

Fiscal 2004 Third Quarter

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended December 28, 2003
Commission File No. 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 15055
(Address of principal executive offices)

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

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the Registrant's common stock, \$0.001 par value, as of February 6, 2003 was 18,022,056 shares.

PART I FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

BLACK BOX CORPORATION CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share and Per Share Amounts)

	(Unaudited) December 28, 2003	March 31, 2003
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 9,924	\$ 14,043
Accounts receivable, net of allowance for doubtful accounts of \$11,655 and \$11,710, respectively	100,632	100,263
Inventories, net	42,169	40,047
Costs and estimated earnings in excess of billings on uncompleted contracts	15,276	18,261
Other current assets	13,301	16,052
Total current assets	181,302	188,666
Property, plant and equipment, net	30,800	34,737
Goodwill, net	378,870	369,790
Other intangibles, net	29,495	29,509
Other assets	2,907	4,027
Total assets	\$ 623,374	\$ 626,729
<i>Liabilities and Stockholders' Equity</i>		
Current liabilities:		
Current debt	\$ 759	\$ 926
Accounts payable	30,217	30,508
Billings in excess of costs and estimated earnings on uncompleted contracts	3,599	3,295
Other accrued expenses	26,507	32,405
Accrued income taxes	2,080	2,940
Total current liabilities	63,162	70,074
Long-term debt	46,780	49,453
Other liabilities	10,894	12,780
Stockholders' equity:		
Preferred stock authorized 5,000,000; par value \$1.00; none issued and outstanding	--	--
Common stock authorized 100,000,000; par value \$.001; issued 22,865,351 and 22,594,034 shares, respectively	23	23
Additional paid-in capital	303,401	295,271
Retained earnings	392,040	359,037
Treasury stock, at cost, 4,987,817 and 3,822,500 shares, respectively	(211,183)	(163,547)
Accumulated other comprehensive income	18,257	3,638
Total stockholders' equity	502,538	494,422
Total liabilities and stockholders' equity	\$ 623,374	\$ 626,729

See Notes To Consolidated Financial Statements

BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In Thousands, Except Per Share Amounts)

	Three months ended		Nine months ended	
	December 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
Revenues	\$ 133,067	\$ 153,062	\$ 390,682	\$ 470,205
Cost of sales	78,426	92,423	228,719	284,294
Gross profit	54,641	60,639	161,963	185,911
Selling, general and administrative expenses	34,953	37,471	104,474	113,788
Intangibles amortization	64	96	198	305
Operating income	19,624	23,072	57,291	71,818
Interest expense, net	498	671	1,358	2,209
Other expense, net	75	44	91	114
Income before income taxes	19,051	22,357	55,842	69,495
Provision for income taxes	6,858	7,580	20,102	25,018
Net income	\$ 12,193	\$ 14,777	\$ 35,740	\$ 44,477
Basic earnings per common share	\$ 0.68	\$ 0.75	\$ 1.96	\$ 2.23
Diluted earnings per common share	\$ 0.66	\$ 0.73	\$ 1.90	\$ 2.17
Weighted average common shares	17,954	19,596	18,258	19,937
Weighted average common and common equivalent shares	18,571	20,225	18,792	20,513
Dividend per share	\$ 0.05	\$ 0.05	\$ 0.15	\$ 0.05

See Notes To Consolidated Financial Statements

BLACK BOX CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousands, Except Share Amounts)

	Preferred Stock		Common Stock		Additional	Retained	Treasury	Accumulated	
	Shares	Amount	Shares	Amount	Paid-in	Earnings	Stock	Other	Total
					Capital			Comprehensive	
								Income	
Balance at March 31, 2002	0	\$0	22,351,049	\$22	\$287,714	\$312,288	\$(100,355)	\$(9,571)	\$490,098
Comprehensive income:									
Net income						48,685			48,685
Foreign currency translation adjustment								12,808	12,808
Unrealized gains on derivatives designated and qualified as cash flow hedges, net of tax								233	233
Reclassification of unrealized losses on expired derivatives								168	<u>168</u>
Comprehensive income									61,894
Dividends declared						(1,936)			(1,936)
Repurchase of treasury stock							(63,192)		(63,192)
Issuance of common stock			23,836	1	968				969
Exercise of options, net of tax			219,149		4,767				4,767
Tax benefit from exercised options					1,822				1,822
Balance at March 31, 2003	0	0	22,594,034	23	295,271	359,037	(163,547)	3,638	494,422
Comprehensive income:									
Net income						35,740			35,740
Foreign currency translation adjustment								14,369	14,369
Unrealized gains on derivatives designated and qualified as cash flow hedges, net of tax								483	483
Reclassification of unrealized gains on expired derivatives								(233)	<u>(233)</u>
Comprehensive income									50,359
Dividends declared						(2,737)			(2,737)
Repurchase of treasury stock							(47,636)		(47,636)
Exercise of options, net of tax			271,317		6,014				6,014
Tax benefit from exercised options					2,116				2,116
Balance at December 28, 2003 <i>(unaudited)</i>	0	\$0	22,865,351	\$23	\$303,401	\$392,040	\$(211,183)	\$18,257	\$502,538

See Notes To Consolidated Financial Statements

BLACK BOX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In Thousands)

	Nine months ended	
	December 28, 2003	December 29, 2002
<i>Cash Flows From Operating Activities</i>		
Net income	\$ 35,740	\$ 44,477
Adjustments to reconcile net income to cash provided by operating activities:		
Intangibles amortization	198	305
Depreciation	4,824	5,747
Net gain from sale of property	(531)	--
Changes in working capital items:		
Accounts receivable, net	3,929	12,065
Inventories, net	(960)	2,783
Other current assets	11,265	11,242
Accounts payable and accrued liabilities	(8,103)	(7,936)
Cash provided by operating activities	46,362	68,683
<i>Cash Flows From Investing Activities</i>		
Capital expenditures	(1,357)	(1,454)
Capital asset disposals	1,615	748
Merger transactions, net of cash acquired and prior merger-related payments	(1,261)	(7,561)
Cash used in investing activities	(1,003)	(8,267)
<i>Cash Flows From Financing Activities</i>		
Repayments of borrowings	(181,159)	(110,354)
Proceeds from borrowings	178,200	84,500
Proceeds from the exercise of options	6,014	4,366
Payment of dividends	(2,737)	--
Purchase of treasury stock	(52,354)	(37,853)
Cash used in financing activities	(52,036)	(59,341)
Foreign currency exchange impact on cash	2,558	(1,051)
(Decrease)/increase in cash and cash equivalents	(4,119)	24
Cash and cash equivalents at beginning of year	14,043	13,423
Cash and cash equivalents at end of period	\$ 9,924	\$ 13,477
<i>Supplemental Cash Flow:</i>		
Cash paid for interest	\$ 1,329	\$ 2,212
Cash paid for income taxes	23,771	23,472

