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

**FORM 8-K
CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): **July 28, 2009**

Black Box Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-18706
(Commission File Number)

95-3086563
(IRS 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**

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On July 28, 2009, Black Box Corporation (the “Company”) issued a press release announcing financial results for the fiscal quarter ended June 27, 2009. A copy of the press release is furnished as Exhibit 99.1 to this report.

The Company provides quarterly and annual financial statements that are prepared in accordance with generally accepted accounting principles (“GAAP”). In addition, the press release attached hereto as Exhibit 99.1 contains non-GAAP financial information which has been identified as such. The presentation of this non-GAAP financial information is not meant to be considered in isolation or as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. The press release attached hereto also includes a reconciliation of the non-GAAP financial information provided with the comparable financial information reported in accordance with GAAP. The Company believes that all readers of such financial information should properly review and understand the disclosed material limitations associated with the non-GAAP financial measures included in the press release as well as the difference between the non-GAAP and the GAAP financial information.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated July 28, 2009.

SIGNATURES

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 hereunto duly authorized.

Black Box Corporation

Date: July 28, 2009

By: /s/ Michael McAndrew

Michael McAndrew
Vice President, Chief Financial Officer, Treasurer
and Secretary
(Principal Accounting Officer)

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated July 28, 2009



Contact

Black Box Corporation
 Gary Doyle
 Director - Investor Relations
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FOR IMMEDIATE RELEASE

BLACK BOX CORPORATION REPORTS FIRST QUARTER OF FISCAL 2010 RESULTS

PITTSBURGH, PENNSYLVANIA, July 28, 2009 - Black Box Corporation (NASDAQ:BBOX) today reported results for the first quarter of Fiscal 2010 ended June 27, 2009.

For the first quarter of Fiscal 2010, diluted earnings per share were 44¢ on net income of \$7.8 million or 3.3% of revenues compared to diluted earnings per share of 73¢ on net income of \$12.8 million or 5.3% of revenues for the same quarter last year. On a sequential quarter comparison basis, fourth quarter of Fiscal 2009 diluted earnings per share were 48¢ on net income of \$8.4 million or 3.5% of revenues. Excluding reconciling items, operating earnings per share (which is a non-GAAP term and is defined below) for the first quarter of Fiscal 2010 were 71¢ on operating net income (which is a non-GAAP term and is defined below) of \$12.4 million or 5.3% of revenues compared to operating earnings per share of 72¢ on operating net income of \$12.5 million or 5.2% of revenues for the same quarter last year. See below for additional information regarding the comparability of Fiscal 2010 and Fiscal 2009 operating earnings per share. Management believes that presenting operating earnings per share and operating net income is useful to investors because it provides a more meaningful comparison of the ongoing operations of the Company.

For the first quarter of Fiscal 2010, the Company's pre-tax reconciling items were \$7.4 million with an after-tax impact on net income and EPS of \$4.6 million and 27¢, respectively. During the first quarter of Fiscal 2009, the Company's pre-tax reconciling items were (\$0.5) million with an after-tax impact on EPS of (1¢). See below for further discussion regarding Management's use of non-GAAP accounting measurements and a detailed presentation of the Company's pre-tax reconciling items for the periods presented above.

First quarter of Fiscal 2010 total revenues were \$235 million, a decrease of \$8 million or 3% from \$243 million for the same quarter last year. On a sequential quarter comparison basis, fourth quarter of Fiscal 2009 total revenues were \$241 million.

First quarter of Fiscal 2010 cash provided by operating activities was \$16 million or 206% of net income, compared to \$12 million or 97% of net income for the same quarter last year. First quarter of Fiscal 2010 free cash flow (which is a non-GAAP term and is defined below) was \$16 million compared to \$12 million for the same quarter last year. On a sequential quarter comparison basis, fourth quarter of Fiscal 2009 cash provided by operating activities was \$20 million or 237% of net income and free cash flow was \$19 million. Black Box utilized its first quarter of Fiscal 2010 free cash flow primarily to fund debt reduction of \$12 million and to pay dividends of \$1 million. Management believes that free cash flow, defined by the Company as cash provided by operating activities less net capital expenditures, plus proceeds from stock option exercises, plus or minus foreign currency translation adjustments, is an important measurement of liquidity as it represents the total cash available to the Company.

