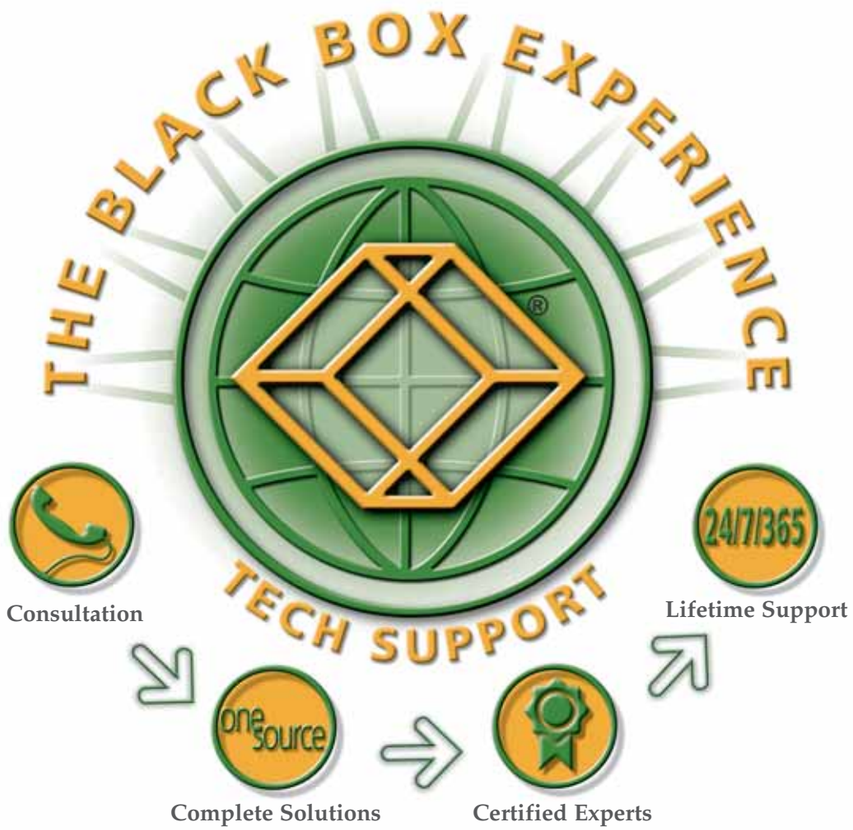
BLACK BOX CORPORATION
WORLD HEADQUARTERS
1000 Park Drive, Lawrence, PA 15055
(20 miles south of Pittsburgh)

Whether you're planning a new data or voice installation, or upgrades to your existing system, Black Box can offer you start-to-finish services.



DATA SERVICES VOICE SERVICES HOTLINE SERVICES

www.blackbox.com • 724-746-5500

BLACK BOX CORPORATION 2004 ANNUAL REPORT

BLACK BOX®
NETWORK SERVICES

one source®

for worldwide infrastructure services

2004 Annual Report

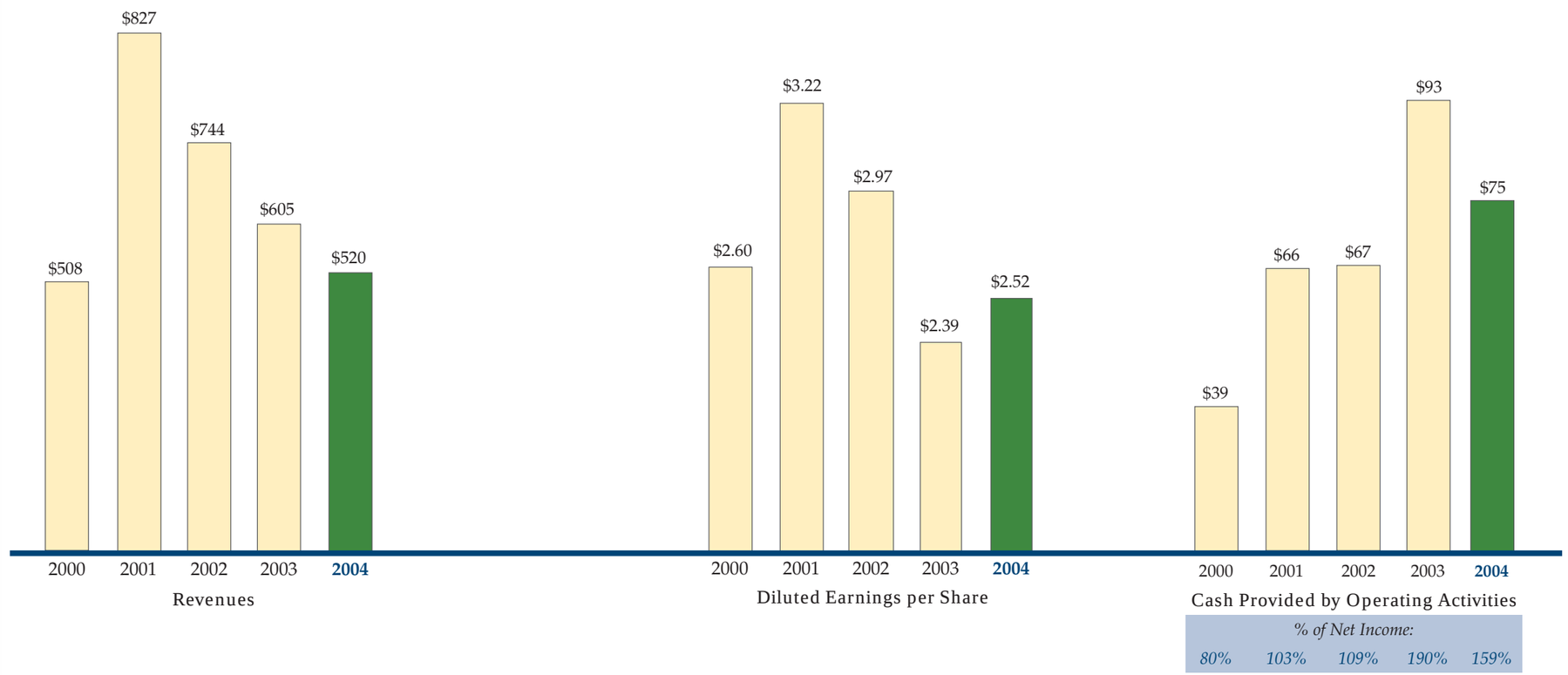
FINANCIAL HIGHLIGHTS 2004

Black Box Corporation (NASDAQ: BBOX) is the world's largest technical services company dedicated to designing, building and maintaining today's complicated network infrastructure systems. The Black Box Team of approximately 2,800 Team Members serves more than 150,000 clients in 132 countries around the world. Founded in 1976, Black Box operates in five continents and is headquartered near Pittsburgh in Lawrence, Pennsylvania.

one source™

Table of Contents

(Dollars in Millions, Except per Share Amounts)	2003	2004
Revenues	$ 605	$ 520
Year-over-year growth	(19)%	(14)%
Operating income	$ 79	$ 75
Operating income as a % of revenues	13.1%	14.5%
Net income	$ 49	$ 47
Net income as a % of revenues	8.0%	9.1%
Year-over-year growth	(18)%	(3)%
Diluted earnings per share	$ 2.39	$ 2.52
Year-over-year growth	(16)%	5%
Cash provided by operating activities	$ 93	$ 75
Cash provided by operating activities as a % of net income	190%	159%
Year-over-year growth	26%	(19)%



LETTER TO OUR STOCKHOLDERS

"We successfully entered and exited FY04 financially strong and strategically focused."

Fred C. Young
Chief Executive Officer
Black Box Corporation

In Summary

Fiscal Year 2004 marks Black Box Corporation's 28th consecutive year of positive earnings and cash flow. We successfully entered and exited FY04 financially strong and strategically focused. This is despite the third consecutive year of a challenging worldwide economy.

A Strong Business Model

Our high profit margin and strong cash flow business model is the result of our operational excellence. Committed to executing with excellence on a day-to-day basis, we set the quality standards in the industry and then we work to exceed them. This passion for consistent execution is the foundation of our stability. And it is the engine for our strategic growth initiatives.

Black Box has a strong tradition of providing our 150,000 clients worldwide with the highest level of satisfaction in the industry. We do so by providing expert-level comprehensive technical services and products. Our technical services and related products are aggressively marketed as "One Source for Worldwide Infrastructure Services." Our service model helps single-site and multi-site, small and global clients, better manage their data, voice and video network systems—systems that are the lifelines of every company.

It is our job to keep our clients' networks running…

Financial Stability and Cash Flow

Revenues for FY04 proved to be relatively stable throughout the year, although down 14% from FY03. Corresponding net income was down 3%, as we offset this revenue decline with good cost control and without the need for restructuring charges. As a percent of revenues, net income increased from 8.0% to 9.1%. On the strength of our operating profits and stock repurchase program, diluted earnings per share increased 5% from $2.39 to $2.52. Cash flow remained very strong in absolute amounts and relative to net income. Cash provided by operating activities was $75 million or 159% of net income.

World's Best Technical Services… …We call it the Black Box Experience

Our global operating base, staffed with expert-level technical support and project management teams, provides clients with professional inside-the-building infrastructure services. Black Box's operational service coverage map today spans 117 offices serving 132 countries on 5 continents around the world. Although we speak, at last count, 14 native tongues within Black Box, we speak only one language when it comes to designing, installing and maintaining the highest quality infrastructure systems.

Worldwide technical proficiency is a Black Box hallmark. We strive to meet clients' needs with our rapidly deployable teams, geographic footprint and technical know-how. We provide industry leading 24/7/365 hotline technical support as well as on-site support, and we address technical issues efficiently and consistently. With today's extremely tight IT budgets, our goal has been and will continue to be focused on maximizing our clients' return on their technology investments.

The Black Box Experience includes a passion for quality.....quality services and quality products.....everyday and everywhere.

The guidepost and measurement stick for this passion is centered around our ISO 9001:2000 Certified Quality System. Composed of thousands of "best practice" procedures, we continually push the quality envelope on behalf of our clients.

Looking Forward

As we look forward, we will remain focused on continued overall financial stability. Black Box is committed to remaining profitable by running a well-balanced business, generating positive cash flow and by strategically expanding its worldwide market share. From a marketing and operational perspective, we will stay true to the consistent execution of our world-class technical support services—the combination of data, voice and hotline services. With more than 90% repeat business, we believe Black Box today represents the best-built infrastructure services model in the industry and a business model that continues to demonstrate sound leadership, operating effectiveness and financial discipline.

In Closing

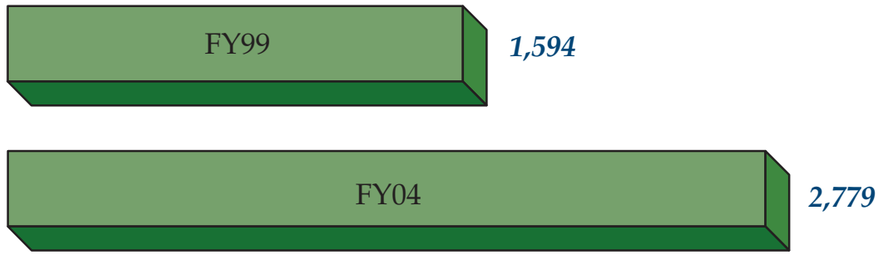
In closing...thank you, our stockholders, for your ongoing support and confidence in the future of Black Box. You can rest assured that the Team is committed to leveraging 28 years of past success to build an even stronger Black Box.

