	29.65	1,317
\$33.25 - \$39.90	1,413	7.9	37.35	5,002	1,092	8.0	38.06	3,090
\$39.90 - \$46.55	1,432	4.4	42.43	178	1,432	4.4	42.43	178
\$46.55 - \$53.20	9	2.2	50.60	--	9	2.2	50.60	--
\$53.20 - \$59.85	2	2.5	55.88	--	2	2.5	55.88	--
\$59.85 - \$66.50	2	2.5	63.22	--	2	2.5	63.22	--
\$19.95 - \$66.50	2,989	6.0	\$39.47	\$6,769	2,668	5.8	\$40.02	\$4,857

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company's average stock price (*i.e.*, the average of the open and close prices of the common stock) on June 30, 2007 of \$40.89, which would have been received by the option holders had all option holders exercised their options as of that date. As of June 30, 2007, there was approximately \$2,257 of total unrecognized pre-tax stock-based compensation expense related to non-vested stock options granted under the plans which is expected to be recognized over a weighted average period of 2.3 years.

#### Note 11: Earnings Per Share

The following table details the computation of basic and diluted earnings per common share from continuing operations:

	Three month period ended June 30,	
	2007	2006
Net income, as reported	\$ 8,188	\$ 6,813
Weighted average common shares outstanding (basic)	17,527	17,626
Effect of dilutive securities from employee stock options	112	636
Weighted average common shares outstanding (diluted)	17,639	18,262
Basic earnings per common share	\$ 0.47	\$ 0.39
Dilutive earnings per common share	\$ 0.46	\$ 0.37

The Weighted average common shares outstanding (diluted) computation is not impacted during any period where the exercise price of a stock option is greater than the average market price. There were 2,266,762 and 489,573 non-dilutive stock options outstanding during the three (3) month periods ended June 30, 2007 and 2006, respectively, that are not included in the corresponding period Weighted average common shares outstanding (diluted) computation.

**Note 12: Comprehensive income and Accumulated other comprehensive income (“AOCI”)**

The following table details the computation of comprehensive income:

	<b>Three month period ended June 30,</b>	
	<b>2007</b>	<b>2006</b>
Net income	\$ 8,188	\$ 6,813
Foreign currency translation adjustment	2,224	6,525
Net change in fair value of cash flow hedging instruments	151	(46)
Amounts reclassified into results of operations	59	(186)
Other comprehensive income	\$ 2,434	\$ 6,293
Comprehensive income	\$ 10,622	\$ 13,106

The components of AOCI consisted of the following:

	<b>June 30, 2007</b>	<b>March 31, 2007</b>
Foreign currency translation adjustment	\$ 25,576	\$ 23,352
Unrealized gains/(losses) on derivatives designated and qualified as cash flow hedges	587	377
Unrecognized gain on defined benefit pension	1,670	1,670
Accumulated other comprehensive income	\$ 27,833	\$ 25,399

**Note 13: Commitments and Contingencies**Regulatory Matters

As previously disclosed, on November 13, 2006, the Company received a letter of informal inquiry from the Enforcement Division of the SEC relating to the Company’s stock option practices from January 1, 1997 to present. On May 24, 2007, the SEC issued a formal order of investigation in connection with this matter, and, on May 29, 2007, the Company received a document subpoena from the SEC acting pursuant to such order. The Company has cooperated with the SEC in this matter and intends to continue to do so.

As previously disclosed, the Audit Committee, with the assistance of outside legal counsel, is conducting an independent review of the Company’s historical stock option grant practices and related accounting for stock option grants. See the “Explanatory Note” preceding Part I, Item 1 of the Form 10-K for more information regarding this and related matters.

On September 20, 2006, the Company received formal notice from the Internal Revenue Service (“IRS”) regarding its intent to begin an audit of the Company’s tax years 2004 and 2005. In connection with this normal recurring audit, the IRS has requested certain documentation with respect to stock options for the Company’s 2004 and 2005 tax years. The Company has produced various documents requested by the IRS and is currently in the process of responding to additional documentation requests.

At the conclusion of these regulatory matters, the Company could be subject to additional taxes, fines, penalties or other costs which could be material.

Litigation Matters

In November 2006, two stockholder derivative lawsuits were filed against the Company itself, as a nominal defendant, and several of the Company’s current and former officers and directors in the United States District Court for the Western District of Pennsylvania. The two substantially identical stockholder derivative complaints allege that the individual defendants improperly backdated grants of stock options to several officers and directors in violation of the Company’s stockholder-approved stock option plans during the period 1996-2002, improperly recorded and accounted for backdated stock options in violation of generally accepted accounting principles, improperly took tax deductions based on backdated stock options in violation of the Code, produced and disseminated false financial statements and SEC filings to the Company’s stockholders and to the market that improperly recorded and accounted for the backdated option grants, concealed the alleged improper backdating of stock options and obtained substantial benefits from sales of Company stock while in the possession of material inside information. The complaints seek damages on behalf of the Company against certain current and former officers and directors and allege breach of fiduciary duty, unjust enrichment, securities law violations and other claims. The two lawsuits have been consolidated into a single action as *In re Black Box Corporation Derivative Litigation*, Master File No. 2:06-CV-1531-TMH, and plaintiffs filed a consolidated amended complaint on January 29, 2007. The parties have stipulated that responses by the defendants, including the Company, are due on or before September 4, 2007. The Company may have indemnification obligations arising out of this matter to its current and former directors and officers named in this litigation. The Company has made a claim for such costs under an insurance policy.

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 to the Company, management believes the matters described under this caption "Litigation Matters" are adequately provided for, covered by insurance, without merit or not probable that an unfavorable outcome will result.

#### Product Warranties

Estimated future warranty costs related to certain products are charged to operations in the period the related revenue is recognized. The product warranty liability reflects the Company's best estimate of probable liability under those warranties. As of June 30, 2007 and March 31, 2007, the Company has recorded a warranty reserve of \$4,667 and \$4,214, respectively.

There has been no other significant or unusual activity during Fiscal 2008.

#### **Note 14: Uncertainty in Income Taxes**

As discussed in Note 2, the Company adopted FIN 48 on April 1, 2007. As a result of the adoption of FIN 48, the Company recorded a \$5,110 reduction to the beginning balance of Retained earnings representing the cumulative effect of a change in accounting principle, an increase to current liabilities of \$3,656 recorded within Income taxes and a decrease to non-current assets of \$1,454 recorded within Other assets, each of which is reflected within the Company's Consolidated Balance Sheets. At the adoption date of April 1, 2007, the gross liability for income taxes associated with uncertain tax positions was \$6,974. If the uncertain tax positions are recognized they would all favorably affect the Company's effective tax rate. The Company includes interest and penalties related to uncertain tax positions within the Provision for income taxes within the Company's Consolidated Statements of Income. As of April 1, 2007, the Company has recorded approximately \$806 of interest and penalties related to uncertain tax positions. The Company did not make any significant adjustments to these amounts during the three (3) month period ended June 30, 2007.

During Fiscal 2007, the IRS commenced examination of the Company's U.S. federal income tax return, for Fiscal 2004 and Fiscal 2005. The IRS has not yet proposed any adjustment to the Company's filing positions in connection with this examination. Upon completion of this examination, it is reasonably possible that the total amount of unrecognized benefits will change. Any adjustment to the unrecognized tax benefits would impact the effective tax rate. The Company can not make an estimate of the impact on the effective rate for any potential adjustment at this time.

Fiscal 2006 and Fiscal 2007 remain open to examination by the IRS. Fiscal 2004 through Fiscal 2007 remain open to examination by state and foreign taxing jurisdictions.

## Note 15: Segment Reporting

Management reviews financial information for the consolidated Company accompanied by disaggregated information on net revenues, operating income and assets by geographic region for the purpose of making operational decisions and assessing financial performance. Additionally, Management is presented with and reviews net revenues and gross profit by service type. The accounting policies of the individual operating segments are the same as those of the Company.

The following table presents financial information about the Company's reportable segments by geographic region:

	Three month period ended June 30,	
	2007	2006
<b>North America</b>		
Revenues	\$ 210,002	\$ 192,572
Operating income	10,582	9,397
Depreciation	2,824	2,161
Amortization	2,290	1,457
Segment assets	995,426	1,031,765
<b>Europe</b>		
Revenues	\$ 32,799	\$ 29,345
Operating income	3,948	3,143
Depreciation	103	119
Amortization	17	40
Segment assets	140,833	124,252
<b>All Other</b>		
Revenues	\$ 9,490	\$ 8,478
Operating income	1,639	1,596
Depreciation	28	20
Amortization	11	9
Segment assets	18,423	15,636

The sum of 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:

	As of June 30,	
	2007	2006
Segment assets for North America, Europe and All Other	\$ 1,154,682	\$ 1,171,653
Corporate eliminations	(74,490)	(78,042)
Total consolidated assets	\$ 1,080,192	\$ 1,093,611

The following table presents financial information about the Company by service type:

	Three month period ended June 30,	
	2007	2006
<b>Data Services</b>		
Revenues	\$ 46,165	\$ 44,531
Gross Profit	14,177	13,317
<b>Voice Services</b>		
Revenues	\$ 149,987	\$ 133,639
Gross Profit	50,276	45,763
<b>Hotline Services</b>		
Revenues	\$ 56,139	\$ 52,225
Gross Profit	26,777	26,764

The sum of service type revenues and gross profit equals consolidated revenues and gross profit.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The discussion and analysis for the three (3) month periods ended June 30, 2007 and 2006 as set forth below in this Item 2 should be read in conjunction with the response to Part 1, Item 1 of this report and the consolidated financial statements of the Company, including the related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007 (the "Form 10-K"). All dollar amounts are presented in thousands unless otherwise noted.

### The Company

Black Box is the world's largest dedicated network infrastructure services provider. Black Box offers one-source network infrastructure services for communication systems. The Company's service offerings include design, installation, integration, monitoring and maintenance of voice, data and integrated communication systems. The Company's primary service offering is voice solutions, while providing premise cabling and other data related services and products. The Company provides 24/7/365 technical support for all of its solutions which encompass all major voice and data manufacturers as well as 118,000 network infrastructure products that it sells through its catalog and Internet Web site and its Voice and Data services (collectively referred to as "On-Site services") offices. References herein to "Fiscal Year" or "Fiscal" mean the Company's fiscal year ended March 31 for the year referenced.

Management is presented with and reviews revenues and operating income by geographical segment. In addition, revenues and gross profit information by service type are provided herein for purposes of further analysis.

The Company has completed several acquisitions from April 1, 2006 through June 30, 2007 that have a significant impact on the Company's consolidated financial statements and, more specifically, North America Voice Services for the periods under review. Fiscal 2007 acquisitions include (i) USA Commercial and Government and Canadian operations of NextiraOne, LLC ("NextiraOne"), (ii) Nu-Vision Technologies, Inc. and Nu-Vision Technologies, LLC (collectively referred to as "NUVT"), (iii) Nortech Telecommunications, Inc. ("NTI") and (iv) ADS Telecom, Inc. ("ADS"). The acquisitions noted above are collectively referred to as the "Acquired Companies." The results of operations of the Acquired Companies are included in the Company's Consolidated Statements of Income beginning on their respective acquisition dates.

In connection with certain acquisitions, the Company incurs expenses that it excludes when evaluating the continuing operations of the Company. The following table is included to provide a schedule of the past acquisition-related expenses during Fiscal 2007 (by quarter).

	1Q07	2Q07	3Q07	4Q07	Fiscal 2007
<b>Selling General &amp; Administrative Expenses</b>					
Asset write-up depreciation expense on acquisitions	\$ --	\$ 1,191	\$ 713	\$ 742	\$ 2,646
<b>Amortization</b>					
Amortization of intangible assets on acquisitions	1,433	1,894	2,621	4,127	10,075
<b>Total</b>	\$ 1,433	\$ 3,085	\$ 3,334	\$ 4,869	\$ 12,721

The following table is included to provide a schedule of the current and an estimate of future acquisition-related expenses for Fiscal 2008 (by quarter) based on the acquisition activity through June 30, 2007.