The Company's six-month order backlog was \$210 million at June 27, 2009 compared to \$158 million for the same quarter last year. On a sequential quarter end comparison basis, the Company's six-month order backlog was \$194 million at March 31, 2009.

For the second quarter of Fiscal 2010, the Company is targeting reported revenues of approximately \$230 million to \$235 million and corresponding operating earnings per share in the range of 65¢ to 70¢. Included in these projections is an effective tax rate of 37.5%.

All of the above exclude acquisition-related expense, employee severance and facility consolidations costs, historical stock option granting practices investigation and related matters costs, current legal matters costs and the impact of changes in the fair market value of the Company's interest-rate swaps, and all of the above are before any new mergers and acquisition activity that has not been announced.

Commenting on the first quarter of Fiscal 2010 results and the second quarter of Fiscal 2010 outlook, Terry Blakemore, President and Chief Executive Officer said "Black Box's broad product offering and world-class technical service continue to provide the communication solutions to serve our current customers and win new business - even in challenging economic times. In an environment where there are fewer revenue opportunities, we continue to proactively manage our cost structure to ensure continued profitability and positive cash flow. The disciplined management of our operational and financial resources allowed us to reduce our debt this quarter while we continue to evaluate selective strategic acquisitions."

"I am confident that our experienced management team and customer focus will allow us to maximize revenue by serving our loyal customers and capitalizing on new opportunities as the economy improves."

The Company will conduct a conference call beginning at 5:00 p.m. Eastern Daylight Time today, July 28, 2009. Terry Blakemore, President and Chief Executive Officer, will host the call. To participate in the call, please dial 612-332-1025 approximately 15 minutes prior to the starting time and ask to be connected to the Black Box Earnings Call. A replay of the conference call will be available for one week after the teleconference by dialing 320-365-3844 and using access code 106356. A live, listen-only audio webcast of the call will be available through a link on the Investor Relations page of the Company's Web site at www.blackbox.com. A webcast replay of the call will also be archived on Black Box's Web site for a limited period of time following the conference call.

Black Box is the world's largest technical services company dedicated to designing, building and maintaining today's complicated data and voice infrastructure systems. Black Box services 175,000 clients in 141 countries with 192 offices throughout the world. To learn more, visit the Black Box Web site at <http://www.blackbox.com>.

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Any forward-looking statements contained in this release 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 release. You can identify these forward-looking statements by the fact they use words such as "should," "anticipate," "estimate," "approximate," "expect," "target," "may," "will," "project," "intend," "plan," "believe" and other words of similar meaning and expression in connection with any discussion of future operating or financial performance. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Although it is not possible to predict or identify all risk factors, they may include the timing and final outcome of the ongoing review of the Company's stock option practices, including the related Securities and Exchange Commission ("SEC") investigation, shareholder derivative lawsuit, tax matters and insurance/indemnification matters, and the impact of any actions that may be required or taken as a result of such review, SEC investigation, shareholder derivative lawsuit, tax matters or insurance/indemnification 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, the timing and costs of restructuring programs, successful marketing of DVH (Data, Voice, Hotline) services, successful implementation of the Company's M&A program, including identifying appropriate targets, consummating transactions and successfully integrating the businesses, successful implementation of our government contracting programs, competition, changes in foreign, political and economic conditions, fluctuating foreign currencies compared to the U.S. dollar, rapid changes in technologies, client preferences, the Company's arrangements with suppliers of voice equipment and technology and various other matters, many of which are beyond the Company's control. Additional risk factors are included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2009. We can give no assurance that any goal, plan or target set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.