See Notes To Consolidated Financial Statements

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

Note 1: Basis of Presentation

The consolidated financial statements presented herein and these notes are unaudited. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Black Box Corporation (the "Company") believes that these financial statements reflect all adjustments of a normal, recurring nature necessary for a fair presentation of the results for the interim periods presented. Interim periods are not necessarily indicative of the results of operations for a full year. As such, these unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's most recent Form 10-K as filed with the SEC for the fiscal year ended March 31, 2003. The consolidated Balance Sheet as of March 31, 2003 was derived from the audited Balance Sheet included in the most recent Form 10-K.

Note 2: Fiscal Years and Basis of Presentation

The Company's fiscal year ends on March 31. Its fiscal quarters consist of 13 weeks and, beginning in Fiscal 2003, end on the Sunday nearest each calendar quarter end. The actual ending dates for the periods presented as December 31, 2003 and 2002 were December 28, 2003 and December 29, 2002, respectively. The ending dates for all other periods are as presented.

Note 3: Stock-Based Compensation

As permitted by SFAS No. 148 "Accounting for Stock-Based Compensation – Transition and Disclosure," the Company continues to use the intrinsic value method of Opinion No. 25 rather than the fair value method of SFAS No. 123 to account for stock-based employee compensation. As required by the provisions of SFAS No. 148, disclosure must be made in the financial notes of the effects on reported net income and earnings per share of an entity's accounting policy for stock-based employee compensation.

Had the Company elected to recognize compensation cost based on the fair value basis under SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts as follows:

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

		Three months ended December 31,		Nine months ended December 31,	
		2003	2002	2003	2002
Net income	As reported	\$ 12,193	\$ 14,777	\$ 35,740	\$ 44,477
	Plus: Compensation expense	--	--	--	--
	Less: Stock-based employee compensation under fair-value based method for all awards, net of related tax effects	2,257	2,304	7,638	6,611
	Pro forma	\$ 9,936	\$ 12,473	\$ 28,102	\$ 37,866
Basic earnings per share	As reported	\$ 0.68	\$ 0.75	\$ 1.96	\$ 2.23
	Pro forma	\$ 0.55	\$ 0.64	\$ 1.54	\$ 1.90
Diluted earnings per share	As reported	\$ 0.66	\$ 0.73	\$ 1.90	\$ 2.17
	Pro forma	\$ 0.54	\$ 0.62	\$ 1.50	\$ 1.85

The incremental fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	December 31,	
	2003	2002
Expected life (in years)	4.8	4.6
Risk free interest rate	3.70%	4.11%
Expected volatility rate	55%	53%
Dividend yield	0.1%	--

Note 4: Inventories

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

	December 31, 2003	March 31, 2003
Raw materials	\$ 1,965	\$ 1,909
Finished goods	44,600	42,119
Subtotal	46,565	44,028
Excess and obsolete inventory reserves	(4,396)	(3,981)
Inventory, net	\$ 42,169	\$ 40,047

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

Note 5: Financial Derivatives

The Company has entered and will continue in the future, on a selective basis, to enter into forward exchange contracts to reduce the foreign currency exposure related to certain intercompany transactions. On a monthly basis, the open contracts are revalued to fair market value, and the resulting gains and losses are recorded in accumulated other comprehensive income. These gains and losses offset the revaluation of the related foreign currency denominated receivables and payables, which are also included in accumulated other comprehensive income.

At December 31, 2003, the open foreign exchange contracts were in Euro, Pound sterling, Canadian dollar, Swiss franc, Japanese yen, Swedish krona, Danish krone, Norwegian kroner and Australian dollar. The total open contracts, with a notional amount of approximately \$14,679, have a fair value of \$15,438 and will expire within seven months. The open contracts have contract rates of 0.8042 to 0.9023 Euro, 0.5971 to 0.6119 Pound sterling, 1.3132 to 1.3669 Canadian dollar, 1.2529 to 1.3254 Swiss franc, 110.46 to 116.5 Japanese yen, 7.3542 to 7.9703 Swedish krona, 6.4057 to 6.4183 Danish krone, 7.0260 to 7.0749 Norwegian kroner and 1.3643 to 1.4732 Australian dollar, all per U.S. dollar.

Note 6: Comprehensive Income

Comprehensive income consisted of the following:

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2003	2002	2003	2002
Net income	\$ 12,193	\$ 14,777	\$ 35,740	\$ 44,477
Other comprehensive income:				
Foreign currency translation adjustment	8,356	6,538	14,369	10,467
Unrealized (losses)/gains on derivatives designated and qualified as cash flow hedges, net of reclassification of unrealized (losses)/gains on expired derivatives	(200)	(312)	250	(161)
Comprehensive income	\$ 20,349	\$ 21,003	\$50,359	\$ 54,783

The components of accumulated other comprehensive income consisted of the following:

	December 31, 2003	March 31, 2003
Foreign currency translation adjustment	\$ 17,774	\$ 3,405
Unrealized gains on derivatives designated and qualified as cash flow hedges	483	233
Total accumulated other comprehensive income	\$ 18,257	\$ 3,638

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

Note 7: Earnings Per Share

Basic earnings per common share were computed based on the weighted average number of common shares issued and outstanding during the relevant periods. Diluted earnings per common share were computed based on the weighted average number of common shares issued and outstanding, plus the dilutive effect of options (using the treasury stock method) and contingently issuable shares. The following table details this calculation:

<i>(Shares in thousands)</i>	Three months ended December 31,		Nine months ended December 31,	
	2003	2002	2003	2002
Net income for earnings per share computation	\$ 12,193	\$ 14,777	\$ 35,740	\$ 44,477
Basic earnings per common share:				
Weighted average common shares	17,954	19,596	18,258	19,937
Basic earnings per common share	\$ 0.68	\$ 0.75	\$ 1.96	\$ 2.23
Diluted earnings per common share:				
Weighted average common shares	17,954	19,596	18,258	19,937
Shares issuable from assumed conversion of stock options and contingently issuable shares from acquisitions (net of tax savings)	614	629	534	576
Weighted average common and common equivalent shares	18,571	20,225	18,792	20,513
Diluted earnings per common share	\$ 0.66	\$ 0.73	\$ 1.90	\$ 2.17

The Company also has 921,469 shares and 814,064 shares issuable upon the exercise of outstanding stock options for the three months ended December 31, 2003 and 2002, respectively, and 2,642,466 shares and 1,452,134 shares for the nine months ended December 31, 2003 and 2002, respectively. The exercise price of such options was greater than the average market price for those time periods and as such do not impact the weighted average share calculations during the periods presented above.

Note 8: New Accounting Standards

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). A variable interest entity ("VIE") is one where the contractual or ownership interests in an entity change with changes in the entity's net asset value. This interpretation requires the consolidation of a VIE by the primary beneficiary, and also requires disclosure about VIEs where an enterprise has a significant variable interest but is not the primary beneficiary. The Company does not believe that this statement will have a material impact on the Company's consolidated financial statements or results of operations.

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

Note 9: Mergers Activity

During the nine months ended December 31, 2003 and 2002, the Company paid \$1,261 and \$2,966, respectively, for obligations related to mergers completed in prior periods.

During Fiscal 2003, the Company successfully completed three business combinations that have been accounted for using the purchase method of accounting, June 2002 – Societe d’Installation de Reseaux Informatiques et Electriques; July 2002 – EDC Communications Limited and EDC Communications (Ireland) Limited; and January 2003 – Rowe Structured Cabling Ltd. The aggregate purchase price of these three business combinations was approximately \$4,600 and resulted in goodwill of \$3,317 and other intangibles of \$348 in accordance with SFAS No. 141, “Business Combinations.”

As of December 31, 2003, certain merger agreements provide for contingent payments of up to \$2,734. Upon payment, goodwill will be adjusted for the amount of the contingency.

Note 10: Intangible Assets

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

As of December 31, 2003, the Company’s trademarks had a net carrying amount of \$27,739. The Company believes this intangible has an indefinite life.

The Company had the following other intangibles as of December 31, 2003:

	Gross Carrying Amount	Accumulated Amortization
Non-Compete Agreements	\$ 2,242	\$ 486
Acquired Backlog	332	332
Total	\$ 2,574	\$ 818

The non-compete agreements and acquired backlog are amortized over their estimated useful lives of 10 years and 1 year, respectively. Amortization expense for the non-compete agreements and acquired backlog intangibles during the three months ended December 31, 2003 and 2002 was \$64 and \$96, respectively, and for the nine months ended December 31, 2003 and 2002 was \$198 and \$305, respectively.

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

The estimated amortization expense for each of the five fiscal years subsequent to December 31, 2003 for the non-compete agreements and acquired backlog intangibles is as follows: remainder of fiscal 2004 – \$64; fiscal 2005 – \$256; fiscal 2006 – \$256; fiscal 2007 – \$256; and fiscal 2008 – \$256.

The changes in the carrying amount of goodwill, net of amortization, by reporting segment for the nine months ended December 31, 2003, are as follows:

	North America	Europe	All Other	Total
Balance as of March 31, 2003	\$ 309,214	\$ 58,973	\$ 1,603	\$ 369,790
Goodwill during the period related to:				
Currency translation	15	7,864	5	7,884
Actual earnout payments	295	168	70	533
Other	611	--	52	663
Balance as of December 31, 2003	\$ 310,135	\$ 67,005	\$1,730	\$ 378,870

The changes in total intangible assets, net of accumulated amortization, from March 31, 2003 to December 31, 2003 are as follows:

	Trademarks	Non- Competes and Backlog	Goodwill	Total
Balance as of March 31, 2003	\$ 27,739	\$ 1,770	\$ 369,790	\$ 399,299
Change in net intangible assets during the period related to:				
Amortization expense	--	(64)	--	(64)
Currency translation	--	50	7,884	7,934
Actual earnout payments	--	--	533	533
Other	--	--	663	663
Balance as of December 31, 2003	\$ 27,739	\$ 1,756	\$ 378,870	\$ 408,365

Note 11: Treasury Stock

The Company previously announced intentions to repurchase up to 6.5 million shares of its Common Stock from April 1, 1999 through December 31, 2003. During the third quarter of Fiscal 2004, the Company repurchased approximately 0.4 million shares for an aggregate purchase price of \$15,675 and for the first nine months of Fiscal 2004, repurchases totaled approximately 1.2 million shares for \$47,636. Since inception of the repurchase program in April 1999 through December 2003, the Company has repurchased in aggregate approximately 5.0 million shares for \$211,183. Funding for the stock repurchases came from existing cash flow and cash on hand. During the first quarter of this fiscal year, the Company used \$4,719 of cash on hand to settle stock repurchases initiated during the fourth quarter of the prior fiscal year.

Additional repurchases of stock may occur from time to time depending upon factors such as the Company's cash flows and general market conditions. While the Company expects to continue to repurchase shares for the foreseeable future, there can be no assurance as to the timing or amount of such repurchases.

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

Note 12: Indebtedness

Long-term debt is as follows:

	December 31, 2003	March 31, 2003
Revolving credit agreement	\$ 46,700	\$ 49,100
Other debt	839	1,279
Total debt	47,539	50,379
Less: current portion	(759)	(926)
Long-term debt	\$ 46,780	\$ 49,453

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

The interest on the Syndicated Debt is variable based on the Company’s option of selecting the banks prime rate plus an applicable margin as defined in the Syndicated Debt agreement or the Euro-dollar rate plus an applicable margin as defined in the agreement.

The weighted average interest rate on all indebtedness of the Company as of December 31, 2003 was approximately 1.9%.