	1Q08	2Q08	3Q08	4Q08	Fiscal 2008
<b>Selling General &amp; Administrative Expenses</b>					
Asset write-up depreciation expense on acquisitions	\$ 659	\$ 496	\$ 439	\$ 440	\$ 2,034
<b>Amortization</b>					
Amortization of intangible assets on acquisitions	2,269	1,307	1,307	1,286	6,169
<b>Total</b>	\$ 2,928	\$ 1,803	\$ 1,746	\$ 1,726	\$ 8,203

The following table provides information on revenues and operating income by reportable geographic segment (North America, Europe and All Other). The table below should be read in conjunction with the following discussion.

	<b>Three months ended June 30,</b>			
	<b>2007</b>		<b>2006</b>	
	\$	% of total revenue	\$	% of total revenue
<b>Revenues</b>				
North America	\$ 210,002	83.2%	\$ 192,572	83.6%
Europe	32,799	13.0%	29,345	12.7%
All Other	9,490	3.8%	8,478	3.7%
Total	\$ 252,291	100%	\$ 230,395	100%
<b>Operating income</b>				
North America	\$ 10,582		\$ 9,397	
% of North America revenues	5.0%		4.9%	
Europe	\$ 3,948		\$ 3,143	
% of Europe revenues	12.0%		10.7%	
All Other	\$ 1,639		\$ 1,596	
% of All Other revenues	17.3%		18.8%	
Total	\$ 16,169	6.4%	\$ 14,136	6.1%
<b>Reconciling items</b>				
North America	\$ 8,674		\$ 5,797	
Europe	--		--	
All Other	--		--	
Total	\$ 8,674	3.4%	\$ 5,797	2.5%

The following table provides information on revenues and gross profit by service type (Data Services, Voice Services and Hotline Services). The table below should be read in conjunction with the following discussion.

	<b>Three months ended June 30,</b>			
	<b>2007</b>		<b>2006</b>	
	\$	% of total revenue	\$	% of total revenue
<b>Revenues</b>				
Data Services	\$ 46,165	18.3%	\$ 44,531	19.3%
Voice Services	149,987	59.4%	133,639	58.0%
Hotline Services	56,139	22.3%	52,225	22.7%
Total	\$ 252,291	100%	\$ 230,395	100%
<b>Gross profit</b>				
Data Services	\$ 14,177		\$ 13,317	
% of Data Services revenues	30.7%		29.9%	
Voice Services	\$ 50,276		\$ 45,763	
% of Voice Services revenues	33.5%		34.2%	
Hotline Services	\$ 26,777		\$ 26,764	
% of Hotline Services revenues	47.7%		51.2%	
Total	\$ 91,230	36.2%	\$ 85,844	37.3%

The Company has received notification that its distribution agreement with Avaya, Inc. will be terminated effective September 8, 2007.

The Company is in discussions with Avaya concerning the future business relationship of the parties and the handling of key accounts. The Company is evaluating the potential financial impact of this event as well as potential business strategies to minimize such impact. The Company currently anticipates that this impact will not have a material impact on its Fiscal 2008 operating results.

## **FIRST QUARTER FISCAL 2008 (“1Q08”) COMPARED TO FIRST QUARTER FISCAL 2007 (“1Q07”):**

### **Total Revenues**

Total revenues for 1Q08 were \$252,291, an increase of 10% compared to total revenues for 1Q07 of \$230,395. The increase was primarily due to the incremental revenue from the Acquired Companies, which added \$72,027 and \$60,174 for 1Q08 and 1Q07, respectively. Excluding the effects of the acquisitions and the positive exchange rate impact of \$2,392 relative to the U.S. dollar, total revenues would have increased 4% from \$170,221 to \$177,872 for the reasons discussed below.

### **Revenues by Geography**

#### **North America**

Revenues in North America for 1Q08 were \$210,002, an increase of 9% compared to revenues for 1Q07 of \$192,572. The increase was primarily due to the incremental revenue from the Acquired Companies, which added \$72,027 and \$60,174 for 1Q08 and 1Q07, respectively. Excluding the effects of the acquisitions and the positive exchange rate impact of \$106 relative to the U.S. dollar, North American revenues would have increased 4% from \$132,398 to \$137,869. The Company believes this increase is due to the success in the Company’s Data, Voice and Hotline (“DVH”) cross-selling initiatives.

#### **Europe**

Revenues in Europe for 1Q08 were \$32,799, an increase of 12% compared to revenues for 1Q07 of \$29,345. Excluding the positive exchange rate impact of \$2,207 relative to the U.S. dollar, Europe revenues would have increased 4% from \$29,345 to \$30,592. The Company believes the increase is due to the success in the Company’s DVH cross-selling initiatives.

#### **All Other**

Revenues for All Other for 1Q08 were \$9,490, an increase of 12% compared to revenues for 1Q07 of \$8,478. Excluding the positive exchange rate impact of \$79 relative to the U.S. dollar, All Other revenues would have increased 11% from \$8,478 to \$9,411.

### **Revenue by Service Type**

#### **Data Services**

Revenues from Data Services for 1Q08 were \$46,165, an increase of 4% compared to revenues for 1Q07 of \$44,531. Excluding the positive exchange rate impact of \$934 relative to the U.S. dollar for its International Data Services, Data Services revenues would have increased 2% from \$44,531 to \$45,231. The Company believes the increase in Data Services revenues is due to the success in the Company’s DVH cross-selling initiatives coupled with stable end-user markets.

#### **Voice Services**

Revenues from Voice Services for 1Q08 were \$149,987, an increase of 12% compared to revenues for 1Q07 of \$133,639. The increase was primarily due to the incremental revenue from the Acquired Companies, which added \$72,027 and \$60,174 for 1Q08 and 1Q07, respectively. Excluding the effects of the acquisitions, Voice Services revenues would have increased 6% from \$73,465 to \$77,960. The Company believes that the increase in Voice Services revenues is primarily due to the success in the Company’s DVH cross-selling initiatives. There was no exchange rate impact on Voice Services revenues as all of the Company’s Voice Services revenues is denominated in U.S. dollars coupled with stable end-user markets.

#### **Hotline Services**

Revenues from Hotline Services for 1Q08 were \$56,139, an increase of 7% compared to revenues for 1Q07 of \$52,225. Excluding the positive exchange rate impact of \$1,458 relative to the U.S. dollar for its International Hotline Services, Hotline Services revenues would have increased 5% from \$52,225 to \$54,681. The Company believes this increase in Hotline Services revenues is primarily due to the success in the Company’s DVH cross-selling initiatives and increases in web-based sales coupled with stable end-user markets.

### **Gross Profit**

Gross profit dollars for 1Q08 were \$91,230, an increase of 6% compared to gross profit dollars for 1Q07 of \$85,844. The Company believes the increase in gross profit dollars was primarily due to the acquisition of the Acquired Companies. Gross profit as a percent of revenues for 1Q08 was 36.2%, a decrease of 1.1% compared to gross profit as a percentage of revenues for 1Q07 of 37.3%. The Company believes the

percent decrease was due primarily to the impact of lower gross profit in its Voice Services segment driven by the acquisition of NextiraOne and the impact of lower gross profit in its Hotline Services segment driven by increased product costs and product mix.

Gross profit dollars for Data Services for 1Q08 were \$14,177, or 30.7% of revenues, compared to gross profit dollars for 1Q07 of \$13,317, or 29.9% of revenues. Gross profit dollars for Voice Services for 1Q08 were \$50,276, or 33.5% of revenues, compared to gross profit dollars for 1Q07 of \$45,763, or 34.2% of revenues. Gross profit dollars for Hotline Services for 1Q08 were \$26,777, or 47.7% of revenues, compared to gross profit dollars for 1Q07 of \$26,764, or 51.2% of revenues.

#### **Selling, general & administrative expenses**

Selling, general & administrative expenses for 1Q08 were \$72,743, an increase of \$2,541 compared to Selling, general & administrative expenses for 1Q07 of \$70,202. Selling, general & administrative expenses as a percent of revenue for 1Q08 were 28.8% compared to 30.5% for 1Q07. The increase in Selling, general & administrative expense dollars and decrease in Selling, general & administrative expenses as a percent of revenue over the prior year was primarily due to increases in restructuring/integration costs of \$2,915 and non-cash asset write-up depreciation expense of \$659 partially offset by a decrease in non-cash stock based compensation expense of \$1,533.

#### **Intangibles amortization**

Intangibles amortization for 1Q08 was \$2,318, an increase of \$812 compared to Intangibles amortization for 1Q07 of \$1,506. The increase was primarily attributable to the amortization of intangible assets acquired through the purchase of the Acquired Companies.

#### **Operating income**

Operating income for 1Q08 was \$16,169, or 6.4% of revenues, an increase of \$2,033 compared to Operating income for 1Q07 of \$14,136, or 6.1% of revenues.

#### **Interest Expense, net**

Net interest expense for 1Q08 was \$3,280, a decrease of \$360 compared to net interest expense for 1Q07 of \$3,640. The decrease in interest expense is due to a \$1,308 gain related to the change in fair value of the Company's interest rate swap partially offset by an increase in the weighted average outstanding debt and weighted average interest rate from approximately \$221,584 and 6.1%, respectively, for 1Q07 to approximately \$252,110 and 6.6%, respectively, for 1Q08.

#### **Provision for Income Taxes**

The tax provision for 1Q08 was \$4,768, an effective tax rate of 36.8%. This compares to the tax provision for 1Q07 of \$3,568, an effective tax rate of 34.4%. The tax rate for 1Q08 was higher than 1Q07 due to changes in the overall mix of taxable income among worldwide offices, the loss of the extraterritorial income deduction for federal income tax purposes and the expected write-off of deferred tax assets related to book stock option compensation.

#### **Net Income**

As a result of the foregoing, net income for 1Q08 was \$8,188, or 3.2% of revenues, compared to net income for 1Q07 of \$6,813, or 3.0% of revenues.

### **Liquidity and Capital Resources**

#### **Cash Flows from Operating Activities**

Net cash provided by operating activities during 1Q08 was \$7,704. Significant factors contributing to the source of cash were: net income of \$8,188 inclusive of non-cash charges of \$5,273 and \$1,716 for amortization / depreciation expense and stock compensation expense, respectively, a decrease in net inventory of \$3,312 and a decrease in the tax benefit from stock options of \$4,404. Significant factors contributing to a use of cash were, a non-cash charge of \$1,308 for the change in fair market value of interest rate swap, a decrease in the deferred tax provision of \$7,789, an increase in other assets of \$1,996 and an increase in accounts payable of \$4,519. Changes in the above accounts are based on average Fiscal 2008 exchange rates.

Net cash provided by operating activities during 1Q07 was \$12,607. Significant factors contributing to a source of cash were: net income of \$6,813 and decrease in accounts receivable of \$11,579. Significant factors contributing to a use of cash were: increase in net inventory of \$1,066 and increase in estimated earnings in excess of billings on uncompleted contracts of \$7,674. Non-cash items included amortization and depreciation expense and stock compensation expense of \$3,806 and \$3,249, respectively. Changes in the above accounts are based on average Fiscal 2007 exchange rates.

As of June 30, 2007 and 2006, the Company had cash and cash equivalents of \$16,295 and \$14,360, respectively, working capital of \$120,531 and \$100,673, respectively, and a current ratio of 1.54 and 1.41, respectively.

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.

#### **Cash Flows from Investing Activities**

Net cash used by investing activities during 1Q08 was \$4,234. Significant factors contributing to a use of cash were: \$984 for gross capital expenditures and \$3,250 for holdbacks and contingent fee payments related to prior period acquisitions.

Net cash used by investing activities during 1Q07 was \$132,004. Significant factors contributing to a use of cash were: \$1,523 for gross capital expenditures and \$129,161 to acquire NextiraOne and NUVT.

#### **Cash Flows from Financing Activities**

Net cash used by financing activities during 1Q08 was \$4,425. Significant factors contributing to the cash outflow were \$3,373 of net payments on long term debt and \$1,052 for the payment of dividends.