BLACK BOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

In thousands, except per share amounts	Three-months ended June 27 and 28,	
	2009	2008
Revenues		
Hotline products	\$ 42,282	\$ 55,639
On-Site services	192,930	186,914
Total	235,212	242,553
Cost of sales		
Hotline products	22,195	27,982
On-Site services	130,604	126,429
Total	152,799	154,411
Gross profit	82,413	88,142
Selling, general & administrative expenses	63,883	66,468
Intangibles amortization	4,045	1,826
Operating income	14,485	19,848
Interest expense (income), net	2,144	(265)
Other expenses (income), net	(142)	(96)
Income before provision for income taxes	12,483	20,209
Provision for income taxes	4,681	7,376
Net income	\$ 7,802	\$ 12,833
Earnings per common share		
Basic	\$ 0.45	\$ 0.73
Diluted	\$ 0.44	\$ 0.73
Weighted average common shares outstanding		
Basic	17,539	17,516
Diluted	17,539	17,518
Dividends per share	\$ 0.06	\$ 0.06

BLACK BOX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except par value	June 27, 2009	March 31, 2009
Assets		
Cash and cash equivalents	\$ 25,774	\$ 23,720
Accounts receivable, net	152,328	163,975
Inventories, net	54,009	55,898
Costs/estimated earnings in excess of billings on uncompleted contracts	74,693	66,066
Prepaid and other current assets	32,482	30,809
Total current assets	339,286	340,468
Property, plant and equipment, net	27,078	28,419
Goodwill	627,447	621,948
Intangibles		
Customer relationships, net	102,803	105,111
Other intangibles, net	35,956	37,684
Other assets	3,130	2,858
Total assets	\$ 1,135,700	\$ 1,136,488
Liabilities		
Accounts payable	\$ 79,240	\$ 79,021
Accrued compensation and benefits	25,115	30,446
Deferred revenue	35,262	35,520
Billings in excess of costs/estimated earnings on uncompleted contracts	18,663	18,217
Income taxes	7,745	5,164
Other liabilities	36,985	41,891
Total current liabilities	203,010	210,259
Long-term debt	237,420	249,260
Other liabilities	28,367	29,670
Total liabilities	\$ 468,797	\$ 489,189
Stockholders' equity		
Common stock	\$ 25	\$ 25
Additional paid-in capital	447,294	445,774
Retained earnings	527,773	521,023
Accumulated other comprehensive income	14,906	3,572
Treasury stock	(323,095)	(323,095)
Total stockholders' equity	\$ 666,903	\$ 647,299
Total liabilities and stockholders' equity	\$ 1,135,700	\$ 1,136,488

BLACK BOX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three-months ended June 27 and 28,	
	2009	2008
Operating Activities		
Net income	\$ 7,802	\$ 12,833
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Intangibles amortization and depreciation	6,078	4,252
Loss (gain) on sale of property	76	6
Deferred taxes	548	936
Tax impact from stock options	123	160
Stock compensation expense	1,643	542
Change in fair value of interest-rate swap	(203)	(2,708)
Changes in operating assets and liabilities (net of acquisitions)		
Accounts receivable, net	11,690	799
Inventories, net	2,555	3,983
All other current assets excluding deferred tax asset	(2,549)	(1,694)
Liabilities exclusive of long-term debt	(11,676)	(6,681)
Net cash provided by (used for) operating activities	\$ 16,087	\$ 12,428
Investing Activities		
Capital expenditures	\$ (567)	\$ (652)
Capital disposals	29	22
Acquisition of businesses (payments)/recoveries	--	(6,286)
Prior merger-related (payments)/recoveries	(916)	165
Net cash provided by (used for) investing activities	\$ (1,454)	\$ (6,751)
Financing Activities		
Proceeds from borrowings	\$ 38,385	\$ 52,575
Repayment of borrowings	(50,433)	(58,448)
Deferred financing costs	--	(112)
Payment of dividends	(1,052)	(1,051)
Net cash provided by (used for) financing activities	\$ (13,100)	\$ (7,036)
Foreign currency exchange impact on cash	\$ 521	\$ (55)
Increase / (decrease) in cash and cash equivalents	\$ 2,054	\$ (1,414)
Cash and cash equivalents at beginning of period	\$ 23,720	\$ 26,652
Cash and cash equivalents at end of period	\$ 25,774	\$ 25,238