Note 13: Restructuring

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

In the fourth quarter of Fiscal 2002, the Company recorded a restructuring charge of approximately \$3,500 primarily related to adjusting staffing levels and real estate consolidations. Of this charge, \$2,168 related to severance for 105 total team members (\$1,830 related to severance for 60 team members in Europe; \$230 related to severance for 19 team members in Latin America; \$108 related to severance for 26 team members in North America) and \$1,332 related to real estate consolidations.

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

The components of the restructuring accruals at December 31, 2003 are as follows:

	Accrued March 31, 2003	Cash Expenditures	Other	Accrued December 31, 2003
Team Member Severance	\$ 4,375	\$ 3,985	\$ --	\$ 390
Facility Closures	1,806	830	453	523
Total	\$ 6,181	\$ 4,815	\$ 453	\$ 913

The Company anticipates the majority of the restructuring accrual will be paid by the end of Fiscal 2004.

Note 14: Segment Reporting

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

The accounting policies of the various segments are the same as those described in "Summary of Significant Accounting Principles" in Note 1 of the Company's annual report on Form 10-K for the fiscal year ended March 31, 2003. The Company evaluates the performance of each segment based on operating income. Inter-segment sales and segment interest income or expense and expenditures for segment assets are not presented to or reviewed by management, and therefore are not presented below.

Summary information by reportable segment is as follows:

North America	Three months ended December 31,		Nine months ended December 31,	
	2003	2002	2003	2002
Revenues	\$ 84,665	\$ 102,476	\$ 259,555	\$ 325,115
Operating income	10,900	14,784	34,595	48,024
Depreciation	1,091	1,288	3,325	4,036
Amortization	17	36	40	117
Segment assets	566,474	600,147	566,474	600,147

Europe	Three months ended December 31,		Nine months ended December 31,	
	2003	2002	2003	2002
Revenues	\$ 38,309	\$ 41,457	\$ 103,944	\$ 115,847
Operating income	6,325	6,532	16,278	17,613
Depreciation	429	442	1,232	1,333
Amortization	39	56	141	172
Segment assets	130,640	124,123	130,640	124,123

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

All Other	Three months ended December 31,		Nine months ended December 31,	
	2003	2002	2003	2002
Revenues	\$ 10,093	\$ 9,129	\$ 27,183	\$ 29,243
Operating income	2,399	1,756	6,418	6,182
Depreciation	86	107	267	378
Amortization	8	4	17	16
Segment assets	17,427	17,057	17,427	17,057

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

Assets	December 31, 2003	March 31, 2003
Assets for North America, Europe and All Other segments	\$ 714,541	\$ 727,349
Corporate eliminations	(91,167)	(100,620)
Total consolidated assets	\$ 623,374	\$ 626,729

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

Revenues	Three months ended December 31,		Nine months ended December 31,	
	2003	2002	2003	2002
Hotline Services	\$ 61,538	\$ 62,897	\$ 176,508	\$ 190,775
Data Services	54,305	69,323	161,448	219,147
Voice Services	17,224	20,842	52,726	60,283
Total revenues	\$ 133,067	\$ 153,062	\$ 390,682	\$ 470,205

Note 15: Commitments and Contingencies

As previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2003 and in its quarterly report on Form 10-Q for the quarter ended September 28, 2003, two arbitration awards (including interest and costs through December 31, 2003) against the Company for approximately \$1.6 million and approximately \$1.5 million are being appealed. Regarding the case involving the \$1.5 million award, the parties verbally agreed to settle all claims between them in exchange for a payment by the Company of \$1.2 million. The terms of this settlement will be set forth in a written settlement agreement which is currently in the process of being negotiated by the parties. Based on the facts currently available to the Company, management believes these matters are adequately provided for, covered by insurance, without merit, or not probable that an unfavorable outcome will result.

BLACK BOX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share amounts)

As previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2003 and in its quarterly report on Form 10-Q for the quarter ended September 28, 2003, the Company has been named as a defendant in two substantially similar complaints alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. These actions were consolidated in a lawsuit in the United States District Court for the Western District of Pennsylvania in a case captioned *In Re Black Box Corporation Securities Litigation* (Civil Action No. 03-CV-412). On October 3, 2003, the plaintiffs in this action filed a Consolidated Class Action Complaint in this matter. On November 17, 2003, the Company filed a Motion to Dismiss the plaintiffs' complaint. Thereafter, the plaintiffs filed a brief in opposition to the Company's Motion to Dismiss. The Company filed its response to plaintiffs' opposition on February 9, 2004. The Company believes that the claims are without merit and intends to defend itself vigorously.

As previously disclosed in its Current Report on Form 8-K filed on October 28, 2003 and in its quarterly report on Form 10-Q for the quarter ended September 28, 2003, the Company received a formal order of investigation issued by the Securities and Exchange Commission (the "SEC"). In connection therewith, during the quarter ended December 28, 2003, the Company and several of its officers, directors, team members and independent auditors provided information to the Staff of the SEC. In late January 2004, the SEC requested information relating to fiscal 2002 from the Company's independent auditors pursuant to an additional subpoena. The Company intends to continue to cooperate fully with the inquiry.

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

The Company manages its business based on geographic segments: North America, Europe and All Other. In addition, certain revenue and gross profit information by service type is also provided herein for purposes of further analysis.