Net cash provided by financing activities during 1Q07 was \$123,207. Significant factors contributing to the cash inflow were \$120,753 of net borrowings on long term debt and \$3,530 from the exercise of stock options. Significant uses of cash were \$1,055 for the payment of dividends.

#### **Total Debt**

*Revolving Credit Agreement* - On March 28, 2006, the Company entered into the Second Amendment to the Second Amended and Restated Credit Agreement dated January 24, 2005, as amended February 17, 2005 (collectively, and previously defined as the "Credit Agreement") with Citizens Bank of Pennsylvania, as agent, and a group of lenders. The Credit Agreement expires on March 28, 2011. Borrowings under the Credit Agreement are permitted up to a maximum amount of \$310,000, which includes up to \$15,000 of swing line 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 requires the Company to maintain compliance with certain non-financial and financial covenants such as minimum net worth, leverage and fixed charge coverage ratios. As of June 30, 2007, the Company was in compliance with all financial covenants under the Credit Agreement.

As of June 30, 2007, the Company had total debt outstanding of \$235,699. Total debt was comprised of \$233,500 outstanding under the credit agreement, \$2,162 of obligations under capital leases and \$37 of various other third-party, non-employee loans. The maximum amount of debt outstanding under the Credit Agreement, the weighted average balance outstanding under the Credit Agreement and the weighted average interest rate on all outstanding debt for the three (3) month period ended June 30, 2007 was \$262,565, \$252,110 and 6.6%, respectively, compared to \$266,055, \$221,584 and 6.1%, respectively, for the three (3) month period ended June 30, 2006.

#### **Dividends**

1Q08 - The Company's Board of Director's (the "Board") declared a cash dividend of \$0.06 per share on all outstanding shares of the common stock. The dividend totaled \$1,052 and was paid on July 13, 2007 to stockholders of record at the close of business on June 29, 2007.

1Q07 - The Board declared a cash dividend of \$0.06 per share on all outstanding shares of the common stock. The dividend totaled \$1,061 and was 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**

There were no repurchases of common stock during either of the three (3) month periods ended June 30, 2007 and 2006.

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 common stock for the foreseeable future, there can be no assurance as to the timing or amount of such repurchases.

### **Significant Accounting Policies**

The significant accounting policies used in the preparation of the Company's consolidated financial statements are disclosed in Note 2 of the Notes to the Consolidated Financial Statements within the Form 10-K. Additional significant accounting policies or amendments to previously-disclosed policies adopted during Fiscal 2008 are disclosed below.

#### *Uncertainty in Income Taxes:*

The Company requires that the realization of an uncertain income tax position must be "more likely than not" (*i.e.*, greater than 50% likelihood of receiving a benefit) before it can be recognized in the financial statements. The benefit to be recorded in the financial statements is the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. The Company includes interest and penalties related to uncertain tax positions within the Provision for income taxes within the Company's Consolidated Statements of Income.

### **Impact of Recently Issued Accounting Pronouncements**

#### *Fair Value Option for Financial Assets and Financial Liabilities*

In February, 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115*" ("SFAS 159"). SFAS 159 permits an entity to elect to measure eligible items at fair value ("fair value option") including many financial instruments. The provisions of SFAS 159 are effective for the Company as of April 1, 2008. If the fair value option is elected, the Company will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. The fair value option may be applied for a single eligible item without electing it for other identical items, with certain exceptions, and must be applied to the entire eligible item and not to a portion of the eligible item. The Company is currently evaluating the irrevocable election of the fair value option pursuant to SFAS 159.

#### *Fair Value Measurements*

In September, 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for the Company beginning on April 1, 2008. The Company is evaluating the impact of the adoption of SFAS 157 on the Company's consolidated financial statements.

#### *Uncertainty in Income Taxes*

In July, 2006, the FASB issued FASB Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*" ("FIN 48"). FIN 48 requires that realization of an uncertain income tax position must be "more likely than not" (*i.e.*, greater than 50% likelihood of receiving a benefit) before it can be recognized in the financial statements. Further, FIN 48 prescribes the benefit to be recorded in the financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. FIN 48 also clarifies the financial statement classification of tax-related penalties and interest and sets forth new disclosures regarding unrecognized tax benefits. FIN 48 is effective for the next fiscal year beginning after December 15, 2006. The Company adopted FIN 48 as of April 1, 2007, as required. The adoption of FIN 48 resulted in a decrease in accumulated deficit and a decrease in tax liabilities through a cumulative effect adjustment of \$5,110. The adjustment to accumulated deficit is summarized in the following table. *See* Note 2 and Note 14 of the Notes to the Consolidated Financial Statements for further reference.

	<b>Retained Earnings</b>
Balance as of April 1, 2007	\$ 450,022
Adjustment for adoption of FIN 48	(5,110)
Balance as currently reported	\$ 444,912

#### *Definition of Settlement in FIN 48*

In May, 2007, the FASB issued staff position No. FIN 48-1, “*Definition of Settlement in FASB Interpretation No. 48*” (“FSP FIN 48-1”) which amended FIN 48 to provide guidance about how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. Under FSP FIN 48-1, a tax position could be effectively settled on completion of an examination by a taxing authority. The Company adopted FSP FIN 48-1 in conjunction with adoption of FIN 48 as of April 1, 2007. The adoption of FSP FIN 48-1 did not have a material impact on Company’s consolidated financial statements.

#### **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.

#### **Cautionary Forward Looking Statements**

When included in this Quarterly Report on Form 10-Q or in documents incorporated herein by reference, the words “expects,” “intends,” “anticipates,” “believes,” “estimates” and analogous expressions are intended to identify forward-looking statements. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, the timing and final outcome of the ongoing review of the Company’s stock option practices, including the related SEC investigation, shareholder derivative lawsuit, NASDAQ process regarding listing of the common stock and tax matters, and the impact of any actions that may be required or taken as a result of such review, SEC investigation, shareholder derivative lawsuit, NASDAQ process or tax matters, levels of business activity and operating expenses, expenses relating to corporate compliance requirements, cash flows, global economic and business conditions, successful integration of acquisitions, including the NextiraOne business, the timing and costs of restructuring programs, successful marketing of DVH (Data, Voice, Hotline) services, successful implementation of our M&A program, including identifying appropriate targets, consummating transactions and successfully integrating the businesses, 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 services companies, the Company’s arrangements with suppliers of voice equipment and technology and various other matters, many of which are beyond the Company’s control. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and speak only as of the date of this Quarterly Report on Form 10-Q. 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

The Company is exposed to market risks in the ordinary course of business that include interest rate volatility and foreign currency exchange rates volatility. 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. The Company does not hold or issue any other financial derivative instruments (other than those specifically noted below) nor does it engage in speculative trading of financial derivatives.

#### **Interest Rate Risk**

The Company’s primary interest rate risk relates to its long-term debt obligations. As of June 30, 2007, the Company had total long-term obligations under the Credit Agreement of \$233,500, including the current portion of those obligations of \$700. Of the outstanding debt, \$100,000 was in variable rate debt that was effectively converted to a fixed rate through an interest rate swap agreement during Fiscal 2007 and \$133,500 was in variable rate obligations. As of June 30, 2007, an instantaneous 100 basis point increase in the interest rate of the variable rate debt would reduce the Company’s net income in the subsequent fiscal quarter by \$329 (\$211 net of tax) assuming the Company employed no intervention strategies.

To mitigate the risk of interest-rate fluctuations associated with the Company’s variable rate long-term debt, the Company has implemented an interest-rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings caused by interest-rate volatility. The Company’s goal is to manage interest-rate sensitivity by modifying the re-pricing characteristics of certain balance sheet liabilities so that the net-interest margin is not, on a material basis, adversely affected by the movements in interest rates.

On July 26, 2006, the Company entered into an interest rate swap which has been used to effectively convert a portion of the Company's variable rate debt to fixed rate. The interest rate swap has a notional value of \$100,000 reducing to \$50,000 after three years and does not qualify for hedge accounting. Changes in the fair market value of the interest rate swap are recorded as an asset or liability in the Company's Consolidated Balance Sheets and Interest expense (income) in the Company's Consolidated Statements of Income.

### **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 of foreign currency fluctuations, 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. 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 foreign currency forward 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 ("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 the Company's Consolidated Statements of Income. In the event it becomes probable that the hedged forecasted transaction will not occur, the ineffective portion of any gain or loss on the related cash flow hedge would be reclassified from OCI to the Company's Consolidated Statements of Income.

As of June 30, 2007, the Company had open foreign exchange contracts in Australian and Canadian dollars, Danish krone, Euros, Mexican pesos, Japanese yen, Norwegian kroner, Pounds sterling, Swedish krona and Swiss francs. The open contracts have contract rates ranging from 1.1787 to 1.2980 Australian dollar, 1.0958 to 1.1412 Canadian dollar, 5.5010 to 5.7285 Danish krone, 0.7273 to 0.7947 Euro, 0.0924 to 0.0924 Mexican pesos, 105.47 to 110.10 Japanese yen, 5.8992 to 6.3675 Norwegian kroner, 0.4984 to 0.5380 Pounds sterling, 6.1960 to 7.0579 Swedish krona and 1.1930 to 1.2275 Swiss franc, all per U.S. dollar. The total open contracts had a notional amount of approximately \$67,896, have a fair value of \$67,290 and will expire within twenty-one months.

## **ITEM 4. CONTROLS AND PROCEDURES.**

### **Evaluation of Disclosure Controls and Procedures**

In connection with the preparation of this Quarterly Report on Form 10-Q ("Form 10-Q"), 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 "Exchange Act"), as of June 30, 2007. Based on that evaluation, management, including the CEO and the CFO, has concluded that, as of the end of the period covered by this Form 10-Q, 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.

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.

### **Changes in Internal Control Over Financial Reporting**

As of March 31, 2007, based on the conclusions of the Board, related to the findings of the review of the Audit Committee of the Board (the "Audit Committee") of the Company's historical stock option practices, a material weakness existed due to the potential for management override of controls. The material weakness no longer exists as of the date of this filing since the member of the Company's management referenced in the Audit Committee's findings is no longer employed by the Company. Management has and will continue to adopt all recommendations from the Board and Audit Committee related to this matter.

There have been no other significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company's management carried out its evaluation.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

#### *Regulatory Matters*

As previously disclosed, on November 13, 2006, the Company received a letter of informal inquiry from the Enforcement Division of the SEC relating to the Company's stock option practices from January 1, 1997 to present. On May 24, 2007, the SEC issued a formal order of investigation in connection with this matter, and, on May 29, 2007, the Company received a document subpoena from the SEC acting pursuant to such order. The Company has cooperated with the SEC in this matter and intends to continue to do so.

As previously disclosed, the Audit Committee, with the assistance of outside legal counsel, is conducting an independent review of the Company's historical stock option grant practices and related accounting for stock option grants. See the "Explanatory Note" preceding Part I, Item 1 of the Form 10-K for more information regarding this and related matters.

On September 20, 2006, the Company received formal notice from the Internal Revenue Service ("IRS") regarding its intent to begin an audit of the Company's tax years 2004 and 2005. In connection with this normal recurring audit, the IRS has requested certain documentation with respect to stock options for the Company's 2004 and 2005 tax years. The Company has produced various documents requested by the IRS and is currently in the process of responding to additional documentation requests.

At the conclusion of these regulatory matters, the Company could be subject to additional taxes, fines or penalties which could be material.