Non-GAAP Financial Measures

As a supplement to United States Generally Accepted Accounting Principles (“GAAP”), the Company provides non-GAAP financial measures such as free cash flow, cash provided by operating activities excluding restructuring payments (see below for reference), operating net income, operating earnings per share, Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”), Adjusted EBITDA, adjusted operating income and same-office revenue comparisons to illustrate the Company’s operational performance. These non-GAAP financial measures exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. Pursuant to the requirements of Regulation G, the Company has provided Management explanations regarding their use and the usefulness of non-GAAP financial measures, definitions of the non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures, which are provided below.

Management uses non-GAAP financial measures (a) to evaluate the Company’s historical and prospective financial performance as well as its performance relative to its competitors, (b) to set internal sales targets and associated operating budgets, (c) to allocate resources, (d) to measure operational profitability and (e) as an important factor in determining variable compensation for Management and its team members. Moreover, the Company has historically reported these non-GAAP financial measures as a means of providing consistent and comparable information with past reports of financial results.

While Management believes these non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of non-GAAP financial measures. The limitations include (i) the non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all of the Company’s competitors and may not be directly comparable to similarly-titled measures of the Company’s competitors due to potential differences in the exact method of calculation, (ii) the non-GAAP financial measures exclude certain non-cash amortization of intangible assets on acquisitions, however, they do not specifically exclude the added benefits of these costs, such as revenue and contributing operating margin, (iii) the non-GAAP financial measures exclude non-cash asset write-up depreciation expense on acquisitions related to acquisitions made during recent years which is derived from the book value to fair market value write-up on acquired assets, (iv) the non-GAAP financial measures exclude the non-cash change in fair value of the Company’s interest-rate swaps which will continue to impact the Company’s earnings until the interest-rate swaps are settled, (v) the non-GAAP financial measures exclude costs for employee severance and facility consolidations (“employee severance and facility consolidations costs”) incurred during the periods reported 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 that will impact future operating results, (vi) the non-GAAP financial measures exclude historical stock option granting practices investigation and related matters costs, including costs associated with the related SEC investigation, shareholder derivative lawsuit, tax matters and insurance/indemnification matters, (vii) the non-GAAP financial measures exclude costs, including settlement or resolution, arising from current legal matters associated with the ongoing operations of the Company (“current legal matters costs”) and (viii) there is no assurance the excluded items in the non-GAAP financial measures will not occur in the future. The Company compensates for these limitations by using these non-GAAP financial measures as supplements to GAAP financial measures and by reviewing the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures.

Non-GAAP financial measures are not in accordance with, or an alternative for, GAAP. The Company’s non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measurements, and should be read only in conjunction with the Company’s consolidated financial statements prepared in accordance with GAAP.

Free cash flow

Free cash flow is defined by the Company as cash provided by operating activities less net capital expenditures, plus proceeds from stock option exercises, plus or minus foreign currency translation adjustments. Management’s reasons for exclusion of each item are explained in further detail below.

Net capital expenditures

The Company believes net capital expenditures must be taken into account along with cash provided by operating activities to more properly reflect the actual cash available to the Company. Net capital expenditures are typically material and directly impact the availability of the Company’s operating cash. Net capital expenditures are comprised of capital expenditures and capital disposals.