Dollars in Thousands

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

	Three months ended December 31,				Nine months ended December 31,			
	2003 (3Q04)	2002 (3Q03)			2003 (3Q04YTD)	2002 (3Q03YTD)		
	<u>% of total revenues</u>	<u>% of total revenues</u>			<u>% of total revenues</u>	<u>% of total revenues</u>		<u>% of total revenues</u>
By Geography								
Revenues:								
North America	\$84,665	64%	\$102,476	67%	\$259,555	66%	\$325,115	69%
Europe	38,309	29%	41,457	27%	103,944	27%	115,847	25%
All Other	10,093	7%	9,129	6%	27,183	4%	29,243	6%
Total	\$133,067	100%	\$153,062	100%	\$390,682	100%	\$470,205	100%
Operating Income:								
North America	\$ 10,900		\$ 14,784		\$ 34,595		\$ 48,024	
% of North America revenues	12.9%		14.4%		13.3%		14.8%	
Europe	\$ 6,325		\$ 6,532		\$ 16,278		\$ 17,613	
% of Europe revenues	16.5%		15.8%		15.7%		15.2%	
All Other	\$ 2,399		\$ 1,756		\$ 6,418		\$ 6,182	
% of All Other revenues	23.8%		19.2%		23.6%		21.1%	
Total	\$ 19,624		\$ 23,072		\$ 57,291		\$ 71,818	
% of Total revenues	14.7%		15.1%		14.7%		15.3%	

	<u>Three months ended December 31,</u>				<u>Nine months ended December 31,</u>			
	<u>2003</u>		<u>2002</u>		<u>2003</u>		<u>2002</u>	
	<u>(3Q04)</u>		<u>(3Q03)</u>		<u>(3Q04YTD)</u>		<u>(3Q03YTD)</u>	
		<u>% of</u>		<u>% of</u>		<u>% of</u>		<u>% of</u>
		<u>total</u>		<u>total</u>		<u>total</u>		<u>total</u>
		<u>revenues</u>		<u>revenues</u>		<u>revenues</u>		<u>revenues</u>
By Service Type								
Revenues:								
Hotline Services	\$ 61,538	46%	\$ 62,897	41%	\$176,508	45%	\$190,775	40%
Data Services	54,305	41%	69,323	45%	161,448	41%	219,147	47%
Voice Services	17,224	13%	20,842	14%	52,726	14%	60,283	13%
Total	\$133,067	100%	\$153,062	100%	\$390,682	100%	\$470,205	100%
Gross Profit:								
Hotline Services	\$ 32,241		\$ 32,308		\$ 92,212		\$ 96,906	
% of Hotline Services revenues	52.4%		51.4%		52.2%		50.8%	
Data Services	\$ 16,267		\$ 21,439		\$ 51,404		\$ 70,117	
% of Data Services revenues	30.0%		30.9%		31.8%		32.0%	
Voice Services	\$ 6,133		\$ 6,892		\$ 18,347		\$ 18,888	
% of Voice Services revenues	35.6%		33.1%		34.8%		31.3%	
Total	\$ 54,641		\$ 60,639		\$ 161,963		\$185,911	
% of Total revenues	41.1%		39.6%		41.5%		39.5%	

I. Third Quarter Fiscal 2004 (3Q04) Compared To Third Quarter Fiscal 2003 (3Q03):

Total Revenues

Total revenues for 3Q04 were \$133,067, a decrease of 13% compared to 3Q03 total revenues of \$153,062. If exchange rates had remained constant from the third quarter last year, 3Q04 total revenues would have been lower by \$6,041, or 4%.

Revenues by Geography

North America Revenues

Revenues in North America were \$84,665 for 3Q04, a decrease of 17% compared to \$102,476 for 3Q03. The North America revenue decline was generally due to weak general economic conditions that affected client demand.

Europe Revenues

Revenues in Europe were \$38,309 for 3Q04, a decrease of 8% compared to \$41,457 for 3Q03. The Europe revenue decline was due to weak general economic conditions that affected client demand, offset in part by the positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from 3Q03, Europe revenues would have decreased 20%.

All Other Revenues

Revenues for All Other were \$10,093 for 3Q04, an increase of 11% compared to \$9,129 for 3Q03. The revenue increase in these regions was due to the positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from 3Q03, All Other revenues would have been comparable to last year's third quarter.

Revenues by Service Type

Hotline Services

Revenues from hotline services for 3Q04 were \$61,538, a decrease of 2% compared to \$62,897 for 3Q03. The Company believes the overall decline in hotline services revenues was driven by weak general economic conditions, offset in part by \$4,109 positive impact of exchange rates relative to the U.S. dollar for its international hotline services.

Data Services

Revenues from data services (previously designated as structured cabling services) were \$54,305 for 3Q04, a decrease of 22% compared to \$69,323 for 3Q03. The Company believes the overall decline in data services revenue was driven by weak general economic conditions, offset in part by \$1,932 positive impact of exchange rates relative to the U.S. dollar for its international data services.

Voice Services

Revenues from voice services (previously designated as telephony services) were \$17,224 for 3Q04, a decrease of 17% compared to \$20,842 for 3Q03. The Company believes the overall decline in voice services revenue was driven by weak general economic conditions.

Gross Profit

Gross profit dollars for 3Q04 decreased to \$54,641 from \$60,639 for 3Q03. The decrease in gross profit dollars over prior year was due to the decline in revenues. Gross profit as a percent of revenues for 3Q04 increased to 41.1% of revenues from 39.6% of revenues for 3Q03. The increase in gross profit percentage was due primarily to cost reduction efforts.

Gross profit dollars for hotline services for 3Q04 was \$32,241, or 52.4% of revenues, compared to \$32,308, or 51.4% of revenues for 3Q03. Gross profit dollars for data services for 3Q04 was \$16,267, or 30.0% of revenues, compared to \$21,439, or 30.9% of revenues for 3Q03. Gross profit dollars for voice services for 3Q04 was \$6,133, or 35.6% of revenues, compared to \$6,892, or 33.1% of revenues for 3Q03.

SG&A Expenses

Selling, general and administrative ("SG&A") expenses for 3Q04 were \$34,953 a decrease of \$2,518 over SG&A expenses of \$37,471 for 3Q03. The dollar decrease from 3Q04 to 3Q03 related to the Company's cost reduction efforts worldwide. SG&A expenses as a percent of revenues for 3Q04 increased to 26.3% of revenues from 24.5% of revenues for 3Q03. The percentage increase is due to the percentage change in revenues being greater than the percentage change in the overall cost structure.

Intangibles Amortization

Intangibles amortization for 3Q04 decreased to \$64 from \$96 for 3Q03 due to the full amortization of acquired backlog.

Operating Income

Operating income for 3Q04 was \$19,624, or 14.7% of revenues, compared to \$23,072 or 15.1% of revenues for 3Q03.

The decrease in operating income dollars is primarily due to the decrease in revenues while the decline in the operating income as a percentage of revenues was due primarily to the additional SG&A expenses as a percentage of revenues as described above.