#### *Litigation Matters*

In November 2006, two stockholder derivative lawsuits were filed against the Company itself, as a nominal defendant, and several of the Company's current and former officers and directors in the United States District Court for the Western District of Pennsylvania. The two substantially identical stockholder derivative complaints allege that the individual defendants improperly backdated grants of stock options to several officers and directors in violation of the Company's stockholder-approved stock option plans during the period 1996-2002, improperly recorded and accounted for backdated stock options in violation of generally accepted accounting principles, improperly took tax deductions based on backdated stock options in violation of the Code, produced and disseminated false financial statements and SEC filings to the Company's stockholders and to the market that improperly recorded and accounted for the backdated option grants, concealed the alleged improper backdating of stock options and obtained substantial benefits from sales of Company stock while in the possession of material inside information. The complaints seek damages on behalf of the Company against certain current and former officers and directors and allege breach of fiduciary duty, unjust enrichment, securities law violations and other claims. The two lawsuits have been consolidated into a single action as *In re Black Box Corporation Derivative Litigation*, Master File No. 2:06-CV-1531-TMH, and plaintiffs filed a consolidated amended complaint on January 29, 2007. The parties have stipulated that responses by the defendants, including the Company, are due on or before September 4, 2007. The Company may have indemnification obligations arising out of this matter to its current and former directors and officers named in this litigation. The Company has made a claim for such costs under an insurance policy.

The Company is involved in, or has pending, various legal proceedings, claims, suits and complaints arising out of the normal course of business.

Based on the facts currently available to the Company, management believes the matters described under this caption "Litigation Matters" are adequately provided for, covered by insurance, without merit or not probable that an unfavorable outcome will result.

## ITEM 6. EXHIBITS.

Exhibit

Number Description

- 10.1 1992 Stock Option Plan, as amended through August 9, 2007 <sup>(1)</sup>
- 10.2 1992 Director Stock Option Plan, as amended through August 9, 2007 <sup>(1)</sup>
- 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 <sup>(1)</sup>
- 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 <sup>(1)</sup>
- 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 <sup>(1)</sup>

<sup>(1)</sup> Filed herewith.

## **SIGNATURE**

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

### **BLACK BOX CORPORATION**

Dated: August 16, 2007

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

## EXHIBIT INDEX

Exhibit Number	Description
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<sup>(1)</sup> Filed herewith.

**BLACK BOX CORPORATION**  
**1992 STOCK OPTION PLAN**  
**(As Amended through August 9, 2007)**

**I. PURPOSES**

BLACK BOX CORPORATION (the "Company") desires to afford certain of its key employees and the key employees of any subsidiary corporation or parent corporation of the Company now existing or hereafter formed or acquired who are responsible for the continued growth of the Company an opportunity to acquire a proprietary interest in the Company, and thus to create in such key employees an increased interest in and a greater concern for the welfare of the Company and its subsidiaries.

The Company, by means of this 1992 Stock Option Plan as originally approved on November 11, 1992, and as further amended on May 10, 1994, August 9, 1994, August 7, 1995, August 12, 1996, August 13, 1997, February 3, 1998, August 10, 1998, August 10, 1999, August 8, 2000, August 23, 2001, August 15, 2002, August 12, 2003, August 10, 2004, March 15, 2005, May 4, 2005, August 9, 2005 and August 9, 2007 (the "Plan"), seeks to retain the services of persons now holding key positions and to secure the services of persons capable of filling such positions.

The stock options ("Options") and stock appreciation rights ("Rights") offered pursuant to the Plan are a matter of separate inducement and are not in lieu of any salary or other compensation for the services of any key employee.

The Options granted under the Plan are intended to be either incentive stock options ("Incentive Options") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or options that do not meet the requirements for Incentive Options ("Non-Qualified Options"), but the Company makes no warranty as to the qualification of any Option as an Incentive Option.

**II. AMOUNT OF STOCK SUBJECT TO THE PLAN; PER PERSON LIMITATION**

The total number of shares of common stock of the Company which may be purchased or acquired pursuant to the exercise of Options or Rights granted under the Plan shall not exceed, in the aggregate, 9,200,000 shares of the authorized common stock, \$.001 par value per share, of the Company (the "Shares"), such number subject to adjustment as provided in Article XII hereof. Shares that are the subject of Rights and related Options shall be counted only once in determining whether the maximum number of Shares that may be purchased or awarded under the Plan has been exceeded. No person may receive Options or Rights under the Plan for more than 500,000 Shares in any given fiscal year.

Shares acquired under the Plan may be either authorized but unissued Shares or Shares of issued stock held in the Company's treasury, or both, at the discretion of the Company. If and to the extent that Options or Rights granted under the Plan expire or terminate without having been

exercised, the Shares covered by such expired or terminated Options or Rights shall again become available for award under the Plan.

Except as provided in Article XIX and subject to Article II, the Company may, from time to time during the period beginning on the date on which the Company consummates an underwritten initial public offering of Shares (the "Effective Date") and originally ending on November 30, 2002 but amended to end on November 30, 2012 (the "Termination Date"), grant to certain key employees of the Company, or of any subsidiary corporation or parent corporation of the Company now existing or hereafter formed or acquired, Incentive Options and/or Non-Qualified Options and/or Rights under the terms hereinafter set forth.

Provisions of the Plan that pertain to Options or Rights granted to an employee shall apply to Options, Rights or a combination thereof.

As used in the Plan, the terms "subsidiary corporation" and "parent corporation" shall mean, respectively, a corporation coming within the definition of such terms contained in Sections 424(f) and 424(e) of the Code.

### **III. ADMINISTRATION**

The board of directors of the Company (the "Board of Directors") shall designate from among its members a stock option committee, which may be the Compensation Committee of the Board of Directors (the "Committee"), to administer the Plan. The Committee shall consist of no fewer than two members of the Board of Directors, each of whom shall be a "disinterested person" within the meaning of Rule 16b-3 (or any successor rule or regulation) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). A majority of the members of the Committee shall constitute a quorum, and the act of a majority of the members of the Committee shall be the act of the Committee. Any member of the Committee may be removed at any time either with or without cause by resolution adopted by the Board of Directors, and any vacancy on the Committee at any time may be filled by resolution adopted by the Board of Directors.

Subject to the express provisions of the Plan, the Committee shall have authority, in its discretion, to determine the employees to whom Options or Rights shall be granted, the time when such Options or Rights shall be granted, the number of Shares which shall be subject to each Option or Right, the purchase price or exercise price of each Option or Right, the period(s) during which such Options or Rights shall become exercisable (whether in whole or in part) and the other terms and provisions thereof (which need not be identical).

Subject to the express provisions of the Plan, the Committee also shall have authority to construe the Plan and the Options and Rights granted thereunder, to amend the Plan and the Options and Rights granted thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and provisions of the Options (which need not be identical) and Rights (which need not be identical) granted thereunder and to make all other determinations necessary or advisable for administering the Plan. The Committee also shall have the authority to require, in its discretion, as a condition of the granting of any such Option or Right, that the employee agree (i) not to sell or otherwise dispose of Shares acquired pursuant to the exercise of such Option or Right for a period of six (6) months following the date of the

acquisition of such Option or Right and (ii) that in the event of termination of employment of such employee, other than as a result of dismissal without cause, such employee will not, for a period to be fixed at the time of the grant of the Option or Right, enter into any other employment or participate directly or indirectly in any other business or enterprise which is competitive with the business of the Company or any subsidiary corporation or parent corporation of the Company, or enter into any employment in which such employee will be called upon to utilize special knowledge obtained through employment with the Company or any subsidiary corporation or parent corporation thereof. In no event will an employee who is subject to the reporting requirements of Section 16(a) of the Exchange Act be entitled to sell or otherwise dispose of any Shares acquired pursuant to exercise of any such Options or Rights for a period of six (6) months from the date of the acquisition of such Options or Rights. Notwithstanding the foregoing, the Committee shall not have the authority to reduce the exercise price of (*i.e.*, reprice) any outstanding Option or Right without stockholder approval.

The determination of the Committee on matters referred to in this Article III shall be conclusive.

The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion or computation received from any such legal counsel, consultant or agent. Expenses incurred by the Committee in the engagement of such counsel, consultant or agent shall be paid by the Company. No member or former member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any award of Options or Rights granted hereunder.

#### **IV. ELIGIBILITY**

Options and Rights may be granted only to key employees of the Company or of any subsidiary corporation or parent corporation of the Company, except as hereinafter provided, and shall not be granted to any officer or director who is not also a key employee or to any member of the Committee. Any person who shall have retired from active employment by the Company or a subsidiary corporation or parent corporation thereof, although such person shall have entered into a consulting contract with the Company or a subsidiary corporation or parent corporation thereof, shall not be eligible to receive an Option or a Right.

The Plan does not create a right in any employee to participate in the Plan, nor does it create a right in any employee to have any Options or Rights granted to him or her.

#### **V. OPTION PRICE AND PAYMENT**

The price for each Share purchasable under any Option granted hereunder shall be such amount as the Committee shall, in its best judgment, determine to be not less than one hundred percent (100%) of the fair market value per Share at the date the Option is granted; provided, however, that in the case of an Incentive Option granted to a person who, at the time such Option is granted, owns shares of the Company or any subsidiary corporation or parent corporation of the Company which possesses more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or of any subsidiary corporation or parent corporation of the Company, the purchase price for each Share shall be such amount as the Committee in its best judgment shall determine to be not less than one hundred ten percent (110%) of the fair

market value per Share at the date the Option is granted. In determining stock ownership of an employee for any purposes under the Plan, the rules of Section 424(d) of the Code shall be applied, and the Committee may rely on representations of fact made to it by the employee and believed by it to be true.

If the Shares are listed on a national securities exchange in the United States (which, for purposes of this Article V, shall be deemed to include any last sale reported over-the-counter market), on any date on which the fair market value per Share is to be determined, the fair market value per Share shall be deemed to be the average of the high and low quotations at which such Shares are sold on such national securities exchange on the date such Option is granted. If the Shares are listed on a national securities exchange in the United States on such date, but the Shares are not traded on such date, or such national securities exchange is not open for business on such date, the fair market value per Share shall be determined as of the closest preceding date on which such exchange shall have been open for business and the Shares shall have been traded. If the Shares are listed on more than one national securities exchange in the United States on the date on which the fair market value per Share is to be determined, the Committee shall determine which national securities exchange shall be used for the purpose of determining the fair market value per Share.

If a public market exists for the Shares on any date on which the fair market value per Share is to be determined but the Shares are not listed on a national securities exchange in the United States, the fair market value per Share shall be deemed to be the mean between the closing bid and asked quotations in the over-the-counter market for the Shares on such date. If there are no bid and asked quotations for the Shares on such date, the fair market value per Share shall be deemed to be the mean between the closing bid and asked quotations in the over-the-counter market for the Shares on the closest date preceding such date for which such quotations are available.

If no public market exists for the Shares on any date on which the fair market value per Share is to be determined, the Committee shall, in its sole discretion and best judgment, determine the fair market value of a Share.

For purposes of this Plan, the determination by the Committee of the fair market value of a Share shall be conclusive.

Upon the exercise of an Option granted hereunder, the Company shall cause the purchased Shares to be issued only when it shall have received the full purchase price for the Shares in cash or by certified check; provided, however, that in lieu of cash, the holder of an Option may, if and to the extent the terms of such Option so provide and to the extent permitted by applicable law, exercise an Option (i) in whole or in part, by delivering to the Company shares of common stock of the Company (in proper form for transfer and accompanied by all requisite stock transfer tax stamps or cash in lieu thereof) owned by such holder having a fair market value equal to the exercise price applicable to that portion of the Option being exercised by the delivery of such Shares or (ii) in part, by delivering to the Company an executed promissory note on such terms and conditions as the Committee shall determine, at the time of grant, in its sole discretion; provided, however, that the principal amount of such note shall not exceed eighty percent (80%) (or such lesser percentage as would be permitted by applicable

margin regulations) of the aggregate purchase price of the Shares then being purchased pursuant to the exercise of such Option. The fair market value of the stock so delivered shall be determined as of the date immediately preceding the date on which the Option is exercised, or as may be required in order to comply with or to conform to the requirements of any applicable laws or regulations.

#### **VI. USE OF PROCEEDS**

The cash proceeds of the sale of Shares pursuant to the Plan are to be added to the general funds of the Company and used for its general corporate purposes as the Board of Directors shall determine.