Fred C. Young
Chief Executive Officer

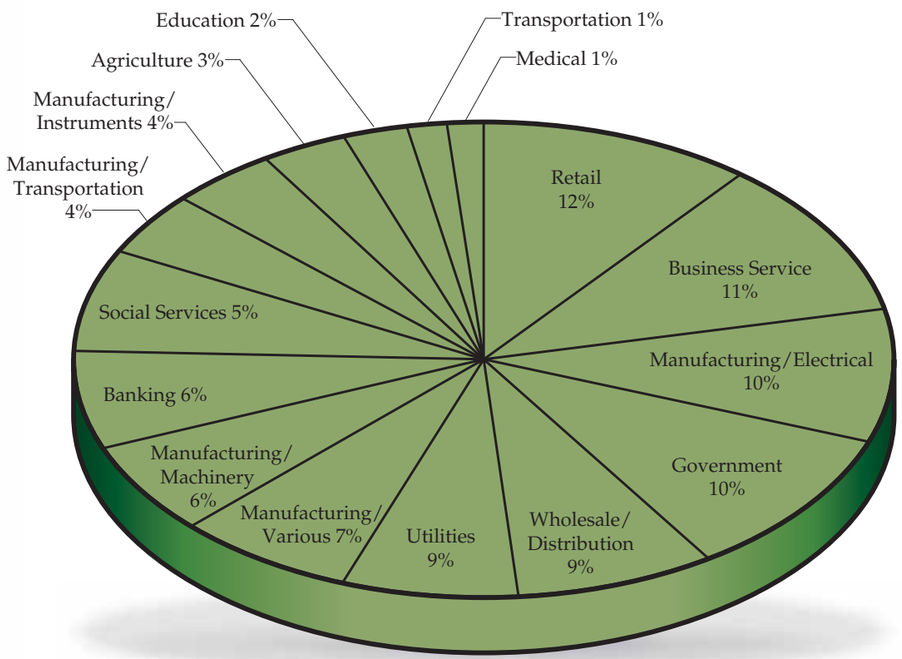
The Black Box Commitment

"Black Box is committed to remaining profitable by running a well-balanced business, generating significant cash flow and by strategically expanding its worldwide market share."

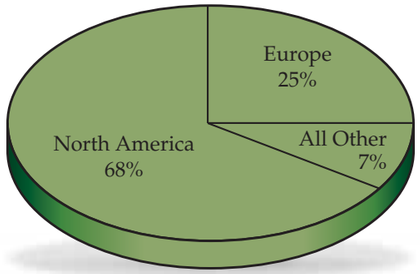
Black Box Worldwide Team Members



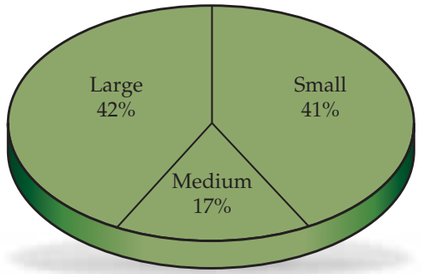
Revenues by Industry



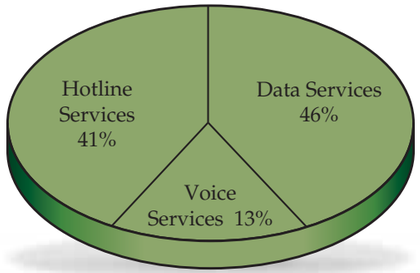
Revenues by Geography



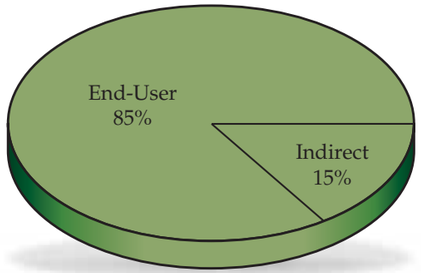
Revenues by Size of Client



Revenues by Service Type



Revenues by Client Type



Black Box serves a diversified client base... both in the public and private sectors.

ONE SOURCE for START-TO-FINISH SERVICES

Black Box provides a true One Source Solution. Clients worldwide rely on Black Box for start-to-finish data, voice and hotline network services.

one source

Consultation

- Site surveys and consultation to determine your needs.
- FREE 24/7/365 hotline consultation and Technical Support.
- Full range of data, voice and technical support services, including custom solutions.
- Worldwide coverage and experience.

Complete Solutions

- Black Box offers an industry first: the Guaranteed-For-Life Structured Cabling System.
- A single point of contact for design/engineering and products.
- Seamless project management.
- Save by sourcing more than 90,000 communications products through Black Box.
- BLACK BOX® brand solutions—from the simplest cable products to complex routers and switches—are available.
- Receive standardized services at all sites around the country or around the world.

Certified Experts

- Installation exceeds industry standards.
- Work with the largest staff anywhere of Registered Communications Distribution Designers (RCDDs), network engineers and BICSI-trained technicians.
- Proven quality procedures followed for installation and support.
- We provide direct service with our own staff, eliminating the middleman.

Lifetime Support

- FREE 24/7/365 hotline Tech Support for all products.
- 24/7/365 maintenance services contracts for voice systems.
- Some of the most comprehensive product and service warranties in the industry.
- Moves/adds/changes, documentation and more.
- Short- and long-term on-site staffing, and emergency support.

Data Services

- Design, installation, product procurement and maintenance of wired, wireless and hybrid networks.
- We provide moves/adds/changes, ongoing support and more.
- Lifetime system warranty.

Voice Services

- Design, installation and maintenance of telephone systems for small, medium and large companies.
- We're certified to support AVAYA, Comdial®, Mitel®, NEC and Nortel Networks®.
- 24/7/365 maintenance contracts.

Hotline Services

- FREE 24/7/365 hotline Tech Support available by phone: call 724-746-5500.
- Free 24/7/365 on-line support at blackbox.com.
- All calls answered within a record-breaking 20 seconds!
- Our techs have the most certifications in the industry.

BLACK BOX WORKS FOR YOU!

EXPERT TECH SUPPORT

"I would like to thank your on-site technician and 24/7/365 call center representative for the fast and effective measures to get us taken care of. It's nice to know when a problem arises, we can count on someone to take care of it without hassles."

Jo Dee Douda
Deputy Director of Administrative Services
LRADAC

one source

Tech Support three ways.

Imagine having fast and easy access to the most knowledgeable and experienced Tech Support staff in the world. You do with Black Box.

- We offer technical support three ways:
  –24/7/365 hotline,
  –www.blackbox.com Web site and
  –locally at your site.
- Our technical experts boast certifications from all leading manufacturers and systems.

The voice of experience.

When you call the FREE Black Box Tech Support hotline, you'll talk to the voice of experience. Our hotline specialists receive continuous training to stay up-to-date on the latest technology. Black Box technicians also stay up-to-date with our own industry-recognized BLACK BOX® Master Technician Courses.

24/7/365 Hotline

- FREE! No contracts. No catches. Our hotline Tech Support experts will solve your technical problems absolutely free of charge.
- Get help 24 hours a day, 7 days a week, 365 days a year.
- FAST. We'll answer your call in 20 seconds or less!

www.blackbox.com Web Site

- FREE, 24/7/365 Tech Support on-line at www.blackbox.com.
- Click on "Talk to a Tech," and one of our experts will call you.
- Access technical information, Black Box Explains, Technology Overviews and more.
- Design your own custom cables on-line with our Cable Wizard.

Locally—at your site:

- Support for on-site needs, including both routine maintenance and emergencies.
- The largest staff of registered designers and BICSI-trained technicians anywhere.
- Our own industry-recognized BLACK BOX® Master Technician courses extend technician certifications beyond industry standards.

BLACK BOX WORKS FOR YOU!

TECHNICAL STAFFING

"I have come to consider Black Box part of the Xbox team and not as vendors helping us complete a job. The Black Box Team has always been there to offer helpful suggestions and to go the extra mile to ensure our project is done properly and on schedule."

Nicky Pike, Program Operations Manager
Xbox Live Operations
Microsoft Corporation

one source

Black Box keeps networks running.

Black Box maintains data and voice networks for companies large and small, around the world.

Companies choose Black Box because of our expertise, vast resources, quick response times and ability to deliver the right services. What's more, we operate transparently within the organization.

Do more with less.

When you use Black Box for your network services, you free up valuable resources and receive exceptional services by the best trained personnel in the industry. You can increase your margins, concentrate more on innovation and control costs better throughout your organization.

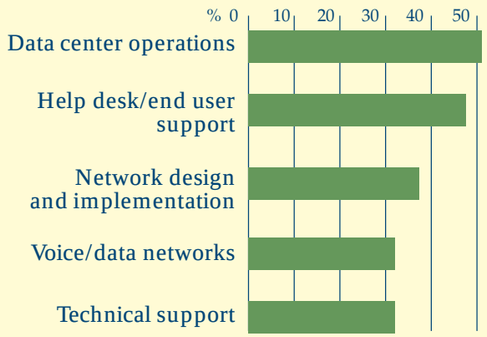
A better bottom line.

Technical staffing with Black Box gives you the flexibility to turn fixed costs into variable costs. You can adjust your workforce based on need; you can budget for preventative maintenance and manage materials better and you can achieve long-term savings without adding to capital expenses. Black Box can customize a technical staffing plan to fit your needs exactly.

The benefits of Black Box technical staffing:

- Shift costs from fixed to variable to better manage economic ups and downs.
- Improve workforce flexibility.
- Reduce fixed costs for benefits, workers' compensation, pension funding, and overhead.
- Reduce the investment required to stay abreast of new technology.
- Receive standardized services.
- Extend technical and management resources.
- Plan and budget maintenance costs better.

Services that are a priority for future contracted technical staffing (% of respondents):



Source: PA Consulting, IT outsourcing survey.

WORLDWIDE COVERAGE

"Critical to the success of our project was a vendor that could implement all the networks consistently from site-to-site and with a single project management contact. Black Box has delivered quality implementations throughout."

Ronald DeGrote
Vice President
NCS Pearson

one source

Build your worldwide network with our worldwide network services.

Black Box is the world leader in data and voice network services. With 28 years of experience, more than 2000 technical experts and 117 offices in 132 countries, we're confident we can handle your most far-reaching assignment.

Thousands of sites—a One Source solution.

Why risk working with multiple vendors, in multiple locales, with multiple results? The solution for worry-free, multi-site project management is simple—call Black Box.

Site-to-site consistency.

Black Box ensures all your sites receive the same high-quality design, workmanship and equipment. You have a single contact dedicated to your project for seamless project management of all your sites.

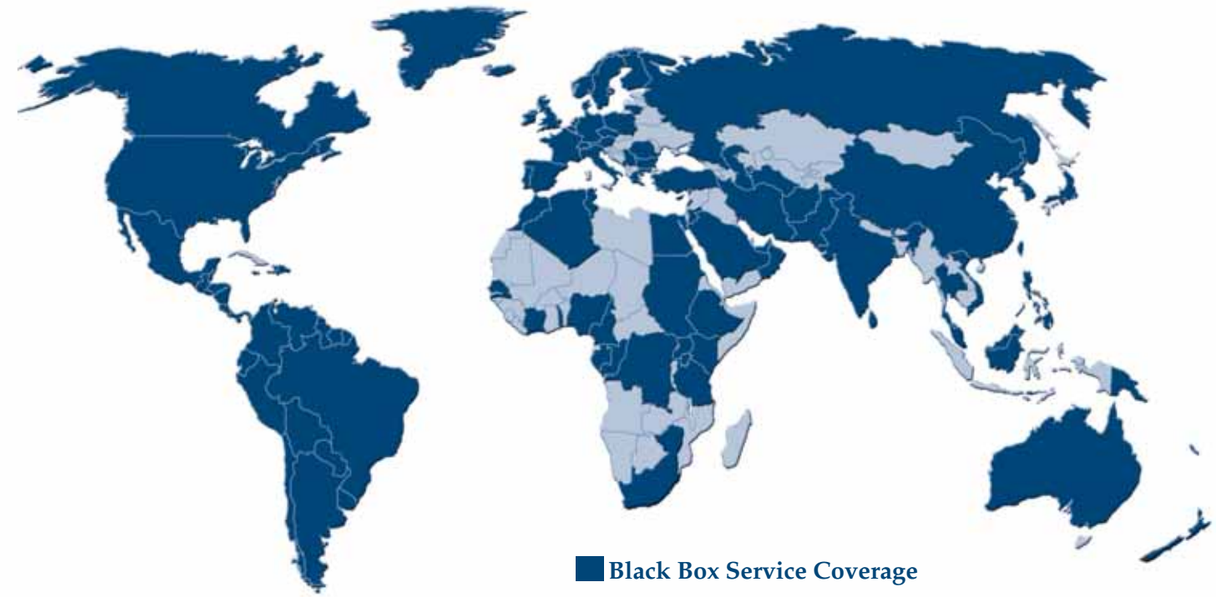
Daily e-Status updates.

This exclusive Black Box on-line service gives you the opportunity to see daily, real-time progress reports on your infrastructure projects—all on-line!