Foreign currency translation adjustment

Due to the size of the Company's international operations, and the ability of the Company to utilize cash generated from foreign operations locally without the need to convert such currencies to U.S. dollars on a regular basis, the Company believes that it is appropriate to adjust its operating cash flows to take into account the positive and/or negative impact of such charges as such adjustment provides an appropriate measure of the availability of the Company's operating cash on a world-wide basis. A limitation of adjusting cash flows to account for the foreign currency impact is that it may not provide an accurate measure of cash available in U.S. dollars.

Proceeds from stock option exercises

The Company believes that proceeds from stock option exercises should be added to cash provided by operating activities to more accurately reflect the actual cash available to the Company. The Company has demonstrated a recurring inflow of cash related to its stock-based compensation plans and, since this cash is immediately available to the Company, it directly impacts the availability of the Company's operating cash. The amount of proceeds from stock option exercises is dependent upon a number of variables, including the number and exercise price of outstanding options and the trading price of the Company's common stock. In addition, the timing of stock option exercises is under the control of the individual option holder and is not in the control of the Company. As a result, there can be no assurance as to the timing or amount of any proceeds from stock option exercises.

A reconciliation of cash provided by operating activities to free cash flow is presented below:

	1Q10		4Q09		1Q09
Cash provided by operating activities	\$ 16,087	\$	19,803	\$	12,428
Net capital expenditures	(538)		(205)		(630)
Foreign currency exchange impact on cash	521		(388)		(55)
Free cash flow before stock option exercises	\$ 16,070	\$	19,210	\$	11,743
Proceeds from stock option exercises	--		--		--
Free cash flow	\$ 16,070	\$	19,210	\$	11,743

Cash provided by operating activities excluding restructuring payments

Cash provided by operating activities excluding restructuring payments is defined by the Company as cash provided by operating activities plus restructuring payments. Restructuring payments are the cash payments made during the period for employee severance and facility consolidations costs. The Company believes that restructuring payments should be added to cash provided by operating activities to more accurately reflect the cash flow from operations.

A reconciliation of cash provided by operating activities to cash provided by operating activities excluding restructuring payments is presented below:

	1Q10		4Q09		1Q09
Cash provided by operating activities	\$ 16,087	\$	19,803	\$	12,428
Restructuring payments	3,955		4,339		3,154
Cash provided by operating activities excluding restructuring payments	\$ 20,042	\$	24,142	\$	15,582

Operating net income and operating earnings per share ("EPS")

Management believes that operating net income, defined by the Company as net income plus reconciling items, and operating EPS, defined as operating net income divided by weighted average common shares outstanding (diluted), provide investors additional important information to enable them to assess, in a way Management assesses, the Company's current and future operations. Reconciling items include amortization of intangible assets on acquisitions, asset write-up depreciation expense on acquisitions, the change in fair value of the interest-rate swaps, employee severance and facility consolidation costs, historical stock option granting practices investigation and related matters costs and current legal matters costs. Management's reason for exclusion of each item is explained in further detail below.

Amortization of intangible assets on acquisitions

The Company incurs non-cash amortization expense from intangible assets related to various acquisitions it has made in recent years. Management excludes these expenses and their related tax impact for the purpose of calculating non-GAAP financial measures when it evaluates the continuing operational performance of the Company because these costs are fixed at the time of an acquisition, are then amortized over a period of several years after the acquisition and generally cannot be changed or influenced by Management after the acquisition.

Asset write-up depreciation expense on acquisitions

The Company incurs non-cash asset write-up depreciation expense on acquisitions related to acquisitions made during recent years. Specifically, this non-cash expenditure is derived from the book value to fair market value write-up on acquired assets. Asset write-ups are depreciated over their remaining useful life which generally falls between one to five years. Management excludes these expenses and their related tax impact for the purpose of calculating non-GAAP financial measures when it evaluates the continuing operational performance of the Company because these costs are fixed from acquisition to the end of the asset's useful life, and generally cannot be changed or influenced by Management after the acquisition.