Net Interest Expense

Net interest expense for 3Q04 decreased to \$498 from \$671 for 3Q03 due to reductions in the outstanding debt from \$53,230 at the end of 3Q03 to \$47,539 at the end of 3Q04 and the interest rate reduction of approximately 0.3% during the period from 3Q03 to 3Q04.

Provision for Income Taxes

The tax provision for 3Q04 was \$6,858, an effective tax rate of 36.0%, compared to 3Q03 of \$7,580, an effective tax rate of 33.9%. The tax rate for 3Q03 reflected the implementation of a state tax planning strategy that reduced the FY03 expected rate from 37.0% to 36.0%. The annual effective tax rates were higher than the U.S. statutory rate of 35.0% primarily due to state income taxes, offset by foreign income tax credits.

Net Income

Net income for 3Q04 was \$12,193, or 9.2% of revenues, compared to \$14,777, or 9.7% of revenues for 3Q03.

II. Nine Months Fiscal 2004 (3Q04YTD) Compared to Nine Months Fiscal 2003 (3Q03YTD):

Total Revenues

Total revenues for 3Q04YTD were \$390,682, a decrease of 17% compared to 3Q03YTD total revenues of \$470,205. If exchange rates had remained constant from the same periods last year, 3Q04YTD total revenues would have been lower by \$15,230, or 3%.

Revenues by Geography

North America Revenues

Revenues in North America were \$259,555 for 3Q04YTD, a decrease of 20% compared to \$325,115 for 3Q03YTD. The North America revenue decline was generally due to weak general economic conditions that affected client demand.

Europe Revenues

Revenues in Europe were \$103,944 for 3Q04YTD, a decrease of 10% compared to \$115,847 for 3Q03YTD. The Europe revenue decline was due to weak general economic conditions that affected client demand, offset in part by the positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from the same periods last year, Europe revenues would have decreased 22%.

All Other Revenues

Revenues for All Other were \$27,183 for 3Q04YTD, a decrease of 7% compared to \$29,243 for 3Q03YTD. The revenue decline in these regions was due to weak general economic conditions that affected client demand, offset by the positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from the same periods last year, All Other revenues would have decreased 13%.

Revenues by Service Type

Hotline Services

Revenues from hotline services for 3Q04YTD were \$176,508, a decrease of 7% compared to \$190,775 for 3Q03YTD. The Company believes the overall decline in hotline services revenues was driven by weak general economic conditions, offset in part by \$10,018 positive impact of exchange rates relative to the U.S. dollar for its international hotline services.

Data Services

Revenues from data services were \$161,448 for 3Q04YTD, a decrease of 26% compared to \$219,147 for 3Q03YTD. The Company believes the overall decline in data services revenue was driven by weak general economic conditions, offset in part by \$5,213 positive impact of exchange rates relative to the U.S. dollar for its international data services.

Voice Services

Revenues from voice services were \$52,726 for 3Q04YTD, a decrease of 13% compared to \$60,283 for 3Q03YTD. The Company believes the overall decline in voice services revenue was driven by weak general economic conditions.

Gross Profit

Gross profit dollars for 3Q04YTD decreased to \$161,963 from \$185,911 for 3Q03YTD. The decrease in gross profit dollars over prior year was due to the decline in revenues. Gross profit as a percent of revenues for 3Q04YTD increased to 41.5% of revenues from 39.5% of revenues for 3Q03YTD. The increase in gross profit percentage was due primarily to cost reduction efforts.

Gross profit dollars for hotline services for 3Q04YTD was \$92,212, or 52.2% of revenues, compared to \$96,906, or 50.8% of revenues for 3Q03YTD. Gross profit dollars for data services for 3Q04YTD was \$51,404, or 31.8% of revenues, compared to \$70,117, or 32.0% of revenues for 3Q03YTD. Gross profit dollars for voice services for 3Q04YTD was \$18,347, or 34.8% of revenues, compared to \$18,888, or 31.3% of revenues.

SG&A Expenses

Selling, general and administrative ("SG&A") expenses for 3Q04YTD were \$104,474, a decrease of \$9,314 over SG&A expenses of \$113,788 for 3Q03YTD. The dollar decrease from 3Q04YTD to 3Q03YTD related to the Company's cost reduction efforts worldwide. SG&A expenses as a percent of revenues for 3Q04YTD were 26.7% of revenues compared to 24.2% of revenues for 3Q03YTD. The percentage increase is due to the percentage change in revenues being greater than the percentage change in the overall cost structure.

Intangibles Amortization

Intangibles amortization for 3Q04YTD decreased to \$198 from \$305 for 3Q03YTD due to the full amortization of acquired backlog.

Operating Income

Operating income for 3Q04YTD was \$57,291, or 14.7% of revenues, compared to \$71,818 or 15.3% of revenues for 3Q03YTD.

The decrease in operating income dollars is primarily due to the decrease in revenues while the decline in the operating income as a percentage of revenues was due primarily to the additional SG&A expenses as a percentage of revenues as described above.

Net Interest Expense

Net interest expense for 3Q04YTD decreased to \$1,358 from \$2,209 for 3Q03YTD due to reductions in the outstanding debt from \$53,230 at the end of 3Q03 to \$47,539 at the end of 3Q04 and the interest rate reduction of approximately 0.3% during the period from 3Q03YTD to 3Q04YTD.

Provision for Income Taxes

The tax provision for 3Q04YTD was \$20,102, an effective tax rate of 36.0%, compared to 3Q03YTD of \$25,018, an effective tax rate of 36.0%. The annual effective tax rates were higher than the U.S. statutory rate of 35.0% primarily due to state income taxes, offset by foreign income tax credits.

Net Income

Net income for 3Q04YTD was \$35,740, or 9.1% of revenues, compared to \$44,477, or 9.5% of revenues for 3Q03YTD.

III. Liquidity and Capital Resources:

Cash Flows from Operating Activities

Cash Provided by Operating Activities for 3Q04YTD and 3Q03YTD was \$46,362 and \$68,683, respectively. Reflected as a source of cash from operating activities in 3Q04YTD are decreases in accounts receivables and unbilled accounts and other current assets offset in part by an increase in inventories and a decrease in accounts payable and accrued liabilities. In 3Q03YTD, decreases in accounts receivables and unbilled accounts, inventories and other current assets were a source of cash flow from operating activities, while a decrease in accounts payable and accrued liabilities were a use of cash flow.