#### **VII. TERM OF OPTIONS AND LIMITATIONS ON THE RIGHT OF EXERCISE**

Any Option shall be exercisable at such times, in such amounts and during such period or periods as the Committee shall determine at the date of the grant of such Option; provided, however, that an Incentive Option shall not be exercisable after the expiration of ten (10) years from the date such Option is granted; and provided further that, in the case of an Incentive Option granted to a person who, at the time such Option is granted, owns stock of the Company or any subsidiary corporation or parent corporation of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any subsidiary corporation or parent corporation of the Company, such Option shall not be exercisable after the expiration of five (5) years from the date such Option is granted.

Except to the extent otherwise provided under the Code, to the extent that the aggregate fair market value of stock for which Incentive Options are exercisable for the first time by an employee during any calendar year (under all stock option plans of the Company and of any parent corporation or subsidiary corporation of the Company) exceeds one hundred thousand dollars (\$100,000), such Options shall be treated as Non-Qualified Options. For purposes of this limitation, (i) the fair market value of stock is determined as of the time the Option is granted, and (ii) the limitation will be applied by taking into account Options in the order in which they were granted.

Subject to the provisions of Article XVIII, the Committee shall have the right to accelerate, in whole or in part, from time to time, conditionally or unconditionally, rights to exercise any Option granted hereunder.

To the extent that an Option is not exercised within the period of exercisability specified therein, it shall expire as to the then unexercised part.

In no event shall an Option granted hereunder be exercised for a fraction of a Share.

#### **VIII. EXERCISE OF OPTIONS**

Options granted under the Plan shall be exercised by the optionee as to all or part of the Shares covered thereby by the giving of written notice of the exercise thereof to the Corporate Secretary of the Company at the principal business office of the Company, specifying the number of Shares to be purchased and specifying a business day not more than fifteen (15) days

from the date such notice is given for the payment of the purchase price against delivery of the Shares being purchased. Subject to the terms of Articles XIV, XV, XVI, and XVII, the Company shall cause certificates for the Shares so purchased to be delivered to the optionee at the principal business office of the Company, against payment of the full purchase price, on the date specified in the notice of exercise.

#### **IX. STOCK APPRECIATION RIGHTS**

In the discretion of the Committee, a Right may be granted (i) alone, (ii) simultaneously with the grant of an Option (either Incentive or Non-Qualified) and in conjunction therewith or in the alternative thereto or (iii) subsequent to the grant of a Non-Qualified Option and in conjunction therewith or in the alternative thereto.

The exercise price of a Right granted alone shall be determined by the Committee but shall not be less than one hundred percent (100%) of the fair market value of one Share on the date of grant of such Right. A Right granted simultaneously with or subsequent to the grant of an Option and in conjunction therewith or in the alternative thereto shall have the same exercise price as the related Option, shall be transferable only upon the same terms and conditions as the related Option, and shall be exercisable only to the same extent as the related Option; provided, however, that a Right, by its terms, shall be exercisable only when the fair market value of the Shares subject to the Right and related Option exceeds the exercise price thereof.

Upon exercise of a Right granted simultaneously with or subsequent to an Option and in the alternative thereto, the number of Shares for which the related Option shall be exercisable shall be reduced by the number of Shares for which the Right shall have been exercised. The number of Shares for which a Right shall be exercisable shall be reduced upon any exercise of a related Option by the number of Shares for which such Option shall have been exercised.

Any Right shall be exercisable upon such additional terms and conditions as may from time to time be prescribed by the Committee.

A Right shall entitle the holder upon exercise thereof to receive from the Company, upon a written request filed with the Corporate Secretary of the Company at its principal offices (the "Request"), a number of Shares (with or without restrictions as to substantial risk of forfeiture and transferability, as determined by the Committee in its sole discretion), an amount of cash, or any combination of Shares and cash, as specified in the Request (but subject to the approval of the Committee in its sole discretion, at any time up to and including the time of payment, as to the making of any cash payment), having an aggregate fair market value equal to the product of (i) the excess of the fair market value, on the day of such Request, of one Share over the exercise price per Share specified in such Right or its related Option, multiplied by (ii) the number of Shares for which such Right shall be exercised.

Any election by a holder of a Right to receive cash in full or partial settlement of such Right, and any exercise of such Right for cash, may be made only by a Request filed with the Corporate Secretary of the Company during the period beginning on the third business day following the date of release for publication by the Company of quarterly or annual summary statements of sales and earnings and ending on the twelfth business day following such date. Within thirty (30) days of the receipt by the Company of a Request to receive cash in full or

partial settlement of a Right or to exercise such Right for cash, the Committee shall, in its sole discretion, either consent to or disapprove, in whole or in part, such Request. A Request to receive cash in full or partial settlement of a Right or to exercise a Right for cash may provide that, in the event the Committee shall disapprove such Request, such Request shall be deemed to be an exercise of such Right for Shares.

If the Committee disapproves in whole or in part any election by a holder to receive cash in full or partial settlement of a Right or to exercise such Right for cash, such disapproval shall not affect such holder's right to exercise such Right at a later date, to the extent that such Right shall be otherwise exercisable, or to elect the form of payment at a later date, provided that an election to receive cash upon such later exercise shall be subject to the approval of the Committee. Additionally, such disapproval shall not affect such holder's right to exercise any related Option or Options granted to such holder under the Plan.

A holder of a Right shall not be entitled to request or receive cash in full or partial payment of such Right unless such Right shall have been held for six (6) months from the date of acquisition to the date of cash settlement thereof; provided, however, that such prohibition shall not apply if the holder of such Right is not subject to the reporting requirements of Section 16(a) of the Exchange Act. In no event will a holder of a Right who is subject to the reporting requirements of Section 16(a) of the Exchange Act be entitled to make such a request or receive cash in full or partial payment of such Right until the Company shall have satisfied the informational requirements of Rule 16b-3(e)(1) promulgated under the Exchange Act for the specified one year period.

A Right shall be deemed exercised on the last day of its term, if not otherwise exercised by the holder thereof, provided that the fair market value of the Shares subject to the Right exceeds the exercise price thereof on such date.

For all purposes of this Article IX, the fair market value of Shares shall be determined in accordance with the principles set forth in Article V.

#### **X. NON-TRANSFERABILITY OF OPTIONS AND STOCK APPRECIATION RIGHTS**

Neither an Option nor a Right granted hereunder shall be transferable, whether by operation of law or otherwise, other than by will or the laws of descent and distribution, and any Option or Right granted hereunder shall be exercisable during the lifetime of the holder only by such holder. Except to the extent provided above, Options and Rights may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

#### **XI. TERMINATION OF EMPLOYMENT**

Upon termination of employment of any employee with the Company and all subsidiary corporations and parent corporations of the Company, an Option or Right previously granted to the employee, unless otherwise specified by the Committee in the Option or Right, shall, to the extent not theretofore exercised, terminate and become null and void, provided that:

(a) if the employee shall die while in the employ of such corporation or during either the three (3) month or one (1) year period, whichever is applicable, specified in clause (b) below and at a time when such employee was entitled to exercise an Option or Right as herein provided, the legal representative of such employee, or such person who acquired such Option or Right by bequest or inheritance or by reason of the death of the employee, may, not later than one (1) year from the date of death, exercise such Option or Right, to the extent not theretofore exercised, in respect of any or all of such number of Shares as specified by the Committee in such Option or Right; and

(b) if the employment of an employee to whom such Option or Right shall have been granted shall terminate by reason of the employee's retirement (at such age or upon such conditions as shall be specified by the Board of Directors), disability (as described in Section 22(e)(3) of the Code) or dismissal by the employer other than for cause (as defined below), and while such employee is entitled to exercise such Option or Right as herein provided, such employee shall have the right to exercise such Option or Right so granted, to the extent not theretofore exercised, in respect of any or all of such number of Shares as specified by the Committee in such Option or Right, at any time up to and including (i) three (3) months after the date of such termination of employment in the case of termination by reason of retirement or dismissal other than for cause and (ii) one (1) year after the date of termination of employment in the case of termination by reason of disability.

If an employee voluntarily terminates his or her employment, or is discharged for cause, any Option or Right granted hereunder shall, unless otherwise specified by the Committee in the Option or Right, forthwith terminate with respect to any unexercised portion thereof.

If an Option or Right granted hereunder shall be exercised by the legal representative of a deceased or disabled employee or former employee, or by a person who acquired an Option or Right granted hereunder by bequest or inheritance or by reason of death of any employee or former employee, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative or other person to exercise such Option or Right.

For the purposes of the Plan, the term "for cause" shall mean (i) with respect to an employee who is party to a written agreement with, or, alternatively, participates in a compensation or benefit plan of the Company or a subsidiary corporation or parent corporation of the Company, which agreement or plan contains a definition of "for cause" or "cause" (or words of like import) for purposes of termination of employment thereunder by the Company or such subsidiary corporation or parent corporation of the Company, "for cause" or "cause" as defined in the most recent of such agreements or plans, or (ii) in all other cases, (a) the willful commission by an employee of a criminal or other act that causes substantial economic damage to the Company or a subsidiary corporation or parent corporation of the Company or substantial injury to the business reputation of the Company or a subsidiary corporation or parent corporation of the Company; (b) the commission by an employee of an act of fraud in the performance of such employee's duties on behalf of the Company or a subsidiary corporation or parent corporation of the Company; or (c) the continuing willful failure of an employee to perform the duties of such employee to the Company or a subsidiary corporation or parent

corporation of the Company (other than such failure resulting from the employee's incapacity due to physical or mental illness) after written notice thereof (specifying the particulars thereof in reasonable detail) and a reasonable opportunity to be heard and cure such failure are given to the employee by the Board of Directors or the Committee. For purposes of the Plan, no act, or failure to act, on the employee's part shall be considered "willful" unless done or omitted to be done by the employee not in good faith and without reasonable belief that the employee's action or omission was in the best interest of the Company or a subsidiary corporation or parent corporation of the Company.

For the purposes of the Plan, an employment relationship shall be deemed to exist between an individual and a corporation if, at the time of the determination, the individual was an "employee" of such corporation for purposes of Section 422(a) of the Code. If an individual is on military, sick leave or other bona fide leave of absence, such individual shall be considered an "employee" for purposes of the exercise of an Option or Right and shall be entitled to exercise such Option or Right during such leave if the period of such leave does not exceed ninety (90) days, or, if longer, so long as the individual's right to reemployment with the corporation granting the option (or a related corporation) is guaranteed either by statute or by contract. If the period of leave exceeds ninety (90) days, the employment relationship shall be deemed to have terminated on the ninety-first (91st) day of such leave, unless the individual's right to reemployment is guaranteed by statute or contract.

A termination of employment shall not be deemed to occur by reason of (i) the transfer of an employee from employment by the Company to employment by a subsidiary corporation or a parent corporation of the Company or (ii) the transfer of an employee from employment by a subsidiary corporation or a parent corporation of the Company to employment by the Company or by another subsidiary corporation or parent corporation of the Company. Furthermore, solely for purposes of determining the rights and obligations under any outstanding Options or Rights theretofore granted, in the event that the Company ceases to own, directly or indirectly, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock of a subsidiary company by virtue of a recapitalization, stock dividend, stock split, split-up, spin-off, combination of shares or other like change in capital structure of the Company, the Committee may determine that employment by such former subsidiary (or any parent or subsidiary company of such subsidiary) shall continue to be deemed to be employment by the Company for purposes of the Plan.

In the event of the complete liquidation or dissolution of a subsidiary corporation, or in the event that the Company ceases to own, directly or indirectly, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock of such corporation, any unexercised Options or Rights theretofore granted to any person employed by such subsidiary corporation will be deemed canceled unless such person is employed by the Company or by any parent corporation or another subsidiary corporation after the occurrence of such event. In the event an Option or Right is to be canceled pursuant to the provisions of the previous sentence, notice of such cancellation will be given to each employee holding unexercised Options or Rights and such holder will have the right to exercise such Options or Rights in full (without regard to any limitation set forth or imposed pursuant to Article VII) during the thirty (30) day period following notice of such cancellation.

Notwithstanding anything to the contrary contained in this Article XI, in no event, however, shall any person be entitled to exercise any Option or Right after the expiration of the period of exercisability of such Option or Right as specified therein.