Change in fair value of the interest-rate swaps

To mitigate the risk of interest-rate fluctuations associated with the Company's variable rate debt, the Company entered into two separate interest-rate swaps ("interest-rate swaps") that do not qualify as a cash flow hedge. Thus, the Company records the change in fair value of the interest-rate swaps as an asset/liability within the Company's Condensed Consolidated Balance Sheets with the offset to Interest expense (income) within the Company's Condensed Consolidated Statements of Income. Management excludes this non-cash expense and the related tax impact for the purpose of calculating non-GAAP financial measures when it evaluates the continuing operational performance of the Company because these costs generally cannot be changed or influenced by Management.

Employee severance and facility consolidation costs

The Company believes that incurring costs in the current period(s) 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 will result in a long-term positive impact on financial performance in the future. Employee severance and facility consolidation costs are presented in accordance with GAAP in the Company's Condensed Consolidated Statements of Income. However, due to the amount of additional costs incurred during a single or possibly successive periods, Management believes that exclusion of these costs and their related tax impact provides a more accurate reflection of the Company's ongoing financial performance.

Historical stock option granting practices investigation and related matters costs

The Company incurs costs in connection with its investigation of historical stock option granting practices, including the related SEC investigation, shareholder derivative lawsuit, tax matters and insurance/indemnification matters. Management excludes these expenses and their related tax impact for the purpose of calculating non-GAAP financial measures when it evaluates the continuing operational performance of the Company because these costs are generally non-recurring and cannot be changed or influenced by Management.

Current legal matters costs

The Company incurs costs arising from current legal matters associated with the ongoing operations of the Company. Management excludes these expenses and their related tax impact for the purpose of calculating non-GAAP financial measures when it evaluates the continuing operational performance of the Company because these costs are generally non-recurring and cannot be changed or influenced by Management.

Fiscal 2010 and Fiscal 2009 comparability

During Fiscal 2009, the Company excluded stock-based compensation expense when evaluating the continuing operations of the Company. Beginning with the first quarter of Fiscal 2010, the Company will not exclude such expenses. For comparability purposes only, the Company has restated reconciling items, operating net income and operating EPS for the first and fourth quarter of Fiscal 2009 to reflect this change in presentation.

For the first quarter of Fiscal 2010, stock-based compensation expense was \$1,643 with an after-tax impact on net income and EPS of \$1,027 and 6¢, respectively. During the fourth quarter of Fiscal 2009, stock-based compensation expense was \$805 with an after-tax impact on net income and EPS of \$543 and 3¢, respectively. For the first quarter of Fiscal 2009, stock-based compensation expense was \$542 with an after-tax impact on net income and EPS of \$344 and 2¢, respectively.

The following table represents the Company's pre-tax reconciling items:

	1Q10	4Q09	1Q09
Non-cash charges			
Amortization of intangible assets on acquisitions	\$ 4,031	\$ 3,785	\$ 1,791
Asset write-up depreciation expense on acquisitions	--	507	448
Change in fair value of the interest-rate swaps	(203)	(533)	(2,708)
Total non-cash charges	\$ 3,828	\$ 3,759	\$ (469)
Cash charges			
Employee severance and facility consolidations costs	\$ 1,113	\$ 6,946	\$ --
Historical stock option granting practices investigation and related matters costs	264	939	--
Current legal matters costs	2,145	--	--
Total cash charges	\$ 3,522	\$ 7,885	\$ --
Total pre-tax reconciling items	\$ 7,350	\$ 11,644	\$ (469)

A reconciliation of net income to operating net income is presented below:

	1Q10	4Q09	1Q09
Net income	\$ 7,802	\$ 8,350	\$ 12,833
% of Revenue	3.3%	3.5%	5.3%
Reconciling items, after tax	4,594	7,827	(298)
Operating net income	\$ 12,396	\$ 16,177	\$ 12,535
% of Revenue	5.3%	6.7%	5.2%

A reconciliation of diluted EPS to operating EPS is presented below:

	1Q10	4Q09	1Q09
Diluted EPS	\$ 0.44	\$ 0.48	\$ 0.73
EPS impact of reconciling items	0.27	0.44	(0.01)
Operating EPS	\$ 0.71	\$ 0.92	\$ 0.72

EBITDA and Adjusted EBITDA

Management believes that EBITDA, defined as income before provision for income taxes plus interest, depreciation and amortization, is a widely accepted measure of profitability that may be used to measure the Company's ability to service its debt. Adjusted EBITDA, defined as EBITDA plus stock-based compensation expense, may also be used to measure the Company's ability to service its debt. Stock-based compensation is an integral part of ongoing operations since it is considered similar to other types of compensation to employees. However, Management believes that varying levels of stock-based compensation expense could result in misleading period-over-period comparisons and is providing an adjusted disclosure which excludes stock-based compensation.

A reconciliation of net income to EBITDA is presented below:

	1Q10	4Q09	1Q09
Income before provision for income taxes	\$ 12,483	\$ 10,963	\$ 20,209
Interest	2,144	2,174	(265)
Depreciation/Amortization	6,078	6,289	4,252
EBITDA	\$ 20,705	\$ 19,426	\$ 24,196
Stock-based compensation expense	1,643	805	542
Adjusted EBITDA	\$ 22,348	\$ 20,231	\$ 24,738

Supplemental Information

The following supplemental information, including geographical segment results, service type results, same-office revenue comparisons and significant balance sheet ratios and other information is being provided for comparisons of reported results for the first quarter of Fiscal 2010, fourth quarter of Fiscal 2009 and first quarter of Fiscal 2009. All dollar amounts are in thousands unless noted otherwise.

Geographical Segment Results

Management is presented with and reviews revenues, operating income and adjusted operating income by geographical segment. Adjusted operating income is defined by the Company as operating income plus reconciling items. Reconciling items include intangible assets on acquisitions, asset write-up depreciation expense on acquisitions, employee severance and facility consolidation costs, historical stock option granting practices investigation and related matters costs and current legal matters costs. See above for additional details provided by Management regarding non-GAAP financial measures. Revenues, operating income and adjusted operating income for North America, Europe and All Other are presented below:

	1Q10	4Q09	1Q09
Revenues			
North America	\$ 204,583	\$ 207,248	\$ 196,336
Europe	23,886	25,727	35,768
All Other	6,743	8,357	10,449
Total	\$ 235,212	\$ 241,332	\$ 242,553
Operating income			
North America	\$ 11,575	\$ 9,737	\$ 14,484
% of North America revenues	5.7%	4.7%	7.4%
Europe	\$ 2,089	\$ 2,397	\$ 3,813
% of Europe revenues	8.7%	9.3%	10.7%
All Other	\$ 821	\$ 1,021	\$ 1,551
% of All Other revenues	12.2%	12.2%	14.8%
Total	\$ 14,485	\$ 13,155	\$ 19,848
% of Total revenues	6.2%	5.5%	8.2%
Reconciling items (pretax) ¹			
North America	\$ 7,018	\$ 10,852	\$ 2,239
Europe	535	1,112	--
All Other	--	213	--
Total	\$ 7,553	\$ 12,177	\$ 2,239
Adjusted Operating income			
North America	\$ 18,593	\$ 20,589	\$ 16,723
% of North America revenues	9.1%	9.9%	8.5%
Europe	\$ 2,624	\$ 3,509	\$ 3,813
% of Europe revenues	11.0%	13.6%	10.7%
All Other	\$ 821	\$ 1,234	\$ 1,551
% of All Other revenues	12.2%	14.8%	14.8%
Total	\$ 22,038	\$ 25,332	\$ 22,087
% of Total revenues	9.4%	10.5%	9.1%

¹ During Fiscal 2009, the Company excluded stock-based compensation expense when evaluating the continuing operations of the Company. Beginning with the first quarter of Fiscal 2010, the Company will not exclude such expenses. For comparability purposes only, the Company has restated reconciling items (pretax) and adjusted operating income for the first and fourth quarter of Fiscal 2009 to reflect this change in presentation. The Company incurred stock-based compensation expense of \$1,643, \$805 and \$542 during the first quarter of Fiscal 2010, fourth quarter of Fiscal 2009 and first quarter for Fiscal 2009, respectively.