In addition to Cash Provided by Operating Activities of \$46,362 in 3Q04YTD, the Company had additional cash flow of \$8,830. This was generated from \$6,014 of stock option exercises, \$2,558 of positive foreign currency exchange impact on cash, and \$258 from disposals (net of additions) of capital assets. The Company's 3Q04YTD cash flow and \$4,119 of cash on hand was used for repurchases of Company stock of \$52,354, debt reduction of \$2,959, dividend payments of \$2,737 and merger activity of \$1,261.

As of the end of 3Q04, the Company had cash and cash equivalents of \$9,924, working capital of \$118,140 and long-term debt of \$46,780.

The Company believes that its cash provided by operating activities will be sufficient to satisfy its liquidity needs for the foreseeable future.

Investing Activities

The net cash impact of merger transactions and prior merger-related payments during 3Q04YTD was \$1,261. During 3Q04YTD, capital expenditures were \$1,357, while capital disposals were \$1,615. Capital expenditures for Fiscal 2004 are projected to be \$2,000 and will be spent primarily on information systems, general equipment and facility improvements.

Financing Activities

Total Debt

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

The Company's total debt at the end of 3Q04 of \$47,539 was comprised of \$46,700 under the Long Term Revolver and \$839 of various other third-party, non-employee loans. The weighted average interest rate on all indebtedness of the Company at the end of 3Q04 and 3Q03 was approximately 1.9% and 2.2%, respectively. In addition, at the end of 3Q04, the Company had \$6,250 of letters of credit outstanding and \$67,050 available under the Long Term Revolver.

Interest on the Long Term Revolver is variable based on the Company's option of selecting the bank's Euro-dollar rate plus an applicable margin or the prime rate plus an applicable margin. The majority of the Company's borrowings are under the Euro-rate option. The applicable margin is adjusted each quarter based on the consolidated leverage ratio as defined in the agreement. The applicable margin varies from 0.75% to 1.75% (0.75% at the end of 3Q04) on the Euro-dollar rate option and from zero to 0.75% (zero at the end of 3Q04) on the prime rate option. The Long Term Revolver provides for the payment of quarterly commitment fees on unborrowed funds, also based on the consolidated leverage ratio. The commitment fee percentage ranges from 0.25% to 0.375% (0.25% at the end of 3Q04). The Long Term Revolver is unsecured; however, the Company, as the ultimate parent, guarantees all borrowings and the debt contains various restrictive covenants.

Dividends

Beginning in the third quarter of Fiscal 2003 and in all subsequent quarters, the Company's Board of Directors has declared quarterly cash dividends of \$0.05 per share on all outstanding shares of Black Box's common stock.

The dividend declared in 3Q04 totaled \$894 and was paid on January 15, 2004 to stockholders of record at the close of business on December 31, 2003. 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.

Treasury Stock

The Company previously announced intentions to repurchase up to 6.5 million shares of its Common Stock from April 1, 1999 through December 31, 2003. During 3Q04, the Company repurchased approximately 0.4 million shares for an aggregate purchase price of \$15,675 and for 3Q04YTD, repurchases totaled approximately 1.2 million shares for \$47,635. Since inception of the repurchase program in April 1999 through 3Q04, the Company has repurchased in aggregate approximately 5.0 million shares for \$211,183. Funding for the stock repurchases came primarily from existing cash flow from operations. Additional repurchases of stock may occur from time to time depending upon factors such as the Company's cash flows and general market conditions. While the Company expects to continue to repurchase shares for the foreseeable future, there can be no assurance as to the timing or amount of such repurchases.

Foreign Currency Exchange Impact

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

The Company has entered and will continue in the future, on a selective basis, to enter into forward exchange contracts to reduce the foreign currency exposure related to certain intercompany transactions. On a monthly basis, the open contracts are revalued to fair market value, and the resulting gains and losses are recorded in accumulated other comprehensive

income. These gains and losses offset the revaluation of the related foreign currency denominated receivables and payables, which are also included in accumulated other comprehensive income in stockholders' equity on the Consolidated Balance Sheet. At December 31, 2003, the open foreign exchange contracts were in Euro, Pound sterling, Canadian dollar, Swiss franc, Japanese yen, Swedish krona, Danish krone, Norwegian kroner and Australian dollar. The total open contracts, with a notional amount of approximately \$14,679, have a fair value of \$15,438 and will expire within seven months. The open contracts have contract rates of 0.8042 to 0.9023 Euro, 0.5971 to 0.6119 Pound sterling, 1.3132 to 1.3669 Canadian dollar, 1.2529 to 1.3254 Swiss franc, 110.46 to 116.50 Japanese yen, 7.3542 to 7.9703 Swedish krona, 6.4057 to 6.4183 Danish krone, 7.0260 to 7.0749 Norwegian kroner and 1.3643 to 1.4732 Australian dollar, all per U.S. dollar.

IV. Critical Accounting Policies:

Introduction

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

The Company's critical accounting policies for revenue recognition, accounting for judgments and estimates, long-lived assets and restructuring are described in the Form 10-K for the year ended March 31, 2003. There have been no significant changes to these policies during the three subsequent quarters. In addition to those policies previously disclosed in Form 10-K, the Company is disclosing the following policy regarding loss contingencies.

Loss Contingencies

The Company accrues for loss contingencies when it is determined that an unfavorable outcome is probable and estimable.

V. New Accounting Pronouncements:

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). A variable interest entity ("VIE") is one where the contractual or ownership interests in an entity change with changes in the entity's net asset value. This interpretation requires the consolidation of a VIE by the primary beneficiary, and also requires disclosure about VIEs where an enterprise has a significant variable interest but is not the primary beneficiary. The Company does not believe that this statement will have a material impact on the Company's consolidated financial statements or results of operations.