## **XII. ADJUSTMENT OF SHARES; EFFECT OF CERTAIN TRANSACTIONS**

In the event of any change in the outstanding Shares through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, issuance of rights to subscribe for Shares, or other like change in capital structure of the Company, the Committee shall make such adjustment to each outstanding Option and Right that it, in its sole discretion, deems appropriate. The term "Shares" after any such change shall refer to the securities, cash and/or property then receivable upon exercise of an Option or Right. In addition, in the event of any such change, the Committee shall make any further adjustments as may be appropriate to the maximum number of Shares which may be acquired under the Plan pursuant to the exercise of Options and Rights, the maximum number of Shares which may be so acquired by one employee and the number of Shares and prices per Share subject to outstanding Options and Rights as shall be equitable to prevent dilution or enlargement of rights under such Options or Rights, and the determination of the Committee as to these matters shall be conclusive. Notwithstanding the foregoing, (i) each such adjustment with respect to an Incentive Option and any related Right shall comply with the rules of Section 424(a) of the Code and (ii) in no event shall any adjustment be made which would render any Incentive Option granted hereunder to be other than an "incentive stock option" for purposes of Section 422 of the Code.

In the event of a "change in control" of the Company, all then outstanding Options and Rights shall immediately become exercisable. For purposes of the Plan, a "change in control" of the Company occurs if: (a) any "Person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), other than Odyssey Partners, L.P. and its affiliates (which, for purposes of this Article XII only, is deemed to include E.R. Yost) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing (i) fifty percent (50%) or more of the combined voting power of the Company's then-outstanding securities; or (ii) twenty-five percent (25%) or more but less than fifty percent (50%) of the combined voting power of the Company's then-outstanding securities if such transaction(s) giving rise to such beneficial ownership are not approved by the Board of Directors; or (b) at any time a majority of the members of the Board of Directors has been elected or designated by any Person, other than Odyssey Partners, L.P. and its affiliates (which, for purposes of this Article XII only, is deemed to include E.R. Yost); or (c) the Board of Directors shall approve a sale of all or substantially all of the assets of the Company or any merger, consolidation, issuance of securities or purchase of assets, in all cases other than to or with Odyssey Partners, L.P. or its affiliates (which, for purposes of this Article XII only, is deemed to include E.R. Yost), the result of which would be the occurrence of any event described in clause (a) or (b) above.

The Committee, in its discretion, may determine that, upon the occurrence of a transaction described in the preceding paragraph, each Option or Right outstanding hereunder shall terminate within a specified number of days after notice to the holder, and such holder shall receive, with respect to each Share subject to such Option or Right, cash in an amount equal to

the excess of the fair market value of such Shares immediately prior to the occurrence of such transaction over the exercise price per Share of such Option or Right. The provisions contained in the preceding sentence shall be inapplicable to an Option or Right granted within six (6) months before the occurrence of a transaction described above if the holder of such Option or Right is subject to the reporting requirements of Section 16(a) of the Exchange Act.

### **XIII. RIGHT TO TERMINATE EMPLOYMENT**

The Plan shall not impose any obligation on the Company or on any subsidiary corporation or parent corporation thereof to continue the employment of any holder of Options or Rights and it shall not impose any obligation on the part of any holder of Options or Rights to remain in the employ of the Company or of any subsidiary corporation or parent corporation thereof.

### **XIV. PURCHASE FOR INVESTMENT**

Except for hereinafter provided, the Committee may require an employee, as a condition upon exercise of any Option or Right granted hereunder, to execute and deliver to the Company (a) stock powers with respect to Shares underlying a particular Option or Right and required to be held by a custodian, and (b) a written statement, in form satisfactory to the Committee in which the employee represents and warrants that Shares are being acquired for such person's own account for investment only and not with a view to the resale or distribution thereof. The employee shall, at the request of the Committee, be required to represent and warrant in writing that any subsequent resale or distribution of Shares by the Employee shall be made only pursuant to either (i) a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the "Securities Act"), which Registration Statement has become effective and is current with regard to the Shares being sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the employee shall, prior to any offer of sale or sale of such Shares, obtain a prior favorable written opinion of counsel, in form and substance satisfactory to counsel for the Company, as to the application of such exemption thereto. The foregoing restriction shall not apply to (i) issuances by the Company so long as the Shares being issued are registered under the Securities Act and a prospectus in respect thereof is current or (ii) re-offerings of Shares by affiliates of the Company (as defined in Rule 405 or any successor rule or regulation promulgated under the Securities Act) if the Shares being re-offered are registered under the Securities Act and a prospectus in respect thereof is current.

### **XV. ISSUE OF CERTIFICATES, LEGENDS, PAYMENT OF EXPENSES**

Upon any exercise of an Option or Right which may be granted hereunder and, in the case of an Option, payment of the purchase price, a certificate or certificates for the Shares shall be issued by the Company in the name of the person exercising the Option or Right and shall be delivered to or upon the order of such person.

The Company may endorse such legend or legends upon the certificates for Shares issued pursuant to the Plan and may issue such "stop transfer" instructions to its transfer agent in respect of such Shares as, in its discretion, it determines to be necessary or appropriate to (i) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act,

(ii) implement the provisions of the Plan and any agreement between the Company and the optionee or grantee with respect to such Shares, or (iii) permit the Company to determine the occurrence of a disqualifying disposition, as described in Section 421(b) of the Code, of Shares transferred upon exercise of an Incentive Option granted under the Plan.

The Company shall pay all issue or transfer taxes with respect to the issuance or transfer of Shares, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance or transfer, except fees and expenses which may be necessitated by the filing or amending of a Registration Statement under the Securities Act, which fees and expenses shall be borne by the recipient of the Shares unless such Registration Statement has been filed by the Company for its own corporate purposes (and the Company so states) in which event the recipient of the Shares shall bear only fees and expenses as are attributable solely to the inclusion of the Shares he or she received in the Registration Statement.

All Shares issued as provided herein shall be fully paid and non-assessable to the extent permitted by law.

#### **XVI. WITHHOLDING TAXES**

The Company may require an employee exercising a Right or Non-Qualified Option granted hereunder, or disposing of Shares acquired pursuant to the exercise of an Incentive Option in a disqualifying disposition (within the meaning of Section 421(b) of the Code), to reimburse the corporation that employs such employee for any taxes required by any government to be withheld or otherwise deducted and paid by such corporation in respect of the issuance or disposition of such Shares. In lieu thereof, the corporation that employs such employee shall have the right to withhold the amount of such taxes from any other sums due or to become due from such corporation to the employee upon such terms and conditions as the Committee shall prescribe. The corporation that employs such employee may, in its discretion, hold the stock certificate to which such employee is entitled upon the exercise of an Option as security for the payment of such withholding tax liability, until cash sufficient to pay that liability has been accumulated. In addition, at any time that the Company becomes subject to a withholding obligation under applicable law with respect to the exercise of a Right or Non-Qualified Option (the "Tax Date"), except as set forth below, a holder of a Right or Non-Qualified Option may elect to satisfy, in whole or in part, the holder's related personal tax liabilities (an "Election") by (i) directing the Company to withhold from Shares issuable in the related exercise either a specified number of Shares or Shares having a specified value (in each case not in excess of the related personal tax liabilities), (ii) tendering Shares previously issued pursuant to the exercise of an Option or Right or other Shares of the Company's common stock owned by the holder or (iii) combining any or all of the foregoing options in any fashion. An Election shall be irrevocable. The withheld Shares and other Shares tendered in payment shall be valued at their fair market value (determined in accordance with the principles set forth in Article V of the Plan) on the Tax Date. The Committee may disapprove of any Election, suspend or terminate the right to make Elections or provide that the right to make Elections shall not apply to particular Shares or exercises. The Committee may prescribe additional rules, in its discretion, to permit a holder of an Option or Right who is subject to the reporting requirements of Section 16(a) of the Exchange Act to effect such tax withholding in compliance with the Rules promulgated under Section 16 of the Exchange Act and the positions of the staff of the Securities and Exchange Commission

expressed in no-action or interpretative letters exempting such tax withholding transactions from liability under Section 16(b) of the Exchange Act. The Committee may also impose any additional conditions or restrictions on the right to make an Election as it shall deem appropriate.

#### **XVII. LISTING OF SHARES AND RELATED MATTERS**

The Committee may delay any award, issuance or delivery of Shares if it determines that listing, registration or qualification of Shares or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the sale or purchase of Shares under the Plan, until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Committee.

#### **XVIII. AMENDMENT OF THE PLAN**

The Board of Directors or the Committee, as the case may be, may, from time to time, amend the Plan, provided that no amendment shall be made, without the approval of the stockholders of the Company, that will (i) increase the total number of Shares reserved for Options under the Plan (other than an increase resulting from an adjustment provided for in Article XII), (ii) reduce the exercise price of any Incentive Option granted hereunder below the price required by Article V, (iii) modify the provisions of the Plan relating to eligibility, or (iv) materially increase the benefits accruing to participants under the Plan. The Board of Directors or the Committee, as the case may be, shall be authorized to amend the Plan and the Options granted thereunder to permit the Incentive Options granted thereunder to qualify as incentive stock options within the meaning of Section 422 of the Code. The rights and obligations under any Option or Right granted before amendment of the Plan or any unexercised portion of such Option or Right shall not be adversely affected by amendment of the Plan, Option or Right without the consent of the holder of such Option or Right.

#### **XIX. TERMINATION OR SUSPENSION OF THE PLAN**

The Board of Directors may at any time suspend or terminate the Plan. The Plan, unless sooner terminated by action of the Board of Directors, shall terminate at the close of business on the Termination Date. Options and Rights may not be granted while the Plan is suspended or after it is terminated. Rights and obligations under any Option or Right granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except upon the consent of the person to whom the Option or Right was granted. The power of the Committee to construe and administer any Options or Rights granted prior to the termination or suspension of the Plan under Article III nevertheless shall continue after such termination or during such suspension.

#### **XX. GOVERNING LAW**

The Plan, such Options and Rights as may be granted thereunder and all related matters shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware from time to time obtaining.

**XXI. PARTIAL INVALIDITY**

The invalidity or illegibility of any provision hereof shall not be deemed to affect the validity of any other provision.

**XXII. EFFECTIVE DATE**

This Plan became effective at 5:30 P.M., New York City Time, on the Effective Date.

**BLACK BOX CORPORATION**  
**1992 DIRECTOR STOCK OPTION PLAN**  
**(As Amended through August 9, 2007)**

**I. PURPOSES**

BLACK BOX CORPORATION (the "Company") desires to afford certain of its directors, and certain directors of any subsidiary corporation or parent corporation of the Company now existing or hereafter formed or acquired an opportunity to acquire a proprietary interest in the Company, and thus to create in such directors an increased interest in and a greater concern for the welfare of the Company and its subsidiaries.

The Company, by means of this 1992 Director Stock Option Plan, as originally approved on November 11, 1992, and as further amended on, May 10, 1994, August 9, 1994, August 7, 1995, August 12, 1996, August 13, 1997, September 2, 1997, February 3, 1998, May 5, 1998, August 10, 1998, August 10, 1999, August 23, 2001, August 15, 2002, August 12, 2003, August 10, 2004, March 15, 2005, August 8, 2006 and August 9, 2007 (the "Plan"), seeks to retain the services of certain persons now serving as directors and to secure the services of persons capable of filling such positions.

The stock options ("Options") and stock appreciation rights ("Rights") offered pursuant to the Plan are a matter of separate inducement and are not in lieu of any salary or other compensation for the services of any director.

The Options granted under the Plan are intended to be options that do not meet the requirements for incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

**II. AMOUNT OF STOCK SUBJECT TO THE PLAN**

The total number of shares of common stock of the Company which may be purchased or acquired pursuant to the exercise of Options or Rights granted under the Plan shall not exceed, in the aggregate, 270,000 shares of the authorized common stock, \$.001 par value per share, of the Company (the "Shares"), such number subject to adjustment as provided in Article XII hereof. Shares that are the subject of Rights and related Options shall be counted only once in determining whether the maximum number of Shares that may be purchased or awarded under the Plan has been exceeded.