Service Type Results

Management is presented with and reviews revenues and gross profit for Data Services, Voice Services and Hotline Services which are presented below:

	1Q10	4Q09	1Q09
Revenues			
Data Services	\$ 51,410	\$ 49,600	\$ 46,884
Voice Services	141,520	145,947	140,030
Hotline Services	42,282	45,785	55,639
Total	\$ 235,212	\$ 241,332	\$ 242,553
Gross profit			
Data Services	\$ 13,947	\$ 13,994	\$ 13,287
% of Data Services revenues	27.1%	28.2%	28.3%
Voice Services	\$ 48,379	\$ 49,566	\$ 47,198
% of Voice Services revenues	34.2%	34.0%	33.7%
Hotline Services	\$ 20,087	\$ 21,503	\$ 27,657
% of Hotline Services revenues	47.5%	47.0%	49.7%
Total	\$ 82,413	\$ 85,063	\$ 88,142
% of Total revenues	35.0%	35.2%	36.3%

Same-office revenue comparisons

Management is presented with and reviews revenues on a same-office basis which excludes the effects of revenues from acquisitions. While the information provided below is presented on a consolidated basis, the revenue from offices added below relates to the North American Data Services and North American Voice Services. Reported same-office comparisons for the Company's North America, Data Services and Voice Services segments can be determined by excluding the revenues from offices added since 4/1/08 or 12/28/08 as shown below.

Information on quarterly revenues on a same-office basis compared to the same period last year is presented below:

	1Q10	1Q09	% Change
Reported revenues	\$ 235,212	\$ 242,553	(3%)
Less revenue from Data Services offices added since 4/1/08 (1Q09)	(13,308)	--	
Less revenue from Voice Services offices added since 4/1/08 (1Q09)	(26,097)	(3,151)	
Reported revenues on same-office basis	\$ 195,807	\$ 239,402	(18%)
Foreign currency impact	5,715	--	
Revenues on same-office basis (excluding foreign currency impact)	\$ 201,522	\$ 239,402	(16%)

Information on revenues on a same-office basis compared to the sequential quarter is presented below:

	1Q10	4Q09	% Change
Reported revenues	\$ 235,212	\$ 241,332	(3%)
Less revenue from Data Services offices added since 12/28/08 (4Q09)	--	--	
Less revenue from Voice Services offices added since 12/28/08 (4Q09)	(11,194)	--	
Reported revenues on same-office basis	\$ 224,018	\$ 241,332	(7%)
Foreign currency impact	(1,645)	--	
Revenues on same-office basis (excluding foreign currency impact)	\$ 222,373	\$ 241,332	(8%)

Significant Balance Sheet ratios and Other Information

Information on certain balance sheet ratios, backlog and headcount is presented below. Dollar amounts are in millions.

	1Q10		4Q09		1Q09		
Accounts receivable							
Gross accounts receivable	\$	162.3	\$	173.9	\$	174.3	
Reserve \$ / %		10.0	6.2%	9.9	5.7%	11.6	6.6%
Net accounts receivable	\$	152.3	\$	164.0	\$	162.7	
Net days sales outstanding		52 days		53 days		54 days	
Inventory							
Gross inventory	\$	73.9	\$	76.2	\$	85.7	
Reserve \$ / %		19.9	26.9%	20.3	26.6%	21.0	24.5%
Net inventory	\$	54.0	\$	55.9	\$	64.7	
Net inventory turns		8.5x		8.5x		7.1x	
Six-month order backlog	\$	210	\$	194	\$	158	
Team members		4,428		4,542		4,262	