VI. Inflation:

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

VII. 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 ability of the Company to identify, acquire and operate additional on-site technical service companies, general economic and business conditions, competition, changes in foreign, political and economic conditions, fluctuating foreign currencies compared to the U.S. dollar, rapid changes in technologies, customer preferences and various other matters, many of which are beyond the Company's control. These and other risk factors are discussed in greater detail in the Company's most recent Annual Report on Form 10-K on file with the United States Securities and Exchange Commission. 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. Investors should also be aware that the Company does not provide forecasts regarding its future financial results. In addition, while the Company does, from time to time, communicate with securities analysts and stockholders, it is against the Company's practice to disclose to them any material non-public information or other confidential commercial information. Accordingly, stockholders should not assume that the Company agrees with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, the Company has a practice against issuing or confirming financial forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of the Company.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risks in the ordinary course of business that include foreign currency exchange rates. In an effort to mitigate the risk, the Company will enter into forward exchange contracts on a selective basis. At December 31, 2003, the Company had open contracts, with a notional amount of approximately \$14,679 and a fair value of approximately \$15,438.

In the ordinary course of business, the Company is also exposed to risks that interest rate increases may adversely affect funding costs associated with the variable rate debt. For the three-month periods ended December 31, 2003 and 2002, an instantaneous 100 basis point increase in the interest rate would reduce the Company's expected net income in the subsequent three months by \$76 and \$85, respectively, assuming the Company employed no intervention strategies.

ITEM 4 – CONTROLS AND PROCEDURES

An evaluation was performed as of December 28, 2003, under the supervision and with the participation of Company management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Act")). Based on that evaluation, management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or submit under the Act is recorded, processed, summarized and reported in accordance with the rules and forms of the Securities and Exchange Commission. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no absolute assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. However, the controls have been designed to provide reasonable assurance of achieving the controls' stated goals. There have been no changes in our internal control over financial reporting during the last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting or in other factors that could significantly affect internal controls subsequent to their evaluation.

PART II OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

As previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2003 and in its quarterly report on Form 10-Q for the quarter ended September 28, 2003, two arbitration awards (including interest and costs through December 31, 2003) against the Company for approximately \$1.6 million and approximately \$1.5 million are being appealed. Regarding the case involving the \$1.5 million award, the parties verbally agreed to settle all claims between them in exchange for a payment by the Company of \$1.2 million. The terms of this settlement will be set forth in a written settlement agreement which is currently in the process of being negotiated by the parties. Based on the facts currently available to the Company, management believes these matters are adequately provided for, covered by insurance, without merit, or not probable that an unfavorable outcome will result.

As previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2003 and in its quarterly report on Form 10-Q for the quarter ended September 28, 2003, the Company has been named as a defendant in two substantially similar complaints alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. These actions were consolidated in a lawsuit in the United States District Court for the Western District of Pennsylvania in a case captioned *In Re Black Box Corporation Securities Litigation* (Civil Action No. 03-CV-412). On October 3, 2003, the plaintiffs in this action filed a Consolidated Class Action Complaint in this matter. On November 17, 2003, the Company filed a Motion to Dismiss the plaintiffs' complaint. Thereafter, the plaintiffs filed a brief in opposition to the Company's Motion to Dismiss. The Company filed its response to plaintiffs' opposition on February 9, 2004. The Company believes that the claims are without merit and intends to defend itself vigorously.

As previously disclosed in its Current Report on Form 8-K filed on October 28, 2003 and in its quarterly report on Form 10-Q for the quarter ended September 28, 2003, the Company received a formal order of investigation issued by the United States Securities and Exchange Commission (the "SEC"). In connection therewith, during the quarter ended December 28, 2003, the Company and several of its officers, directors, team members and independent auditors provided information to the Staff of the SEC. In late January 2004, the SEC requested information relating to fiscal 2002 from the Company's independent auditors pursuant to an additional subpoena. The Company intends to continue to cooperate fully with the inquiry.

ITEM 2(e) – PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
September 29, 2003 to October 26, 2003	41,100	\$43.05	41,100	826,083 ⁽¹⁾
October 27, 2003 to November 23, 2003	315,608	\$44.06	315,608	1,510,475 ⁽²⁾
November 24, 2003 to December 28, 2003	--	--	--	1,510,475
Total	356,708	\$43.94	356,708	1,510,475

⁽¹⁾ Reflects amounts remaining from an increase of 1,000,000 shares to the Company's existing common stock repurchase program announced on May 7, 2003.

⁽²⁾ Includes an increase of 1,000,000 shares to the Company's existing common stock repurchase program announced on November 20, 2003.

Additional repurchases of stock may occur from time to time depending upon factors such as the Company's cash flows and general market conditions. While the Company expects to continue to repurchase shares for the foreseeable future, there can be no assurance as to the timing or amount of such repurchases.

ITEM 6 – EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 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
- 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
- 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

(b) Reports on Form 8-K furnished during the quarter ended December 28, 2003

Current Report on Form 8-K for the event dated October 21, 2003 covering Item 5 thereof disclosing and filing the Company's press release related to second quarter Fiscal 2004 financial results.

Current Report on Form 8-K for the event dated October 28, 2003 covering Item 5 thereof disclosing the formal order of investigation by the United States Securities and Exchange Commission in connection with an inquiry pursuant to which additional information was requested from the Company and several of its officers, directors and team members.

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

February 11, 2004

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

EXHIBIT INDEX

Exhibit
No.

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CERTIFICATION

I, Fred C. Young, certify that:

I have reviewed this quarterly report on Form 10-Q of Black Box Corporation;

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;

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;

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)) 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) [omitted in accordance with SEC Release No. 33-8238/34-47986]
- 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 procedure, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any changes 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 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

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: February 11, 2004

/s/ Fred C. Young_____

Fred C. Young
Chief Executive Officer

CERTIFICATION

I, Michael McAndrew, certify that:

I have reviewed this quarterly report on Form 10-Q of Black Box Corporation;

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;

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;

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)) 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) [omitted in accordance with SEC Release No. 33-8238/34-47986]
- 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 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

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: February 11, 2004

/s/ Michael McAndrew _____

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 quarter ended December 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, certifies that to his knowledge:

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

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

/s/ Fred C. Young_____

Fred C. Young
Chief Executive Officer
February 11, 2004

/s/ Michael McAndrew_____

Michael McAndrew
Chief Financial Officer
February 11, 2004

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.