Shares acquired under the Plan may be either authorized but unissued Shares or Shares of issued stock held in the Company's treasury, or both, at the discretion of the Company. If and to the extent that Options or Rights granted under the Plan expire or terminate without having been exercised, the Shares covered by such expired or terminated Options or Rights shall again become available for award under the Plan.

Except as provided in Article XVIII and subject to Article II, the Company may, from time to time during the period beginning on the date on which the Company consummates an underwritten initial public offering of Shares (the "Effective Date") and originally ending on

November 30, 2002 but amended to end on November 30, 2012 (the "Termination Date"), grant to certain directors of the Company, or of any subsidiary corporation or parent corporation of the Company now existing or hereafter formed or acquired, Options and/or Rights under the terms hereinafter set forth.

Provisions of the Plan that pertain to Options or Rights granted to a director shall apply to Options, Rights or a combination thereof.

As used in the Plan, the terms "subsidiary corporation" and "parent corporation" shall mean, respectively, a corporation coming within the definition of such terms contained in Sections 424(f) and 424(e) of the Code.

### **III. ADMINISTRATION**

The board of directors of the Company (the "Board") may designate from among its members a director stock option committee (the "Committee") to administer the Plan. The Committee shall consist of no fewer than two members of the Board, each of whom shall be a "Non-Employee Director" within the meaning of Rule 16b-3 (or any successor rule or regulation) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). A majority of the members of the Committee shall constitute a quorum, and the act of a majority of the members of the Committee shall be the act of the Committee. Any member of the Committee may be removed at any time either with or without cause by resolution adopted by the Board, and any vacancy on the Committee at any time may be filled by resolution adopted by the Board.

Subject to the express provisions of the Plan, the Board and the Committee shall have authority, in their discretion, to determine the directors to whom Options or Rights shall be granted, the time when such Options or Rights shall be granted, the number of Shares which shall be subject to each Option or Right, the purchase price or exercise price of each Option or Right, the period(s) during which such Options or Rights shall become exercisable (whether in whole or in part) and the other terms and provisions thereof (which need not be identical).

Subject to the express provisions of the Plan, the Board and the Committee also shall have authority to construe the Plan and the Options and Rights granted thereunder, to amend the Plan and the Options and Rights granted thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and provisions of the Options (which need not be identical) and Rights (which need not be identical) granted thereunder and to make all other determinations necessary or advisable for administering the Plan. The Board and the Committee also shall have the authority to require, in its discretion, as a condition of the granting of any such Option or Right, that the director agree (i) not to sell or otherwise dispose of Shares acquired pursuant to the exercise of such Option or Right for a period of six (6) months following the date of the acquisition of such Option or Right and (ii) that in the event of termination of service of such director, other than as a result of removal without cause, such director will not, for a period to be fixed at the time of the grant of the Option or Right, enter into any other employment or participate directly or indirectly in any other business or enterprise which is competitive with the business of the Company or any subsidiary corporation or parent corporation of the Company, or enter into any employment in which such director will be called

upon to utilize special knowledge obtained through service as a director of the Company or any subsidiary corporation or parent corporation thereof. In no event will a director who is subject to the reporting requirements of Section 16(a) of the Exchange Act be entitled to sell or otherwise dispose of any Shares acquired pursuant to exercise of any such Options or Rights for a period of six (6) months from the date of the acquisition of such Options or Rights. Notwithstanding the foregoing, the Committee shall not have the authority to reduce the exercise price of (*i.e.*, reprice) any outstanding Option or Right without stockholder approval.

The determination of the Board or Committee on matters referred to in this Article III shall be conclusive.

The Board or Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of the Plan and may rely upon any opinion or computation received from any such legal counsel, consultant or agent. Expenses incurred in the engagement of such counsel, consultant or agent shall be paid by the Company. No member or former member of the Board or Committee shall be liable for any action or determination made in good faith with respect to the Plan or any award of Options or Rights granted hereunder.

#### **IV. ELIGIBILITY**

Options and Rights may be granted only to non-employee directors of the Company or of any subsidiary corporation or parent corporation of the Company, except as hereinafter provided. Any person who shall cease to serve on the Board or the board of directors of any subsidiary corporation or parent corporation of the Company, although such person shall have entered into a consulting contract with the Company or a subsidiary corporation or parent corporation thereof, shall not be eligible to receive an Option or a Right.

The Plan does not create a right in any director to participate in the Plan, nor does it create a right in any director to have any Options or Rights granted to him or her.

#### **V. OPTION PRICE AND PAYMENT**

The price for each Share purchasable under any Option granted hereunder shall be such amount as the Committee shall deem appropriate but not less than one hundred percent (100%) of the fair market value per share at the date the Option is granted.

If the Shares are listed on a national securities exchange in the United States (which, for purposes of this Article V, shall be deemed to include any last sale reported over-the-counter market), on any date on which the fair market value per Share shall be deemed to be the average of the high and low quotations at which such Shares are sold on such national securities exchange on the date such Option is granted. If the Shares are listed on a national securities exchange in the United States on such date, but the Shares are not traded on such date, or such national securities exchange is not open for business on such date, the fair market value per Share shall be determined as of the closest preceding date on which such exchange shall have been open for business and the Shares shall have been traded. If the Shares are listed on more than one national securities exchange in the United States on the date on which the fair market value per Share is to be determined, the Committee shall determine which national securities exchange shall be used for the purpose of determining the fair market value per Share.

If a public market exists for the Shares on any date on which the fair market value per Share is to be determined but the Shares are not listed on a national securities exchange in the United States, the fair market value per Share shall be deemed to be the mean between the closing bid and asked quotations in the over-the-counter market for the Shares on such date. If there are no bid and asked quotations for the Shares on such date, the fair market value per Share shall be deemed to be the mean between the closing bid and asked quotations in the over-the-counter market for the Shares on the closest date preceding such date for which such quotations are available.

If no public market exists for the Shares on any date on which the fair market value per Share is to be determined, the Committee shall, in its sole discretion and best judgment, determine the fair market value of a Share.

For purposes of this Plan, the determination by the Committee of the fair market value of a Share shall be conclusive.

Upon the exercise of an Option granted hereunder, the Company shall cause the purchased Shares to be issued only when it shall have received the full purchase price for the Shares in cash or by certified check; provided, however, that in lieu of cash, the holder of an Option may, if and to the extent the terms of such Option so provide and to the extent permitted by applicable law, exercise an Option (i) in whole or in part, by delivering to the Company shares of common stock of the Company (in proper form for transfer and accompanied by all requisite stock transfer tax stamps or cash in lieu thereof) owned by such holder having a fair market value equal to the exercise price applicable to that portion of the Option being exercised by the delivery of such Shares or (ii) in part, by delivering to the Company an executed promissory note on such terms and conditions as the Committee shall determine, at the time of grant, in its sole discretion; provided, however, that the principal amount of such note shall not exceed eighty percent (80%) (or such lesser percentage as would be permitted by applicable margin regulations) of the aggregate purchase price of the Shares then being purchased pursuant to the exercise of such Option. The fair market value of the stock so delivered shall be determined as of the date immediately preceding the date on which the Option is exercised, or as may be required in order to comply with or to conform to the requirements of any applicable laws or regulations.

#### **VI. USE OF PROCEEDS**

The cash proceeds of the sale of Shares pursuant to the Plan are to be added to the general funds of the Company and used for its general corporate purposes as the Board shall determine.

#### **VII. TERM OF OPTIONS AND LIMITATIONS ON THE RIGHT OF EXERCISE**

Any Option shall be exercisable at such times, in such amounts and during such period or periods as the Board or Committee shall determine at the date of the grant of such Option.

Subject to the provisions of Article XVII, the Board or Committee shall have the right to accelerate, in whole or in part, from time to time, conditionally or unconditionally, rights to exercise any Option granted hereunder.

To the extent that an Option is not exercised within the period of exercisability specified therein, it shall expire as to the then unexercised part.

In no event shall an Option granted hereunder be exercised for a fraction of a Share.

#### **VIII. EXERCISE OF OPTIONS**

Options granted under the Plan shall be exercised by the optionee as to all or part of the Shares covered thereby by the giving of written notice of the exercise thereof to the Corporate Secretary of the Company at the principal business office of the Company, specifying the number of Shares to be purchased and specifying a business day not more than fifteen (15) days from the date such notice is given for the payment of the purchase price against delivery of the Shares being purchased. Subject to the terms of Articles XIV, XV and XVI, the Company shall cause certificates for the Shares so purchased to be delivered to the optionee at the principal business office of the Company, against payment of the full purchase price, on the date specified in the notice of exercise.

#### **IX. STOCK APPRECIATION RIGHTS**

In the discretion of the Board or Committee, a Right may be granted (i) alone, (ii) simultaneously with the grant of an Option and in conjunction therewith or in the alternative thereto or (iii) subsequent to the grant of an Option and in conjunction therewith or in the alternative thereto.

The exercise price of a Right granted alone shall be determined by the Board or Committee but shall not be less than one hundred percent (100%) of the fair market value of one Share on the date of grant of such Right. A Right granted simultaneously with or subsequent to the grant of an Option and in conjunction therewith or in the alternative thereto shall have the same exercise price as the related Option, shall be transferable only upon the same terms and conditions as the related Option, and shall be exercisable only to the same extent as the related Option; provided, however, that a Right, by its terms, shall be exercisable only when the fair market value of the Shares subject to the Right and related Option exceeds the exercise price thereof.

Upon exercise of a Right granted simultaneously with or subsequent to an Option and in the alternative thereto, the number of Shares for which the related Option shall be exercisable shall be reduced by the number of Shares for which the Right shall have been exercised. The number of Shares for which a Right shall be exercisable shall be reduced upon any exercise of a related Option by the number of Shares for which such Option shall have been exercised.

Any Right shall be exercisable upon such additional terms and conditions as may from time to time be prescribed by the Board or Committee.

A Right shall entitle the holder upon exercise thereof to receive from the Company, upon a written request filed with the Corporate Secretary of the Company at its principal offices (the "Request"), a number of Shares (with or without restrictions as to substantial risk of forfeiture and transferability, as determined by the Board in its sole discretion), an amount of cash, or any combination of Shares and cash, as specified in the Request (but subject to the approval of the

Board in its sole discretion, at any time up to and including the time of payment, as to the making of any cash payment), having an aggregate fair market value equal to the product of (i) the excess of the fair market value, on the day of such Request, of one Share over the exercise price per Share specified in such Right or its related Option, multiplied by (ii) the number of Shares for which such Right shall be exercised.

Any election by a holder of a Right to receive cash in full or partial settlement of such Right, and any exercise of such Right for cash, may be made only by a Request filed with the Corporate Secretary of the Company during the period beginning on the third business day following the date of release for publication by the Company of quarterly or annual summary statements of sales and earnings and ending on the twelfth business day following such date. Within thirty (30) days of the receipt by the Company of a Request to receive cash in full or partial settlement of a Right or to exercise such Right for cash, the Committee shall, in its sole discretion, either consent to or disapprove, in whole or in part, such Request. A Request to receive cash in full or partial settlement of a Right or to exercise a Right for cash may provide that, in the event the Board shall disapprove such Request, such Request shall be deemed to be an exercise of such Right for Shares.

If the Board disapproves in whole or in part any election by a holder to receive cash in full or partial settlement of a Right or to exercise such Right for cash, such disapproval shall not affect such holder's right to exercise such Right at a later date, to the extent that such Right shall be otherwise exercisable, or to elect the form of payment at a later date, provided that an election to receive cash upon such later exercise shall be subject to the approval of the Board. Additionally, such disapproval shall not affect such holder's right to exercise any related Option or Options granted to such holder under the Plan.

A holder of a Right shall not be entitled to request or receive cash in full or partial payment of such Right unless such Right shall have been held for six (6) months from the date of acquisition to the date of cash settlement thereof; provided, however, that such prohibition shall not apply if the holder of such Right is not subject to the reporting requirements of Section 16(a) of the Exchange Act.