Unrivaled resources.

Work with the industry's largest staff of registered designers and trained technicians, and the most knowledgeable hotline Tech Support staff in the world.

- Worry-free, multi-site network services in multiple cities, states, and countries.
- Serving 150,000 clients in 132 countries.
- The largest footprint in the industry, serving every major sector.
- Consistent, superior workmanship and materials from site to site.
- The largest staff of Registered Communications Distribution Designers (RCDDs) and BICSI trained technicians anywhere.
- FREE 24/7/365 hotline Tech Support.



For specific locations and contact information for all Black Box offices worldwide, go to **www.blackbox.com**!

North & South America
Argentina
Aruba
Bahamas
Barbados
Belize
Bermuda
Bolivia
Brazil
British Virgin Islands
Canada
Cayman Islands
Chile
Colombia
Costa Rica
Dominica
Dominican Republic
Ecuador
Guadeloupe
Guatemala
Guyana
Haiti
Honduras
Jamaica
Martinique
Mexico
Netherlands Antilles
Nicaragua
Panama
Paraguay
Peru
Puerto Rico
Saint Lucia
Saint Martin
Suriname
Trinidad
United States
Uruguay
Venezuela
Virgin Islands of the U.S.

Europe, Africa, & Middle East
Algeria
Andorra
Austria
Bahrain
Belgium
Benin
Burundi
Cameroon
Congo (Zaire)
Croatia
Cyprus
Czech Republic
Denmark
Egypt
Estonia
Ethiopia
Finland
France
Gabon
Germany
Gibraltar
Greece
Greenland
Hungary
Iceland
India
Ireland (Republic of Ireland)
Israel
Italy
Ivory Coast
Kenya
Kuwait
Latvia
Lebanon
Liechtenstein
Lithuania
Luxembourg
Macedonia
Malta
Monaco
Morocco
Netherlands
Nigeria
Norway
Poland
Portugal
Qatar
Republic of South Africa
Réunion
Romania
Russia
Saudi Arabia
Senegal
Slovakia
Spain
Sweden
Switzerland
Tajikistan
Tunisia
Turkey
Turkmenistan
Uganda
United Arab Emirates
United Kingdom
Vatican City
Zimbabwe

Pacific Rim/Far East
American Samoa
Australia
China
Cook Islands
Fiji
Hong Kong
India
Indonesia
Japan
Korea (South)
Malaysia
New Caledonia
New Zealand
Palau
Papua New Guinea
Phillippines
Polynesia
Republic of Taiwan
Samoa
Singapore
Solomon Islands
Sri Lanka
Tahiti
Thailand
Togo
Vanuatu
Vietnam

THE BEST WARRANTIES

"Black Box didn't ask any questions and sent me a new unit without any hassle. When Black Box says Fido Protection, they mean it."

Eric Mueller
Mueller & Wister, Inc.

one source

We back our work and your networks.

At Black Box, every product and every service is covered by an umbrella of protection that guarantees your complete satisfaction. Our programs go beyond standard warranties to protect your purchases and system installations. They're some of the most comprehensive in the industry and exclusive to Black Box.

- Guaranteed-for-Life Structured Cabling System and Certification Plus® guarantees.
- "No Questions Asked" Fido Protection® product warranties, including many with lifetime coverage.
- Help when you need it.
  - –FREE 24/7/365 hotline Tech Support.
  - –On-site Tech Support available for routine maintenance and emergencies.
  - –Voice and data-system support service centers available 24/7/365.

With Black Box, you're covered!

ABSOLUTELY GUARANTEED FOR LIFE

Guaranteed-for-Life Structured Cabling Program. With this exclusive program, you receive a 100% warranty on your BLACK BOX® brand structured cabling system—from products to performance—an industry first. That's Application Assurance, which means your network is absolutely guaranteed to operate the application it was designed to support—for life!

Certification Plus®

Certification Plus®. This program, similar to our Guaranteed-for-Life Structured Cabling program, covers structured cabling products from other manufacturers. If Black Box designs and installs your structured cabling system with materials from another vendor, we'll still certify and guarantee your network—for life!

No questions asked!

FIDO® PROTECTION

Fido Protection®. Our exclusive warranty program protects your new Black Box products from accidental damage, water spills, drops—even dog damage—for the life of the warranty. Plus, many products, such as copper cables, manual switches, cabinets and racks are guaranteed—for life!

The dog ate my tester—really!

"Shadow, my rottweiler/shepherd, chewed up my cable tester! I was prepared to purchase a new unit, but when I found out my tester was covered by Fido Protection, I was ecstatic. Black Box didn't ask any questions and sent me a new unit without any hassle. When Black Box says Fido Protection, they mean it!"

Shadow

Eric Mueller
Mueller & Wister, Inc.

SUPERIOR SERVICES

"Please have any customer that is concerned about your customer support give me a call if they want a firsthand account of your team in action."

Chris Wooten
Vice President
Thales, Inc.

one source

Off-the-shelf.

Find exactly what you need in our extensive line of 90,000+ off-the-shelf products found in our award-winning catalog and on our Web site. We'll ship it the same day.

Made-to-order.

Black Box is the place to go for hard-to-find and custom products. From one-of-a-kind cables to complex conversion devices, we'll customize to your specifications. Send us a request, and we'll get back to you within 24 hours!

Click for One Source solutions.

At **www.blackbox.com**, you can order any one of 90,000+ products, view new products, review technical documents and take advantage of special offers. You can even order custom cables and adapters through our on-line Cable Wizard.

How fast do you need it?

Order before midnight (E.T.), and we'll ship your in-stock order that day. We also offer next-day and even same-day counter-to-counter delivery.

Shipping your way.

We'll work with your special requests for labeling, kitting, special packaging, certificates of compliance, scheduled deliveries and more. Just ask!

The BLACK BOX® Catalog's "Catalog of the Year" win was a first in 2004. In addition, the catalog continued a nine-year tradition of winning top honors in the "Computer Equipment and Software category."

Save money with one source solutions...

Save money on networking products:

- Save 20% on cable when you buy it with the "box."
- Receive discounts on volume purchase agreements.
- Black Box is a qualified GSA supplier and has contracts with many state and local governments, as well as educational institutions.
- First-time buyers save 15%.

Save money on installation projects:

- Source materials directly through Black Box for installation projects.
- Earn PowerDollar$ for 50% savings on BLACK BOX® products.
- We provide direct service with our own staff, eliminating subcontractors, consultants and other middlemen.
- Receive free e-Status daily progress reports on the Web.

BLACK BOX WORKS FOR YOU!

Frontier Guard, Gulf of Finland Coast Guard District

"This was not a "mold" solution that comes straight from the warehouse shelf. Everyone was committed to a well-designed solution, not just an easy, fast-delivered one. That's why it has been such a pleasure to work with all the people at Black Box. And best of all, the final result is just what we were looking for!"

Lieutenant Commander Petteri Leppänen
Frontier Guard, Gulf of Finland Coast Guard District

Project

The Frontier Guard, Gulf of Finland Coast Guard District moved into a new high-tech command center with some help from Black Box. Duty officers need to monitor weather charts, locations and situations of units at sea, and radio and telephone communications. This means monitoring multiple audio and video links, and giving each member of staff the ability to control displays.

Solution

Black Box came up with an advanced switching solution using the ServSwitch™ Multi. This keyboard/video/mouse switch enables the connection of multiple CPUs to one keyboard, monitor, and mouse.

There are at least three panel displays, a keyboard, and a mouse at every desk. Some desks also have an additional matrix of four display panels for monitoring radio broadcasts. For safety, the CPUs are in a separate, locked location about 100 meters away.

There are also video projectors and a large wall display consisting of six background projection cubes. When necessary, the wall display can be used as a single display or as multiple displays. There are nearly 40 display units in the system. With one glance, everyone in the guard duty room can see which ships are on the move.

Starwood Hotels & Resorts Worldwide, Inc.

"The Black Box team was extremely efficient and professional. I must say that everything went according to the plan, and the help we got from Black Box was really great! You have a great team and they should be commended for doing an excellent job."

Gustaf Burman
IT Project Manager EAME
Starwood Hotels & Resorts Worldwide, Inc.

Project

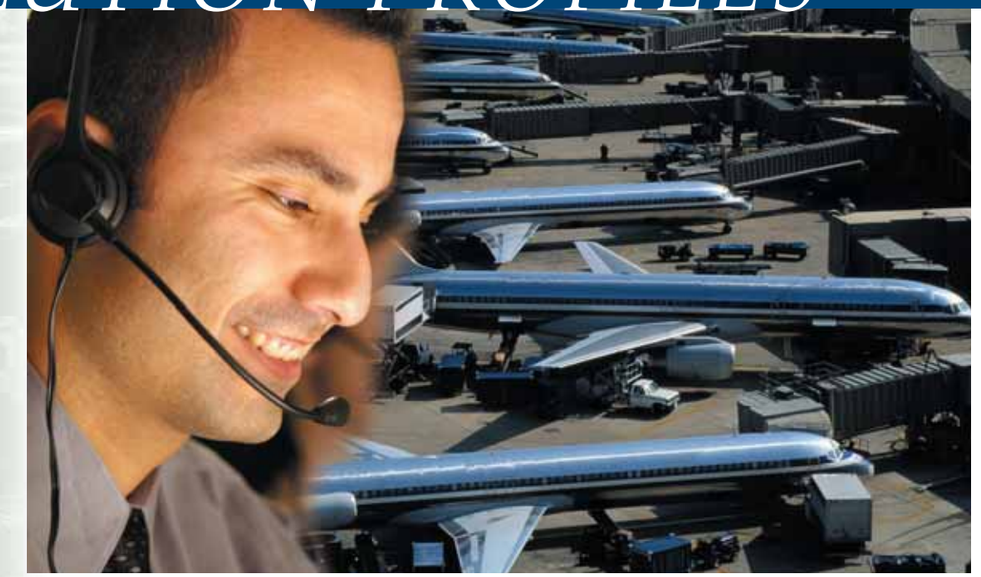
When Starwood Hotels wanted to upgrade the IT department at its European headquarters in Brussels, Belgium, it called Black Box. The company wanted a new data center using up-to-date fiber optic and CAT6 unshielded twisted pair (UTP) cable.

The project presented some challenges. The new data center was to be one floor below the existing data center in an unfinished area. There was an extremely tight six-day time frame because of the construction schedule. And, Starwood needed to keep its reservation system up and running.

Solution

There were a number of steps involved in transforming the unfinished space into a data center. First, Black Box ran lines from the existing data center to the new data center a floor below. Next, Black Box moved and connected all the equipment, including racks, servers, switches and routers. Then, all the cabling needed to be tested. This involved checking more than 200 separate fiber optic and CAT6 cables. Black Box also made the interconnections for a fiber optic backbone running between several floors.

The project was a success. Black Box completed the job on time and on budget!



Multinational Logistics/Transportation Company

"We were very impressed with your ability to mobilize the necessary staff, not only on short notice, but on a weekend as well! The entire Black Box effort was a demonstration of your commitment to outstanding customer service and teamwork! We are glad that your company was behind us."

Telecommunications Manager

Project

For years, Black Box provided infrastructure services for a large, multinational Fortune 500 company. Black Box now services the more than 120 branches the company operates in North America.

One Saturday afternoon, the primary Black Box contact received a call. There was an emergency at one of the client's offices in another state. The water sprinkler system broke, the ceiling collapsed and thousands of gallons of water flooded the data center.

Solution

Within an hour, a local Black Box manager was on-site. The voice system survived, but the data core was destroyed. The entire data infrastructure—patch panels, hubs, switches, cables and almost 100 PCs—needed to be replaced. The repair required the coordinated efforts of Black Box Team Members in three states and the client's staff in two states. By Saturday evening, materials were sourced, including more than 2000 cables, which were shipped from Black Box Pittsburgh in less than four hours.

At the emergency site, Black Box set up three teams of eight technicians scheduled for round-the-clock coverage. By 1:30 P.M. Monday, all the patch panels and cables were connected.

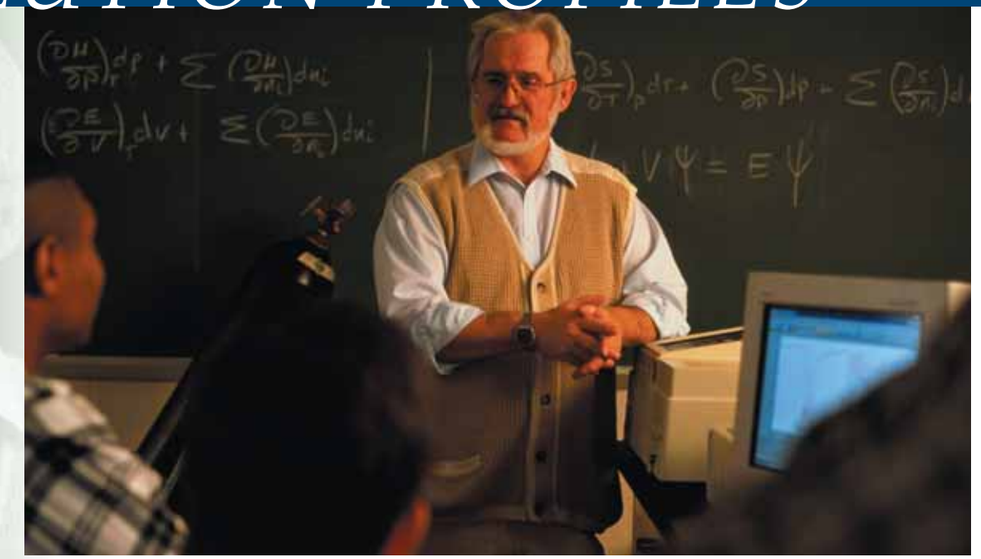
Buckingham Computers, Inc.

"Everyone involved was polite, interested, and knew their job… Whatever you are doing to get your staff to do such a good job—keep doing it—it works."

"I just had to take some time to tell you that I am very impressed with your company. I had a technical question that I used your Internet ["Talk to a Tech" icon]. Not only did they call fast, they also had real answers. I called back to get pricing and had a wonderful person take my order and store it as a quote. I called the next day and talked to another tech to verify that I was ordering the correct product to replace another manufacturer's product.

"Everyone involved was polite, interested, and knew their job. I believe that the product I purchased could have been 'shopped' and gotten cheaper, but a part of the product you buy is the service, and I haven't seen anyone doing as well as your company for quite a number of years. I mentioned in our staff meeting that everyone should check out your company on the Web and keep you in mind when making purchases. Whatever you are doing to get your staff to do such a good job—keep doing it—it works."

John D. Bentrim
Vice President
Buckingham Computers, Inc.



Jeff Joseph Technology College

"Winning this award with Black Box is very exciting for us. It is a real demonstration of the determination shown by the college to make the best possible use of technologies. What we have learned from the wireless projects will be used as a blueprint for others to follow."

David Walmsley
Headmaster
Jeff Joseph Technology College

Project

Jeff Joseph Technology College, which is in Manchester, England, has the enviable reputation for excellence in the adoption of new technologies for education. The college wanted to set up a wireless LAN on its campus that would give its students freedom and flexibility, but would also retain secure access to the college network. The college chose Black Box to do it.

Solution

The network consisted of 41 wireless access points across the entire campus. In addition, specific access protocols and firewalls were instituted to cover security issues.

For its work on the project, Black Box won the prestigious U.K. Network Industry Award in the category of "Most Innovative Use of Technology."

East Carolina University

We designed and installed an integrated system with only minimal user downtime.

Project

East Carolina University contracted our local Black Box Network Services branch to provide major upgrades to the university's networks. Our technical experts designed, installed, and configured the school's integrated data, voice, and video systems at its Greenville, NC campus.

Solution

The data system features a fiber optic infrastructure that supports more than 50 buildings. Category 5 UTP distribution cabling runs to more than 2500 endstation drops, enabling the connection of 4000 nodes to the network. The data network design consists of an ATM backbone, in both looped and point-to-point configurations, that provides 155-Mbps speeds to 22 major node switches. These nodes provide 10-Mbps dedicated Switched Ethernet connections to distribution hubs within sub-node buildings.

The voice system is comprised of a central office switch with redundant fiber distribution to urban switch nodes, forming a SONET ring.

The university's video system provides ample bandwidth for both interactive and broadcast video.

Best of all, Black Box executed a seamless crossover to the new system's network users experiencing minimum downtime.

FINANCIALS / MANAGEMENT'S DISCUSSION & ANALYSIS

Selected Financial Data

(In Thousands, Except Percentages, per Share Amounts and Ratios)

	Fiscal Year Ended March 31,				
	2000	2001	2002	2003	2004
Operations					
Revenues	$ 508,340	$ 826,993	$ 743,681	$ 605,017	$ 520,412
Revenue growth	51%	63%	(10)%	(19)%	(14)%
Operating income	$ 83,243	$ 116,934	$ 105,013	$ 79,126	$ 75,200
Operating income as a % of revenues	16.4%	14.1%	14.1%	13.1%	14.5%
Income before income taxes as a % of revenues	15.8%	12.7%	13.2%	12.6%	14.1%
Net income as a % of revenues	9.6%	7.8%	8.3%	8.0%	9.1%
Net income	$ 48,852	$ 64,190	$ 62,042	$ 48,685	$ 47,243
Diluted earnings per share	$ 2.60	$ 3.22	$ 2.97	$ 2.39	$ 2.52
Dividends declared per common share	$ —	$ —	$ —	$ 0.10	$ 0.20
Financial Position					
Current ratio	2.5	2.1	2.9	2.7	2.7
Total assets	$ 452,289	$ 652,930	$ 650,787	$ 626,729	$ 616,289
Return on tangible assets (1)	48%	41%	40%	35%	36%
Return on equity (2)	28%	20%	15%	11%	9%
Cash provided by operating activities	$ 39,147	$ 65,872	$ 67,352	$ 92,577	$ 74,955
Cash provided by operating activities as a % of net income	80%	103%	109%	190%	159%
Long-term debt	$ 105,374	$ 124,066	$ 75,497	$ 49,453	$ 35,177
Total debt	$ 106,343	$ 129,437	$ 76,686	$ 50,379	$ 34,116
Total debt to equity	0.4	0.3	0.2	0.1	0.1
Stockholders' equity	$ 258,327	$ 388,951	$ 490,098	$ 494,422	$ 504,904

(1) Equals operating income excluding intangibles amortization divided by tangible assets.

(2) Represents the average of the company's quarterly calculation for this ratio.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(Dollars in Thousands, Unless Otherwise Indicated)*

Black Box offers one source network infrastructure services for data networks (Data Services), including structured cabling for wired and wireless systems; voice systems (Voice Services), including new and upgraded telephony systems; and 24/7/365 hotline technical support (Hotline Services) for more than 90,000 network infrastructure products.

The Company manages its business based on geographic segments: North America, Europe and All Other. In addition to geographic segment information, certain revenue and gross profit information by service type is also provided herein for purposes of further analysis. Management believes it is important to separately present restructuring charges of $6,536 in Fiscal 2003 and $3,500 in Fiscal 2002 described under Restructuring Expense. Management believes this enables a clearer understanding of the ongoing operations of the Company.

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

	Year Ended March 31,							
	2002		2003		2004			
	$	% of total revenues	$	% of total revenues	$	% of total revenues		
By Geography								
Revenues:								
North America	$ 536,037	72%	$ 412,247	68%	$ 341,299	66%		
Europe	155,715	21	153,477	25	142,158	27		
All Other	51,929	7	39,293	7	36,955	7		
Total	$ 743,681	100%	$ 605,017	100%	$ 520,412	100%		
Operating Income:								
North America	$ 65,592		$ 53,079		$ 44,281			
% of North America revenues	12.2%		12.9%		13.0%			
Europe	25,758		17,729		21,812			
% of Europe revenues	16.5%		11.6%		15.3%			
All Other	13,663		8,318		9,107			
% of All Other revenues	26.3%		21.2%		24.6%			
Total	$ 105,013		$ 79,126		$ 75,200			
% of Total revenues	14.1%		13.1%		14.5%			
Restructuring Expense included in Operating Income above:								
North America	$ 1,439		$ 1,806		$ —			
Europe	1,830		4,592		—			
All Other	231		138		—			
Total	$ 3,500		$ 6,536		$ —			
% of Total revenues	0.5%		1.1%		—			

	Year Ended March 31,					
	2002		2003		2004	
	$	% of total revenues	$	% of total revenues	$	% of total revenues
By Service Type						
Revenues:						
Hotline Services(1)	$ 309,744	42%	$ 252,105	42%	$ 237,872	46%
Data Services(2)	365,901	49	275,842	45	214,299	41
Voice Services(3)	68,036	9	77,070	13	68,241	13
Total	$ 743,681	100%	$ 605,017	100%	$ 520,412	100%
Gross Profit:						
Hotline Services	$ 150,681		$ 128,635		$ 124,923	
% of Hotline Services revenues	48.6%		51.0%		52.5%	
Data Services	117,813		85,122		67,329	
% of Data Services revenues	32.2%		30.9%		31.4%	
Voice Services	22,056		25,090		23,999	
% of Voice Services revenues	32.4%		32.6%		35.2%	
Total	$ 290,550		$ 238,847		$ 216,251	
% of Total revenues	39.1%		39.5%		41.6%	

(1) Previously designated as Phone Services.

(2) Previously designated as Structured Cabling Services.

(3) Previously designated as Telephony Services.

MANAGEMENT'S DISCUSSION & ANALYSIS

I. Fiscal 2004 Compared To Fiscal 2003:

Total Revenues

Total revenues for Fiscal 2004 were $520,412, a decrease of 14% compared to Fiscal 2003 total revenues of $605,017. If exchange rates had remained constant from the corresponding periods in the prior year, Fiscal 2004 total revenues would have been lower by an additional $21,154, for a total decrease of 17%.

Revenues by Geography

North America Revenues

Revenues in North America were $341,299 for Fiscal 2004, a decrease of 17% compared to $412,247 for Fiscal 2003. The North America revenue decline was generally due to weak general economic conditions that affected client demand. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2003, revenues would have decreased by an additional $559, for a total decrease of 17%.

Europe Revenues

Revenues in Europe were $142,158 for Fiscal 2004, a decrease of 7% compared to $153,477 for Fiscal 2003. The Europe revenue decline was due to weak general economic conditions that affected client demand, offset in part by $18,118 of positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2003, Europe revenues would have decreased 19%.

All Other Revenues

Revenues for All Other were $36,955 for Fiscal 2004, a decrease of 6% compared to $39,293 for Fiscal 2003. The revenue decline in these regions was due to weak general economic conditions that affected client demand, offset by $2,477 of positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2003, All Other revenues would have decreased 12%.

Revenue by Service Type

Hotline Services

Revenues from hotline services were $237,872 for Fiscal 2004, a decrease of 6% compared to $252,105 for Fiscal 2003. The Company believes the overall decline in hotline services revenues was driven by weak general economic conditions, offset in part by $13,906 of positive impact of exchange rates relative to the U.S. dollar for its international hotline services. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2003, hotline services revenue would have decreased 11%.

Data Services

Revenues from data services were $214,299 for Fiscal 2004, a decrease of 22% compared to $275,842 for Fiscal 2003. The Company believes the overall decline in data services revenue was driven by weak general economic conditions, offset in part by $7,248 of positive impact of exchange rates relative to the U.S. dollar for its international data services. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2003, data services revenue would have decreased 25%.

Voice Services

Revenues from voice services were $68,241 for Fiscal 2004, a decrease of 11% compared to $77,070 for Fiscal 2003. The Company believes the overall decline in voice services revenue was driven by weak general economic conditions. There was no exchange rate impact on voice service revenues as all of the Company's voice services revenue is denominated in U.S. dollars.

Gross Profit

Gross profit dollars for Fiscal 2004 decreased to $216,251 from $238,847 for Fiscal 2003. The decrease in gross profit dollars over prior year was due to the decline in revenues. Gross profit as a percent of revenues for Fiscal 2004 increased to 41.6% of revenues from 39.5% of revenues for Fiscal 2003. The increase in gross profit percentage was due primarily to the positive impact of cost reduction programs.