A Right shall be deemed exercised on the last day of its term, if not otherwise exercised by the holder thereof, provided that the fair market value of the Shares subject to the Right exceeds the exercise price thereof on such date.

For all purposes of this Article IX, the fair market value of Shares shall be determined in accordance with the principles set forth in Article V.

#### **X. NON-TRANSFERABILITY OF OPTIONS AND STOCK APPRECIATION RIGHTS**

Neither an Option nor a Right granted hereunder shall be transferable, whether by operation of law or otherwise, other than by will or the laws of descent and distribution, and any Option or Right granted hereunder shall be exercisable during the lifetime of the holder only by such holder. Except to the extent provided above, Options and Rights may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

## **XL. TERMINATION OF SERVICE**

Upon the cessation of such person's status as a director of the Company and all subsidiary corporations and parent corporations of the Company, an Option or Right previously granted to the director, unless otherwise specified by the Board or Committee in the Option or Right, shall, to the extent not theretofore exercised, terminate and become null and void, provided that:

(a) if the director shall die while serving as a director of such corporation or during either the three (3) month or one (1) year period, whichever is applicable, specified in clause (b) below and at a time when such director was entitled to exercise an Option or Right as herein provided, the legal representative of such director, or such person who acquired such Option or Right by bequest or inheritance or by reason of the death of the director, may, not later than one (1) year from the date of death, exercise such Option or Right, to the extent not theretofore exercised, in respect of any or all of such number of Shares as specified by the Board or Committee in such Option or Right; and

(b) if the service of any director to whom such Option or Right shall have been granted shall terminate by reason of the director's retirement (at such age or upon such conditions as shall be specified by the Board), disability (as described in Section 22(e)(3) of the Code) or removal other than for cause (as defined below), and while such director is entitled to exercise such Option or Right as herein provided, such director shall have the right to exercise such Option or Right so granted, to the extent not theretofore exercised, in respect of any or all of such number of Shares as specified by the Board or Committee in such Option or Right, at any time up to and including (i) three (3) months after the date of such termination of service in the case of termination by reason of retirement or removal other than for cause and (ii) one (1) year after the date of termination of service in the case of termination by reason of disability.

If a director voluntarily terminates his or her service, or is discharged for cause, any Option or Right granted hereunder shall, unless otherwise specified by the Board or Committee in the Option or Right, forthwith terminate with respect to any unexercised portion thereof.

If an Option or Right granted hereunder shall be exercised by the legal representative of a deceased or disabled director or former director, or by a person who acquired an Option or Right granted hereunder by bequest or inheritance or by reason of death of any director or former director, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative or other person to exercise such Option or Right.

For the purposes of the Plan, the term "for cause" shall mean (i) with respect to a director who is party to a written agreement with, or, alternatively, participates in a compensation or benefit plan of the Company or a subsidiary corporation or parent corporation of the Company, which agreement or plan contains a definition of "for cause" or "cause" (or words of like import) for purposes of termination of service thereunder, "for cause" or "cause" as defined in the most recent of such agreements or plans, or (ii) in all other cases, as determined by the Board in its sole discretion, (a) the willful commission by a director of a criminal or other act that causes or

probably will cause substantial economic damage to the Company or a subsidiary corporation or parent corporation of the Company or substantial injury to the business reputation of the Company or a subsidiary corporation or parent corporation of the Company; (b) the commission by a director of an act of fraud in the performance of such director's duties on behalf of the Company or a subsidiary corporation or parent corporation of the Company; or (c) the continuing willful failure of a director to perform the duties of such director to the Company or a subsidiary corporation or parent corporation of the Company (other than such failure resulting from the director's incapacity due to physical or mental illness) after written notice thereof (specifying the particulars thereof in reasonable detail) and a reasonable opportunity to be heard and cure such failure are given to the director by the Board or the Committee. For purposes of the Plan, no act, or failure to act, on the director's part shall be considered "willful" unless done or omitted to be done by the director not in good faith and without reasonable belief that the director's action or omission was in the best interest of the Company or a subsidiary corporation or parent corporation of the Company.

In the event of the complete liquidation or dissolution of a subsidiary corporation, or in the event that the Company ceases to own, directly or indirectly, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock of such corporation, any unexercised Options or Rights theretofore granted to any person who served as a director of such subsidiary corporation will be deemed canceled unless such person serves on the Board or board of directors of any parent corporation or another subsidiary corporation after the occurrence of such event. In the event an Option or Right is to be canceled pursuant to the provisions of the previous sentence, notice of such cancellation will be given to each director holding unexercised Options or Rights and such holder will have the right to exercise such Options or Rights in full (without regard to any limitation set forth or imposed pursuant to Article VII) during the thirty (30) day period following notice of such cancellation.

Notwithstanding anything to the contrary contained in this Article XI, in no event, however, shall any person be entitled to exercise any Option or Right after the expiration of the period of exercisability of such Option or Right as specified therein.

## **XII. ADJUSTMENT OF SHARES; EFFECT OF CERTAIN TRANSACTIONS**

In the event of any change in the outstanding Shares through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or other like change in capital structure of the Company, the Board or Committee shall make such adjustment to each outstanding Option and Right that it, in its sole discretion, deems appropriate. The term "Shares" after any such change shall refer to the securities, cash and/or property then receivable upon exercise of an Option or Right. In addition, in the event of any such change, the Board or Committee shall make any further adjustment as may be appropriate to the maximum number of Shares which may be acquired under the Plan pursuant to the exercise of Options and Rights, the maximum number of Shares which may be so acquired by one director and the number of Shares and prices per Share subject to outstanding Options and Rights as shall be equitable to prevent dilution or enlargement of rights under such Options or Rights, and the determination of the Board or Committee as to these matters shall be conclusive.

In the event of a “change in control” of the Company, all then outstanding Options and Rights shall immediately become exercisable. For purposes of the Plan, a “change in control” of the Company occurs if: (a) any “Person” (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing (i) fifty percent (50%) or more of the combined voting power of the Company’s then-outstanding securities; or (ii) twenty-five percent (25%) or more but less than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities if such transaction(s) giving rise to such beneficial ownership are not approved by the Board; or (b) at any time a majority of the members of the Board has been elected or designated by any Person; or (c) the Board shall approve a sale of all or substantially all of the assets, the result of which would be the occurrence of any event described in clause (a) or (b) above.

The Board or Committee, in its discretion, may determine that, upon the occurrence of a transaction described in the preceding paragraph, each Option or Right outstanding hereunder shall terminate within a specified number of days after notice to the holder, and such holder shall receive, with respect to each Share subject to such Option or Right, cash in an amount equal to the excess of the fair market value of such Shares immediately prior to the occurrence of such transaction over the exercise price per Share of such Option or Right.

### **XIII. RIGHT TO TERMINATE SERVICE**

The Plan shall not impose any obligation on the Company or on any subsidiary corporation or parent corporation thereof to continue the service of any holder of Options or Rights and it shall not impose any obligation on the part of any holder of Options or Rights to remain in the service of the Company or of any subsidiary corporation or parent corporation thereof.

### **XIV. PURCHASE FOR INVESTMENT**

Except for hereinafter provided, the Board or Committee may require a director, as a condition upon exercise of any Option or Right granted hereunder, to execute and deliver to the Company (a) stock powers with respect to Shares underlying a particular Option or Right and required to be held by a custodian, and (b) a written statement, in form satisfactory to the Board or Committee in which the director represents and warrants that Shares are being acquired for such person’s own account for investment only and not with a view to the resale or distribution thereof. The director shall, at the request of the Board or Committee, be required to represent and warrant in writing that any subsequent resale or distribution of Shares by the director shall be made only pursuant to either (i) a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the “Securities Act”), which Registration Statement has become effective and is current with regard to the Shares being sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the director shall, prior to any offer of sale or sale of such Shares, obtain a prior favorable written opinion of counsel, in form and substance satisfactory to counsel for the Company, as to the application of such exemption thereto. The foregoing restriction shall not apply to (i) issuances by the Company so long as the Shares being issued are registered under the Securities Act and a prospectus in respect thereof is current or (ii) re-offerings of Shares by affiliates of the Company

(as defined in Rule 405 or any successor rule or regulation promulgated under the Securities Act) if the Shares being re-offered are registered under the Securities Act and a prospectus in respect thereof is current.

#### **XV. ISSUE OF CERTIFICATES, LEGENDS, PAYMENT OF EXPENSES**

Upon any exercise of an Option or Right which may be granted hereunder and, in the case of an Option, payment of the purchase price, a certificate or certificates for the Shares shall be issued by the Company in the name of the person exercising the Option or Right and shall be delivered to or upon the order of such person.

The Company may endorse such legend or legends upon the certificates for Shares issued pursuant to the Plan and may issue such “stop transfer” instructions to its transfer agent in respect of such Shares as, in its discretion, it determines to be necessary or appropriate to (i) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act, or (ii) implement the provisions of the Plan and any agreement between the Company and the optionee or grantee with respect to such Shares.

The Company shall pay all issue or transfer taxes with respect to the issuance or transfer of Shares, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance or transfer, except fees and expenses which may be necessitated by the filing or amending of a Registration Statement under the Securities Act, which fees and expenses shall be borne by the recipient of the Shares unless such Registration Statement has been filed by the Company for its own corporate purposes (and the Company so states) in which event the recipient of the Shares shall bear only fees and expenses as are attributable solely to the inclusion of the Shares he or she receives in the Registration Statement.

All Shares issued as provided herein shall be fully paid and non-assessable to the extent permitted by law.

#### **XVI. LISTING OF SHARES AND RELATED MATTERS**

The Board or Committee may delay any award, issuance or delivery of Shares if it determines that listing, registration or qualification of Shares or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the sale or purchase of Shares under the Plan, until such listing, registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Committee.

#### **XVII. AMENDMENT OF THE PLAN**

The Board or the Committee, as the case may be, may, from time to time, amend the Plan, provided that no amendment shall be made, without the approval of the stockholders of the Company, that will (i) increase the total number of Shares reserved for Options under the Plan (other than an increase resulting from an adjustment provided for in Article XII), (ii) reduce the exercise price of any Option granted hereunder below the price required by Article V, (iii) modify the provisions of the Plan relating to eligibility, or (iv) materially increase the benefits accruing to participants under the Plan. The rights and obligations under any Option or Right

granted before amendment of the Plan or any unexercised portion of such Option or Right shall not be adversely affected by amendment of the Plan, Option or Right without the consent of the holder of such Option or Right.

**XVIII. TERMINATION OR SUSPENSION OF THE PLAN**

The Board may at any time suspend or terminate the Plan. The Plan, unless sooner terminated by action of the Board, shall terminate at the close of business on the Termination Date. Options and Rights may not be granted while the Plan is suspended or after it is terminated. Rights and obligations under any Option or Right granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except upon the consent of the person to whom the Option or Right was granted. The power of the Board or Committee to construe and administer any Options or Rights granted prior to the termination or suspension of the Plan under Article III nevertheless shall continue after such termination or during such suspension.

**XIX. GOVERNING LAW**

The Plan, such Options and Rights as may be granted thereunder and all related matters shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware from time to time obtaining.

**XX. PARTIAL INVALIDITY**

The invalidity or illegibility of any provision hereof shall not be deemed to affect the validity of any other provision.

**XXI. EFFECTIVE DATE**

The Plan shall become effective at 5:30 P.M., New York City Time, on the Effective Date.

**CERTIFICATION**

I, Terry Blakemore, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: August 16, 2007

/s/ Terry Blakemore

Terry Blakemore  
Chief Executive Officer

**CERTIFICATION**

I, Michael McAndrew, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: August 16, 2007

/s/ Michael McAndrew

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Michael McAndrew  
Chief Financial Officer

**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 Quarterly Report of Black Box Corporation (the "Company") on Form 10-Q for the period ended June 30, 2007 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/ Terry Blakemore

Terry Blakemore  
Chief Executive Officer  
August 16, 2007

/s/ Michael McAndrew

Michael McAndrew  
Chief Financial Officer  
August 16, 2007

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.