Gross profit dollars for hotline services were $124,923, or 52.5% of revenues, for Fiscal 2004 compared to $128,635, or 51.0% of revenues, for Fiscal 2003. Gross profit dollars for data services were $67,329, or 31.4% of revenues, for Fiscal 2004 compared to $85,122, or 30.9% of revenues, for Fiscal 2003. Gross profit dollars for voice services were $23,999, or 35.2% of revenues, for Fiscal 2004 compared to $25,090, or 32.6% of revenues, for Fiscal 2003.

SG&A Expenses

Selling, general and administrative ("SG&A") expenses for Fiscal 2004 were $140,805, a decrease of $12,003 over SG&A expenses of $152,808 for Fiscal 2003. The dollar decrease from Fiscal 2003 to Fiscal 2004 was the result of the Company's cost reduction efforts worldwide. SG&A expenses as a percent of revenue for Fiscal 2004 were 27.1% of revenues compared to 25.3% of revenues for Fiscal 2003. The percentage increase is due to the percentage change in revenues being greater than the percentage change in the overall cost structure.

Restructuring Expense

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 team members in Latin America) and $1,502 related to real estate consolidations.

The activity of the restructuring accrual at March 31, 2004 is as follows:

	Accrued March 31, 2003	Cash Expenditures	Accrued March 31, 2004
Employee Severance	$ 4,375	$ 4,023	$ 352
Facility Closures	1,806	1,565	241
Total	$ 6,181	$ 5,588	$ 593

Intangibles Amortization

Intangibles amortization for Fiscal 2004 decreased to $246 from $377 for Fiscal 2003 due to the acquired backlog becoming fully amortized in first quarter Fiscal 2004.

Operating Income

Operating income for Fiscal 2004 was $75,200, or 14.5% of revenues, compared to $79,126, or 13.1% of revenues for Fiscal 2003.

The decrease in operating income dollars is primarily due to the decrease in revenues while the increase in operating income as a percent of revenues was primarily due to the gross profit percentage improvement and the avoidance of restructuring expenses in Fiscal 2004, offset in part by the increase in SG&A as a percent of revenues.

Interest Expense, Net

Net interest expense for Fiscal 2004 decreased to $1,808 from $2,826 for Fiscal 2003 due to reductions in the weighted average outstanding debt of approximately $52,000 for Fiscal 2004 compared to approximately $63,000 for Fiscal 2003 and the weighted average interest rate reduction of approximately 0.4% during Fiscal 2004.

Provision for Income Taxes

The tax provision for Fiscal 2004 was $26,002, an effective tax rate of 35.5%, compared to Fiscal 2003 of $27,386, an effective tax rate of 36.0%. The tax rate for Fiscal 2004 was lower than Fiscal 2003 due to the change in the overall mix of taxable income among worldwide offices with differing tax rates. 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. The Company anticipates that its deferred tax asset benefit is realizable.

Net Income

Net income for Fiscal 2004 was $47,243, or 9.1% of revenues, compared to $48,685, or 8.0% of revenues for Fiscal 2003. The decrease in net income dollars is primarily due to the year over year decline in revenues. The increase in net income percentage was primarily due to the gross profit percentage improvement, the decrease in the tax rate and the avoidance of restructuring expenses in Fiscal 2004, offset in part by the increase in SG&A as a percent of revenues.

II. Fiscal 2003 Compared To Fiscal 2002:

Total Revenues

Total revenues for Fiscal 2003 were $605,017, a decrease of 19% compared to Fiscal 2002 total revenues of $743,681. If exchange rates had remained constant from the corresponding periods in the prior year, Fiscal 2003 total revenues would have been lower by an additional $15,936, for a total decrease of 21%.

Revenues by Geography

North America Revenues

Revenues in North America were $412,247 for Fiscal 2003, a decrease of 23% compared to $536,037 for Fiscal 2002. The North America revenue decline was generally due to weak general economic conditions that affected client demand. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2002, revenues would have decreased by an additional $55, for a total decrease of 23%.

Europe Revenues

Revenues in Europe were $153,477 for Fiscal 2003, a decrease of 1% compared to $155,715 for Fiscal 2002. Included in Fiscal 2003 is $5,190 of revenues from mergers completed after Fiscal 2002. The Europe revenue decline was due to weak general economic conditions that affected client demand, offset in part by the positive impact of the Company's geographic expansion by merger of its technical services capabilities that occurred during Fiscal 2003 and $15,002 of positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2002, Europe revenues would have decreased 11%.

All Other Revenues

Revenues for All Other were $39,293 for Fiscal 2003, a decrease of 24% compared to $51,929 for Fiscal 2002. The revenue decline in these regions was due to weak general economic conditions that affected client demand, offset by $879 of positive impact of exchange rates relative to the U.S. dollar. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2002, All Other revenues would have decreased 26%.

Revenue by Service Type

Hotline Services

Revenues from hotline services were $252,105 for Fiscal 2003, a decrease of 19% compared to $309,744 for Fiscal 2002. The Company believes the overall decline in hotline services revenues was driven by weak general economic conditions, offset in part by $9,790 of positive impact of exchange rates relative to the U.S. dollar for its international hotline services. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2002, hotline services revenue would have decreased 22%.

Data Services

Revenues from data services were $275,842 for Fiscal 2003, a decrease of 25% compared to $365,901 for Fiscal 2002. Included in Fiscal 2003 is $5,190 of revenues from mergers completed after Fiscal 2002. The Company believes the overall decline in data services revenue was driven by weak general economic conditions, offset in part by $6,146 of positive impact of exchange rates relative to the U.S. dollar for its international data services. If exchange rates relative to the U.S. dollar had remained unchanged from Fiscal 2002, data services revenue would have decreased 26%.

Voice Services

Revenues from voice services were $77,070 for Fiscal 2003, an increase of 13% compared to $68,036 for Fiscal 2002. The voice services revenue increase was due to the Company's ability to increase market share despite weak general economic conditions. There was no exchange rate impact on voice service revenues as all of the Company's voice services revenue is denominated in U.S. dollars.

Gross Profit

Gross profit dollars for Fiscal 2003 decreased to $238,847 from $290,550 for Fiscal 2002. The decrease in gross profit dollars over the prior year was due to the decline in revenues. Gross profit as a percent of revenues for Fiscal 2003 increased to 39.5% of revenues from 39.1% of revenues for Fiscal 2002. The increase in gross profit percentage was primarily due to the positive impact of cost reduction programs.

Gross profit dollars for hotline services were $128,635, or 51.0% of revenues, for Fiscal 2003 compared to $150,681, or 48.6% of revenues, for Fiscal 2002. Gross profit dollars for data services were $85,122, or 30.9% of revenues, for Fiscal 2003 compared to $117,813, or 32.2% of revenues, for Fiscal 2002. Gross profit dollars for voice services were $25,090, or 32.6% of revenues, for Fiscal 2003 compared to $22,056, or 32.4% of revenues, for Fiscal 2002.

SG&A Expenses

SG&A expenses for Fiscal 2003 were $152,808, a decrease of $29,059 over SG&A expenses of $181,867, for Fiscal 2002. The dollar decrease from Fiscal 2002 to Fiscal 2003 was the result of the Company's cost reduction efforts worldwide. SG&A expenses as a percent of revenues for Fiscal 2003 were 25.3% of revenues compared to 24.4% of revenues for Fiscal 2002. The percentage increase is primarily due to the percentage change in revenues being greater than the percentage change in the overall cost structure.

Restructuring Expense

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 team members 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 $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.

The components of the charge and the restructuring accrual at March 31, 2003 are as follows:

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

Intangibles Amortization

Intangibles amortization for Fiscal 2003 increased to $377 from $170 for Fiscal 2002 due to a full year of amortization for mergers completed in Fiscal 2002 and amortization of mergers completed in Fiscal 2003.

Operating Income

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

The decrease in operating income dollars is primarily due to the decline in revenues while the decrease in operating income as a percent of revenues is due to the increase in SG&A and restructuring expenses as a percent of revenues, offset in part by the gross profit percentage improvement.

Interest Expense, Net

Net interest expense for Fiscal 2003 decreased to $2,826 from $6,268 for Fiscal 2002 due to reductions in the weighted average outstanding debt to approximately $63,000 for Fiscal 2003 compared to approximately $121,000 for Fiscal 2002 and the weighted average interest rate reduction of approximately 0.3% during Fiscal 2003.

Provision for Income Taxes

The tax provision for Fiscal 2003 was $27,386, an effective tax rate of 36.0%, compared to Fiscal 2002 of $36,428, an effective tax rate of 37.0%. The tax rate for Fiscal 2003 reflected the implementation of a state tax planning strategy. 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. The Company anticipates that its deferred tax asset benefit is realizable.

Net Income

Net income for Fiscal 2003 was $48,685, or 8.0% of revenues, compared to $62,042, or 8.3% of revenues for Fiscal 2002. The decrease in net income dollars is primarily due to the decline in revenues. The decrease in net income percentage was due primarily to the increase in SG&A and restructuring expenses as a percent of revenues, offset in part by the gross profit percentage improvement and the decrease in the tax rate.

III. Liquidity and Capital Resources:

Cash Flows from Operating Activities

Cash Provided by Operating Activities for Fiscal 2004, 2003 and 2002 was $74,955, $92,577 and $67,352, respectively. Reflected as a source of cash in Fiscal 2004 are decreases in accounts receivable, inventories and other current assets, offset in part by decreases in accrued liabilities. In both Fiscal 2003 and 2002, the decreases in accounts receivable, inventories and other current assets were a source of cash, while decreases in accounts payable and accrued liabilities were a use of cash. These changes were all generally related to the decline in business.

At March 31, 2004, the Company had cash and cash equivalents of $9,306, working capital of $109,431 and long-term debt of $35,177.

The Company anticipates that approximately $1,500 to $3,000 will be incurred during Fiscal 2005 for costs related to documentation and testing requirements of Section 404, "Management Assessment of Internal Controls," of the Sarbanes-Oxley Act of 2002.

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

Investing Activities

The net cash impact of merger transactions and prior merger-related payments during Fiscal 2004, 2003 and 2002 was $3,010, $7,822 and $19,372, respectively. During Fiscal 2004, capital expenditures were $1,673, while capital disposals were $1,851. Fiscal 2003 capital expenditures were $1,557, while capital disposals were $1,253, and Fiscal 2002 capital expenditures were $3,797, while capital disposals were $2,805. Capital expenditures for Fiscal 2005 are projected to be $5,000 to $7,000 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 Pennsylvania, a domestic subsidiary of the Company, entered into a $120,000 Revolving Credit Agreement ("Long Term Revolver") and a $60,000 Short Term Credit Agreement ("Short Term Revolver") (together the "Syndicated Debt") with Mellon Bank, N.A. and a group of lenders. The Long Term Revolver was scheduled to expire on April 4, 2003 and the Short Term Revolver was scheduled to expire on April 3, 2002. In April 2002, the Long Term Revolver was extended until April 4, 2005 and the Short Term Revolver was extended until April 2, 2003 when it expired. On April 4, 2003, 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. On June 20, 2003, the credit agreement was amended to allow Citizens Bank to provide to the Company a swing line facility under the agreement. The swing line facility enables Citizens Bank to lend up to $5,000 at the bank's 30-day Euro-dollar rate plus 1.00% rather than the prime rate. The Company has received commitments from its lenders to extend the Long Term Revolver until August 31, 2008 and expects to finalize the agreement in the near future. The Company seeks to renew the Long Term Revolver to refinance the existing borrowings and to provide borrowings for potential merger activities should the opportunity arise, potential stock repurchases or for general corporate purposes.

The Company's total debt at March 31, 2004 of $36,238 was comprised of $35,000 under the Long Term Revolver and $1,238 of various other third party loans. The weighted average interest rate on all indebtedness of the Company at March 31, 2004 and 2003 was approximately 1.8% and 2.2%, respectively. In addition, at March 31, 2004 the Company had $7,909 of letters of credit outstanding and $77,091 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 March 31, 2004) on the Euro-dollar rate option and from zero to 0.75% (zero at March 31, 2004) 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 0.20% to 0.375% (0.25% as of March 31, 2004). The Long Term Revolver is unsecured, 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 declared quarterly cash dividends of $0.05 per share on all outstanding shares of Common Stock. Beginning with its August 2004 dividend declaration, the Company expects to increase its current annual dividend payment rate of $0.20 to $0.24 so as to provide an additional return on investment to its stockholders.

Dividends declared in Fiscal 2004 and 2003 were $3,605 and $1,936, respectively.

The dividend declared in the fourth quarter of Fiscal 2004 totaled $903 and was paid on April 15, 2004 to stockholders of record at the close of business on March 31, 2004. While the Company expects to continue to declare dividends for the foreseeable future, there can be no assurance as to the timing or amounts 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 March 31, 2004. During Fiscal 2004, the Company repurchased approximately 1.7 million shares for an aggregate purchase price of $76,338 and paid $4,719 for treasury share repurchases payable in relation to Fiscal 2003 repurchases. During Fiscal 2003, repurchases also totaled approximately 1.7 million shares for an aggregate purchase price of $63,192. Since inception of the repurchase program in April 1999 through March 31, 2004, the Company has repurchased in aggregate approximately 5.5 million shares for $240,000. Funding for the stock repurchases came primarily from cash provided by operating activities. Additional repurchases of stock may occur from time to time depending upon factors such as the Company's cash flows and general market conditions. The Company believes that its share repurchase program has been a prudent use of cash by increasing the Company's earnings per share and helping to offset share issuances from stock option exercises and its acquisition program. 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, 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 gain and loss is recorded in accumulated other comprehensive income. These gains and losses offset the revaluation of the related foreign currency denominated receivables, which are also included in accumulated other comprehensive income in stockholders' equity on the Consolidated Balance Sheet. Gains and losses realized on contracts at maturity and any gain or loss on the satisfaction of intercompany amounts is recorded as a component of operating income.

At March 31, 2004, the open foreign exchange contracts related to intercompany transactions were in Australian dollar, Canadian dollar, Danish krone, Euro, Norwegian kroner, Pound sterling, Swedish krona, Swiss franc and Japanese yen. These open contracts are valued at approximately $15,435 and will expire within six months. The open contracts have contract rates of 1.3323 to 1.3387 Australian dollar, 1.3094 to 1.3343 Canadian dollar, 5.877 to 6.1447 Danish krone, 0.8280 to 0.8098 Euro, 6.6614 to 7.0343 Norwegian kroner, 0.5423 to 0.5524 Pound Sterling, 7.2946 to 7.9703 Swedish krona, 1.2529 to 1.2610 Swiss franc and 105.5 to 110.69 Japanese yen, all per U.S. dollar.

Contractual Obligations

As of March 31, 2004, the Company had contractual obligations as follows:

	Payments Due by Period				
Contractual Obligations	Total	Less Than 1 Year	1–3 Years	3–5 Years	More Than 5 Years
Long-term debt obligations	$ 36,238	$ 1,061	$ 35,132	$ 45	$ —
Capital lease obligations	$ —	$ —	$ —	$ —	$ —
Operating lease obligations	$ 8,214	$ 3,457	$ 3,536	$ 1,102	$ 119
Purchase obligations	$ —	$ —	$ —	$ —	$ —
Other long-term liabilities reflected on the Registrant's Balance Sheet under GAAP	$ 414	$ —	$ 414	$ —	$ —
Total	$ 44,866	$ 4,518	$ 39,082	$ 1,147	$ 119

IV. Critical Accounting Policies:

Introduction

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

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

Revenue Recognition

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

For its data and voice services, the Company recognizes revenues on service tickets that are performed on an unspecified time and material basis with a short duration (generally less than one week) when the work is fully completed, all costs are applied to the job, the job is closed and invoicing to the client is completed. Revenues from projects where expected costs and revenues are known (generally with a duration of greater than one month) are recognized according to the percentage of completion method. Under the percentage of completion method, income is recognized based on a ratio of estimated costs incurred to total estimated contract costs. Losses, if any, on such contracts are provided in full when they become known. Billings in excess of costs and estimated earnings on uncompleted contracts are classified as current liabilities and any costs and estimated earnings in excess of billings are classified as current assets.

Accounting for Judgment and Estimates

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

Allowance for Doubtful Accounts: The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its clients to make required payments. These allowances are based on both recent trends of certain clients estimated to be a greater credit risk as well as general trends of the entire client pool. If the financial condition of the Company's clients were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company's policy is to fully reserve for accounts receivable when an account is determined to be uncollectable. When it is deemed necessary to employ external collection agency efforts, a portion of the receivable is reserved and if legal intervention is required, then a greater percentage of the amount is reserved. In certain other instances, a greater reserve may occur. In addition to specific reserves, a general reserve is provided based upon the age of the receivable.

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

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

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

Long-Lived Assets

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

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," the Company is required to test goodwill and indefinite life intangibles for impairment at least annually. Changes in management's judgments and estimates could significantly affect the Company's analysis of the impairment of goodwill. To test goodwill for impairment, the Company is required to estimate the fair value of each of its reporting units. Since quoted market prices in an active market are not available for the Company's reporting units, the Company uses other valuation techniques. The models used to estimate the fair value of the reporting units include an earning model and a discounted cash flow valuation model. The discounted cash flow model incorporates the Company's estimates of future cash flows, allocations of certain assets and cash flows among reporting units, future growth rates and management's judgment regarding the applicable discount rates to use to discount those estimated cash flows. The Company has $380,769 of goodwill as of March 31, 2004 and changes to the judgments and estimates used in the models could result in
a significantly different estimate of the fair value of the reporting units, which could result in an impairment of goodwill.

Restructuring

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

V. 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.

VI. Risk Factors:

The Company operates in a highly competitive industry:

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

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

- The Company's operations in foreign countries are subject to the risks normally associated with foreign operations, including, but not limited to, possible changes in export or import restrictions, the inability to effect currency exchanges, the impact of inflation and the modification or introduction of other governmental policies with potentially adverse effects.

- In addition, the Company may be exposed to gains or losses attributable to fluctuations in currency value. In an effort to reduce the Company's exposure, the Company has in the past, and may in the future, enter into forward exchange contracts to reduce the impact of currency fluctuations in intercompany transactions denominated in foreign currencies.

Business is dependent upon the Company's key personnel:

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

VII. Forward Looking Statements:

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

REPORT OF INDEPENDENT ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheet of Black Box Corporation and subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. Our audit also included the financial statement schedule for the year ended March 31, 2004 listed in the index at Item 15(a)2 for the years ended March 31, 2004 and 2003. These financial statements and supplemental schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supplemental schedule based on our audit. The consolidated financial statements of Black Box Corporation and subsidiaries for the fiscal year ended March 31, 2002 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements and supplemental schedule in their reports dated April 26, 2002 before the restatement adjustments described in Note 13. Their report also contained an explanatory paragraph related to the Company's change in accounting for goodwill and other intangible assets.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Black Box Corporation and subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles. Also in our opinion, the financial statement schedule for the years ended March 31, 2004 and 2003 referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed above, the consolidated financial statements of Black Box Corporation for the fiscal year ended March 31, 2002 were audited by other auditors who have ceased operations. As described in Note 13, the Company changed the composition of its reportable segments in 2003, and the amounts in the 2002 financial statements relating to reportable segments have been restated to conform to the 2003 composition of reportable segments. We audited the adjustments that were applied to restate the disclosures for reportable segments reflected in the 2002 financial statements. Our procedures included (a) agreeing the adjusted amounts of segment revenues, operating income and assets to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the reconciliations of segment amounts to the consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review or apply any procedures to the 2002 financial statements of the Company other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2002 financial statements taken as a whole.

ERNST & YOUNG LLP

Ernst + Young LLP

Pittsburgh, Pennsylvania
June 10, 2004

Report of Independent Public Accountants

The following report is a copy of a previously issued report by Arthur Andersen LLP and it has not been reissued by Arthur Andersen LLP in connection with the issuance of this Annual Report. The Consolidated Balance Sheets as of March 31, 2002 and 2001, and the Consolidated Statements of Income, Changes in Stockholders' Equity and Cash Flows for each of the two years in the period ended March 31, 2001 referred to below, are not included in the issuance of this Annual Report. In addition, the note reference in the fourth paragraph is now Note 4.

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

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

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

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

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

ARTHUR ANDERSEN LLP

Arthur Andersen LLP

Pittsburgh, Pennsylvania
April 26, 2002

CONSOLIDATED FINANCIAL STATEMENTS & NOTES

Consolidated Statements of Income

(In Thousands, Except Per Share Amounts)

	Year Ended March 31,		
	2002	2003	2004
Revenues	$ 743,681	$ 605,017	$ 520,412
Cost of sales	453,131	366,170	304,161
Gross profit	290,550	238,847	216,251
Selling, general and administrative expenses	181,867	152,808	140,805
Restructuring expense	3,500	6,536	—
Intangibles amortization	170	377	246
Operating income	105,013	79,126	75,200
Interest expense, net	6,268	2,826	1,808
Other expense, net	275	229	147
Income before income taxes	98,470	76,071	73,245
Provision for income taxes	36,428	27,386	26,002
Net income	$ 62,042	$ 48,685	$ 47,243
Basic earnings per common share	$ 3.11	$ 2.46	$ 2.60
Diluted earnings per common share	$ 2.97	$ 2.39	$ 2.52
Weighted average common shares	19,936	19,781	18,173
Weighted average common and common equivalent share	20,860	20,342	18,766
Dividends declared per common share	$ —	$ 0.10	0.20

See Notes To Consolidated Financial Statements

Consolidated Balance Sheets

(In Thousands, Except Share and Per Share Amounts)

	March 31,	
	2003	2004
Assets		
Current assets:		
Cash and cash equivalents	$ 14,043	$ 9,306
Accounts receivable, net of allowance for doubtful accounts of $8,207 and $11,710, respectively	100,263	97,203
Inventories, net of allowance for reserves of $4,840 and $3,981, respectively	40,047	40,162
Costs and estimated earnings in excess of billings on uncompleted contracts	18,261	13,763
Deferred tax asset	5,425	4,131
Other current assets	10,627	9,610
Total current assets	188,666	174,175
Property, plant and equipment, net	34,737	29,269
Goodwill, net	369,790	380,769
Intangibles, net	29,509	29,546
Other assets	4,027	2,530
Total assets	$ 626,729	$ 616,289
Liabilities and Stockholders' Equity		
Current liabilities:		
Current debt	$ 926	$ 1,061
Accounts payable	30,508	30,709
Billings in excess of costs and estimated earnings on uncompleted contracts	3,295	5,665
Accrued compensation and benefits	6,860	6,836
Accrued restructuring expenses	6,181	593
Other accrued expenses	19,364	16,185
Accrued income taxes	2,940	3,695
Total current liabilities	70,074	64,744
Long-term debt	49,453	35,177
Deferred taxes	12,273	11,050
Other liabilities	507	414
Stockholders' equity:		
Preferred stock authorized 5,000,000; par value $1.00; none issued and outstanding	—	—
Common stock authorized 100,000,000; par value $.001; issued 22,351,049 and 22,594,034 shares, respectively; outstanding 17,859,330 and 18,771,534 shares, respectively	23	23
Additional paid-in capital	295,271	324,219
Retained earnings	359,037	402,675
Treasury stock, at cost, 2,105,000 and 3,822,500 shares, respectively	(163,547)	(239,885)
Accumulated other comprehensive income	3,638	17,872
Total stockholders' equity	494,422	504,904
Total liabilities and stockholders' equity	$ 626,729	$ 616,289

See Notes To Consolidated Financial Statements

Consolidated Statement of Changes in Stockholders' Equity

(In Thousands, Except Share Amounts)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Cumulative Foreign Currency Translation	Total
	Shares	Amount	Shares	Amount					
Balance at March 31, 2001	0	$ 0	21,406,367	$ 21	$ 248,053	$ 250,246	$ (100,355)	$ (9,014)	$ 388,951
Comprehensive income:									
Net income						62,042			62,042
Foreign currency translation adjustment								(389)	(389)
Unrealized gains on derivatives designated and qualified as cash flow hedges, net of tax								(323)	(323)
Reclassification of unrealized losses on expired derivatives								155	155
Comprehensive income									61,485
Dividends declared									
Purchase of treasury stock									
Issuance of common stock			654,562	1	28,070				28,071
Exercise of options			290,120		8,954				8,954
Tax benefit from exercised options					2,637				2,637
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								233	233
Reclassification of unrealized losses on expired derivatives								168	168
Comprehensive income									61,894
Dividends declared						(1,936)			(1,936)
Purchase of treasury stock							(63,192)		(63,192)
Issuance of common stock			23,836	1	968				969
Exercise of options			219,149		4,767				4,767
Tax benefit from exercised options					1,822				1,822
Balance at March 31, 2003	0	0	22,594,034	23	295,271	359,037	(163,547)	3,638	494,422

Consolidated Statement of Changes in Stockholders' Equity (Continued)

(In Thousands, Except Share Amounts)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Cumulative Foreign Currency Translation	Total
	Shares	Amount	Shares	Amount					
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						47,243			47,243
Foreign currency translation adjustment								14,013	14,013
Unrealized gains on derivatives designated and qualified as cash flow hedges								454	454
Reclassification of unrealized losses on expired derivatives								(233)	(233)
Comprehensive income									61,477
Dividends declared						(3,605)			(3,605)
Purchase of treasury stock							(76,338)		(76,338)
Exercise of options			799,644		22,159				21,159
Tax benefit from exercised options					6,789				6,789
Balance at March 31, 2004	0	$ 0	23,393,678	$ 23	$ 324,219	$ 402,675	$(239,885)	$ 17,872	$ 504,904

See Notes To Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS & NOTES

Consolidated Statements of Cash Flows

(In Thousands)

	Year Ended March 31,		
	2002	2003	2004
Cash Flows From Operating Activities			
Net income	$ 62,042	$ 48,685	$ 47,243
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	8,293	8,016	6,765
Gain on sale of property	—	—	(531)
Deferred tax provision/(benefit)	—	(7,811)	2,386
Tax benefit from exercised options	(2,637)	(1,822)	(6,789)
Changes in working capital items:			
Accounts receivable, net	51,574	23,111	7,486
Inventories, net	5,703	7,994	1,144
Other current assets	5,688	27,898	17,468
Accounts payable	(40,811)	(6,717)	362
Accrued compensation and benefits	(8,080)	(2,629)	(43)
Accrued expenses	(552)	(10,126)	(4,270)
Accrued income taxes	(11,590)	(383)	1,361
Other long-term liabilities	(2,278)	6,361	2,373
Cash provided by operating activities	67,352	92,577	74,955
Cash Flows From Investing Activities			
Capital expenditures	(3,797)	(1,557)	(1,673)
Capital disposals	2,805	(1,253)	1,851
Merger transactions, net of cash acquired of $4,432, $8,460 and $1,751, respectively, and prior merger-related payments	(19,372)	(7,822)	(3,010)
Cash used in investing activities	(20,364)	(8,126)	(2,832)
Cash Flows From Financing Activities			
Repayment of borrowings	(190,410)	(132,465)	(229,914)
Proceeds from borrowings	139,500	103,750	215,600
Proceeds from the exercise of options	11,591	4,767	22,159
Payment of dividends	—	(975)	(3,663)
Purchase of treasury stock	—	(58,473)	(81,057)
Cash used in financing activities	(39,319)	(83,158)	(76,875)
Foreign currency exchange impact on cash	(455)	(673)	15
(Decrease)/increase in cash and cash equivalents	7,214	620	(4,737)
Cash and cash equivalents at beginning of year	6,209	13,423	14,043
Cash and cash equivalents at end of year	$ 13,423	$ 14,043	$ 9,306
Supplemental Cash Flow			
Cash paid for interest	$ 7,174	$ 2,826	$ 1,808
Cash paid for income taxes	47,603	28,120	25,176
Non-cash financing activities:			
Dividends payable	—	961	903
Treasury stock repurchases payable	—	4,719	—
Merger transactions:			
Fair value of assets acquired	$ 34,784	$ 8,081	$ —
Fair value of liabilities assumed	(12,046)	(1,691)	—
Cash paid	22,738	6,390	—
Other cash payments related to mergers	4,094	3,183	3,010
Less cash acquired	(8,460)	(1,751)	—
Net cash paid for mergers	$ 19,372	$ 7,822	$ 3,010

See Notes To Consolidated Financial Statements

Notes to Consolidated Financial Statements

(Dollars in Thousands, Except Per Share Amounts)

Note 1: Summary Of Significant Accounting Policies

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

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

Revenue Recognition: The Company recognizes revenues for hotline services when title transfers at the time of shipment. For its data and voice services, the Company recognizes revenues on service tickets that are performed on an unspecified time and material basis with a short duration (generally less than one week) when the work is fully completed, all costs are applied to the job, the job is closed and invoicing to the client is completed. Revenues from projects where expected costs and revenues are known (generally with a duration of greater than one month) are recognized according to the percentage of completion method. Under the percentage of completion method, income is recognized based on a ratio of estimated costs incurred to total estimated contract costs. Losses, if any, on such contracts are provided in full when they become known. Billings in excess of costs and estimated earnings on uncompleted contracts are classified as current liabilities and any costs and estimated earnings in excess of billings are classified as current assets.

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

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

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

Inventories: The Company's inventories are stated at the lower of cost or market. The first-in, first-out average cost method is used to value the majority of the inventory. However, some locations of the Company use other methods, including first-in first-out and actual current costs. The net inventory balances at March 31 are as follows:

	2003	2004
Raw materials	$ 1,909	$ 649
Finished goods	42,119	44,353
Subtotal	44,028	45,002
Excess and obsolete inventory reserves	(3,981)	(4,840)
Inventory, net	$ 40,047	$ 40,162

Property, Plant And Equipment: Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. The useful life for buildings and improvements is 30 years and for machinery and equipment is 3 to 5 years. Maintenance and minor repair costs are charged to expense as incurred. Major replacements or betterments are capitalized. When items are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and, if applicable, a gain or loss is recorded. Depreciation expense for Fiscal 2004, 2003 and 2002 was $6,519, $7,639 and $8,123, respectively.

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

	2003	2004
Land	$ 2,405	$ 2,369
Building and improvements	26,619	25,443
Machinery	51,431	52,622
Subtotal	80,455	80,434
Accumulated depreciation	(45,718)	(51,165)
Property, plant and equipment, net	$ 34,737	$ 29,269

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

	2003	2004
Balance as of March 31, 2003	$ 185	$ 184
Additions to provision	119	122
Charges against provision	(120)	(122)
Balance as of March 31, 2004	$ 184	$ 184

Stock-Based Compensation: The Company accounts for stock-based compensation, including stock options and employee stock purchases, under APB Opinion No. 25, "Accounting for Stock Issued to Employees," with pro forma disclosure as required by SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure."

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

		2002	2003	2004
Net income	As reported	$ 62,042	$ 48,685	$ 47,243
Plus:	Compensation expense	—	—	—
Less:	Stock-based employee compensation under fair-value based method for all awards, net of related tax effects	(6,521)	(8,811)	(9,881)
	Pro forma	55,521	39,874	37,362
Basic earnings per share	As reported	$ 3.11	$ 2.46	$ 2.60
	Pro forma	2.78	2.02	2.06
Diluted earnings per share	As reported	$ 2.97	$ 2.39	$ 2.52
	Pro forma	2.66	1.96	1.99

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

	2002	2003	2004
Expected life (in years)	4.6	4.5	4.8
Risk free interest rate	4.8%	4.5%	3.7%
Volatility	52%	51%	55%
Dividend yield	—	—	0.1%

Collective Bargaining Agreements: As of March 31, 2004, the Company had approximately 2,800 team members worldwide of which approximately 450 are subject to collective bargaining agreements.

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

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

Risk Management And Financial Derivatives: The Company has operations, clients and suppliers worldwide, thereby exposing the Company's financial results to foreign currency fluctuations. In an effort to reduce this risk, the Company generally sells and purchases inventory based on prices denominated in U.S. dollars. Intercompany sales to subsidiaries are generally denominated in the subsidiaries' local currency, although intercompany sales to the Company's subsidiaries in Brazil, 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, primary trade receivables and loans. The Company has adopted SFAS No. 133, and as amended by SFAS No. 138, "Accounting for Derivative Instruments and Hedging Activities," effective April 1, 2001.

All of the contracts have been designated as cash flow hedges, which seek to hedge anticipated cash flows from cross-border intercompany sales of product and services and intercompany loan activity. 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. Gains and losses realized on contracts at maturity and any gain or loss on the satisfaction of intercompany amounts are recorded as a component of operating income. The Company recognized approximately $3,600 in gains on matured contracts for Fiscal 2004. While, during Fiscal 2004, the Company did not terminate any contracts or encounter any transactions that became unlikely to occur, any gains or losses in these instances would be recorded as a component of operating income. Although the Company determined that no hedge ineffectiveness occurred during Fiscal 2004, such gains or losses would be recorded as a component of operating income.

The Company's policy regarding risk management of financial derivative instruments is to seek to match cash remittances for its foreign currency-denominated trade receivables and loans with a forward exchange contact, with no resulting gain or loss.

At March 31, 2004, the open foreign exchange contracts were in Australian dollar, Canadian dollar, Danish krone, Euro, Norwegian kroner, Pound sterling, Swedish krona, Swiss franc and Japanese yen. These open contracts are valued at approximately $15,435 and will expire within six months. The open contracts have contract rates of 1.3323 to 1.3387 Australian dollar, 1.3094 to 1.3343 Canadian dollar, 5.877 to 6.1447 Danish krone, 0.8280 to 0.8098 Euro, 6.6614 to 7.0343 Norwegian kroner, 0.5423 to 0.5524 Pound Sterling, 7.2946 to 7.9703 Swedish krona, 1.2529 to 1.2610 Swiss franc and 105.5 to 110.69 Japanese yen, all per U.S. dollar.

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

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

Use Of Estimates: The preparation of financial statements in accordance with generally accepted accounting standards in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the amounts reported in the accompanying financial statements. Actual results could differ from those amounts. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

Note 2: Fiscal Years and Basis of Presentation

The Company's fiscal year ends on March 31. For the periods presented, its fiscal quarters consist of 13 weeks and end on the Sunday nearest each calendar quarter end. Beginning in Fiscal 2005, the Company will change its fiscal quarters to end on the Saturday nearest each calendar quarter end.

Note 3: Changes In Business

During Fiscal 2004 and 2003, the Company paid $3,010 and $3,183, respectively, for obligations related to mergers completed in prior periods.

As of March 31, 2004, certain merger agreements provide for contingent payments of up to $1,860. Upon meeting future operating performance goals, goodwill will be adjusted for the amount of the contingent payments.

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

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

		Year ended March 31,	
		2003 (unaudited)	2004 (unaudited)
Revenue	As reported	$ 605,017	$ 520,412
	Mergers-pre Black Box	2,931	—
	Pro forma	607,948	520,412
Net income	As reported	$ 48,685	$ 47,243
	% of revenues	8.0%	9.1%
	Mergers-pre Black Box	216	—
	% of revenues	7.4%	—
	Pro forma	48,901	47,243
	% of revenues	8.0%	9.1%
Diluted earnings per share	As reported	$ 2.39	$ 2.52
	Pro forma	2.40	2.52

Note 4: Intangible Assets

On April 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," under which goodwill and other intangible assets with indefinite lives are not amortized. Such intangibles were evaluated for impairment as of April 1, 2001 by comparing the fair value of each reporting unit to its carrying value, and no impairment existed. In addition, on October 1 of Fiscal 2002 and Fiscal 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. 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 its non-amortizable intangible assets for impairment with any resulting impairment reflected as an operating expense. The Company's only intangibles as identified in SFAS No. 141 other than goodwill, are its trademarks, non-compete agreements and acquired backlog.

As of March 31, 2004 and 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 March 31:

	Gross Carrying Amount		Accumulated Amortization	
	2003	2004	2003	2004
Non-Compete Agreements	$ 2,039	$ 2,246	$ 290	$ 439
Acquired Backlog	307	331	286	331
Total	$ 2,346	$ 2,577	$ 576	$ 770

The non-compete agreements and acquired backlog are amortized over their estimated useful lives of approximately 10 years and 1 year, respectively. Amortization expense for the non-compete agreements and acquired backlog intangibles during the year ended March 31, 2004 was $225 and $21, respectively. As of March 31, 2004, the acquired backlog intangibles were fully amortized. Amortization expense for the non-compete agreements and acquired backlog intangibles during the year ended March 31, 2003 was $186 and $191, respectively. The estimated amortization expense for each of the five fiscal years subsequent to March 31, 2004 for the non-compete agreements intangibles is $225.

The changes in the carrying amount of goodwill for the year ended March 31, 2004, 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	(144)	8,033	246	8,135
Actual earnout payments and other related payments	2,370	168	122	2,660
Other	—	184	—	184
Balance as of March 31, 2004	$ 311,440	$ 67,358	$ 1,971	$ 380,769

Note 5: Indebtedness

Long-term debt at March 31 is as follows:

	2003	2004
Revolving credit agreement	$ 49,100	$ 35,000
Other debt	1,279	1,238
Total debt	50,379	36,238
Less: current portion	(926)	(1,061)
Long-term debt	$ 49,453	$ 35,177

On April 4, 2000, Black Box Corporation of Pennsylvania, 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. On June 20, 2003, the credit agreement was amended to allow Citizens Bank to provide to the Company a swing line facility under the agreement. The swing line facility enables Citizens Bank to lend up to $5,000 at the bank's 30-day Euro-dollar rate plus 1.00% rather than the prime rate. During Fiscal 2004, the maximum amount and weighted average balance outstanding under the Long Term Revolver was $65,750 and $52,373, respectively. At March 31, 2004, the Company had $7,909 of letters of credit outstanding and $77,091 available under the Long Term Revolver.

Interest on the Syndicated Debt is variable based on the Company's option of selecting the bank's Euro-dollar rate plus an applicable margin or the prime rate plus an applicable margin. The applicable margin is adjusted each quarter based on the Company's consolidated leverage ratio as defined in the agreement. The applicable margin varies from 0.75% to 1.75% on the Euro-dollar rate option and from zero to 0.75% on the prime rate option. As of March 31, 2004, the margin was 0.75% on the Euro-dollar rate option and zero 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 0.20% to 0.375%. As of March 31, 2004, the commitment fee percentage was 0.25% on the Long Term Revolver. The Long Term Revolver is unsecured; however, the Company, as the ultimate parent, guarantees all borrowings and the debt contains various restrictive covenants including without limitation requirements for minimum net worth, fixed charge coverage, interest coverage and consolidated leverage ratio. At March 31, 2004, the Company is in compliance with its debt covenants. The weighted average interest rate on all indebtedness of the Company at March 31, 2004 and 2003 was approximately 1.8% and 2.2%, respectively.

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

At March 31, 2004, the Company had $7,909 of letters of credit outstanding.

The aggregate amount of the minimum principal payments for each of the five fiscal years subsequent to March 31, 2004 for all indebtedness outstanding at the end of Fiscal 2004 is as follows: 2005 – $1,061; 2006 – $35,132; 2007 – $0; 2008 – $45; and 2009 – $0.

The fair value of the Company's debt at March 31, 2004 approximates the carrying value. The fair value is based on management's estimate of current rates available to the Company for similar debt with the same remaining maturity.

Note 6: Income Taxes

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

	2002	2003	2004
Domestic	$ 77,874	$ 63,572	$ 56,516
Foreign	20,596	12,499	13,729
Consolidated	$ 98,470	$ 76,071	$ 73,245

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

	2002	2003	2004
Current:			
Federal	$ 21,796	$ 17,560	$ 20,356
State	2,669	1,948	1,151
Foreign	6,536	4,555	4,629
Total current	31,001	24,063	26,136
Deferred	5,427	3,323	(134)
Total provision for income taxes	$ 36,428	$ 27,386	$ 26,002

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

	2002	2003	2004
Federal statutory tax rate	35.0%	35.0%	35.0%
Foreign taxes, net of foreign tax credits	(0.9)	(0.2)	—
State income taxes, net of federal benefit	2.1	1.8	0.6
Other, net	0.8	(0.6)	(0.1)
Effective tax rate	37.0%	36.0%	35.5%

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

	2003	2004
Deferred Tax Liabilities:		
Tradename and trademarks	$ 9,686	$ 9,689
Amortization of intangibles	3,224	4,235
Unremitted earnings of Japanese subsidiary	1,673	888
Basis of fixed assets	814	888
Gross deferred tax liabilities	15,397	15,700
Deferred Tax Assets:		
Net operating losses	3,939	4,512
Foreign tax credit carryforwards	2,060	888
Allowance for doubtful accounts	1,873	1,254
Basis of finished goods inventory	687	658
Other	926	2,627
Gross deferred tax assets	9,535	9,939
Valuation allowance	(986)	(1,158)
Net deferred tax assets	8,549	8,781
Net deferred tax liabilities	$ 6,848	$ 6,919

At March 31, 2004, the Company had $1,750, $29,376 and $10,264 of federal, state and foreign net operating loss carryforwards, respectively. As a result of the Company's reorganization in 1992 and concurrent ownership change, Section 382 of the Internal Revenue Code limits the amount of net operating losses available to the Company to approximately $600 per year. The federal net operating loss carryforwards expire in fiscal years 2005 through 2007. The state net operating loss carryforwards expire at various times through Fiscal 2024 and the foreign net operating loss carryforwards expire at various times through Fiscal 2013, with the exception of $692 for Belgium, which has no expiration.

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has recorded a valuation allowance of $1,158 for certain foreign net operation loss carryforwards anticipated to produce no tax benefit. The valuation allowance was increased in Fiscal 2004 by $173 to be applied against certain foreign net operating loss carryforwards.

In general, except for certain earnings in Japan, it is management's intention to reinvest undistributed earnings of foreign subsidiaries, which aggregate approximately $21,638 based on exchange rates at March 31, 2004. However, from time to time, the foreign subsidiaries declare dividends to the U.S. parent, at which time the appropriate amount of tax is determined. Also, additional taxes could be necessary if foreign earnings were loaned to the parent or if the Company should sell its stock in the subsidiaries. It is not practicable to estimate the amount of additional tax that might be payable on undistributed foreign earnings.

Note 7: Commitments and Contingencies

The Company leases certain equipment and facilities under noncancelable operating lease agreements, which contain renewal options. Rent expense under these operating leases for the years ended March 31, 2004, 2003 and 2002 was $9,395, $10,779 and $10,085, respectively. At March 31, 2004, the minimum lease commitments under all noncancelable operating leases for the next five years are as follows: 2005 – $3,457; 2006 – $2,144; 2007 – $1,392; 2008 – $733; 2009 – $369; and thereafter – $119.

The Company is involved in, or has pending, various legal proceedings, claims, suits and complaints arising out of the normal course of business. In addition, 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 reports on Form 10-Q for the quarters ended September 28, 2003 and December 28, 2003, an arbitration award (including interest and costs through March 31, 2004) against the Company for approximately $1.6 million is being appealed.

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 reports on Form 10-Q for the quarters ended September 28, 2003 and December 28, 2003, an arbitration award was entered against the Company for approximately $1.5 million. During the pendency of an appeal of the award, the Company entered into a final settlement of this matter in exchange for a payment by the Company of $1.38 million.

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 reports on Form 10-Q for the quarters ended September 28, 2003 and December 28, 2003, the Company had 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. The Company subsequently filed a Motion to Dismiss plaintiffs' consolidated complaint. During the pendency of this motion, the parties entered into a Stipulation and Agreement of Settlement. The preliminary settlement provides for the payment of $2 million into a settlement fund, an amount within the limits of the Company's directors' and officers' policy, most of which will be covered under such policy. This payment is in exchange for a full and complete release of any and all claims against defendants. The settlement is subject to (1) plaintiffs' counsel determining, through limited confirmatory discovery, that the settlement is fair, reasonable and adequate, (2) the notice and hearing procedures that pertain to federal court class actions and (3) final approval of the court.

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

As previously disclosed in its Current Report on Form 8-K filed on October 28, 2003 and in its quarterly reports on Form 10-Q for the quarter ended September 28, 2003 and December 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.

Note 8: Incentive Compensation Plans

Performance Bonus: The Company has a variable compensation plan covering certain team members. This plan provides for the payment of a bonus based on the attainment of certain annual or quarterly performance targets. The amount expensed under this variable compensation plan for the years ended March 31, 2004, 2003 and 2002 was $2,523, $0 and $3,365, respectively.

Profit Sharing And Savings Plan: The Company has various Profit Sharing and Savings Plans ("Plans") that qualify as deferred salary arrangements under Section 401(k) of the Internal Revenue Code. Under the Plans, participants are permitted to contribute various percentages of their compensation, as defined, and the Company matches a percentage of the participant's contributions. The total Company contribution for the years ended March 31, 2004, 2003 and 2002 was $2,992, $2,896 and $3,185, respectively.

Stock Option Plans: The Company has two stock option plans, the 1992 Stock Option Plan, as amended (the "Employee Plan"), and the 1992 Directors Stock Option Plan, as amended (the "Directors Plan"). The Employee Plan authorizes the issuance of options and stock appreciation rights ("SARs") for up to 7,450,000 shares of common stock. Options are issued by the Board of Directors or a Board committee to key employees of the Company and generally become exercisable in equal amounts over a three-year period. Option prices are equal to the fair market value of the stock on the date of the grant. No SARs have been issued.

The Directors Plan authorizes the issuance of options and SARs for up to 210,000 shares of common stock. Options are issued by the Board of Directors or a Board committee and generally become exercisable in equal amounts over a three-year period. Option prices are equal to the fair market value of the stock on the date of the grant. No SARs have been issued.

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

	2002		2003		2004	
(Shares in thousands)	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	3,678	$ 31.95	4,089	$ 33.69	4,487	$ 34.30
Granted	833	41.51	711	35.09	911	39.68
Exercised	(290)	30.86	(219)	22.06	(799)	27.71
Forfeited	(132)	41.35	(94)	42.26	(93)	39.01
Outstanding at end of year	4,089	$ 33.69	4,487	$ 34.30	4,414	$ 36.40
Exercisable at end of year	2,519	$ 28.24	3,035	$ 32.25	2,935	$ 34.93
Weighted average incremental fair value of options granted during the year using Black-Scholes option pricing model		$ 29.07		$ 15.67		$ 20.00

The following table summarizes information about the stock options outstanding at March 31, 2004:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares Exercisable	Weighted Average Exercise Price
$9.78 - $13.30	90,000	0.4 years	$ 10.13	90,000	$ 10.13
$13.3001 - $19.95	208,000	1.2 years	14.91	208,000	14.91
$19.9501 - $26.60	444,014	3.9 years	22.32	444,014	22.32
$26.6001 - $33.25	757,865	6.0 years	29.64	515,843	30.14
$33.2501 - $39.90	25,083	5.2 years	34.81	18,580	35.04
$39.9001 - $46.55	2,718,158	7.7 years	42.29	1,487,729	42.96
$46.5501 - $53.20	166,562	5.6 years	49.40	166,562	49.40
$53.2001 - $59.85	1,668	5.8 years	55.88	1,668	55.88
$59.8501 - $66.50	2,500	5.8 years	63.88	2,500	63.88
$9.78 - $66.50	4,413,850	6.5 years	$ 36.40	2,934,896	$ 34.93

Note 9: Earnings Per Share

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

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

(Shares in thousands)	2002	2003	2004
Net income for earnings per share computation	$ 62,042	$ 48,685	$ 47,243
Basic earnings per common share:			
Weighted average common shares	19,936	19,781	18,173
Basic earnings per common share	$ 3.11	$ 2.46	$ 2.60
Diluted earnings per common share:			
Weighted average common shares	19,936	19,781	18,173
Shares issuable from assumed conversion of stock options and contingently issuable shares from acquisitions, net of tax savings	924	561	593
Weighted average common and common equivalent shares	20,860	20,342	18,766
Diluted earnings per common share	$ 2.97	$ 2.39	$ 2.52

The Company also has 941,749 shares, 1,648,000 shares and 10,000 shares issuable upon the exercise of outstanding stock options for Fiscal 2004, 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 diluted weighted average share calculations during the periods presented above.

Note 10: Treasury Stock

The Company previously announced intentions to repurchase up to 6.5 million shares of its Common Stock from April 1, 1999 through March 31, 2004. During Fiscal 2004, the Company repurchased approximately 1.7 million shares for an aggregate purchase price of $76,338 and paid $4,719 for treasury share repurchases payable in relation to Fiscal 2003 repurchases. During Fiscal 2003, repurchases also totaled approximately 1.7 million shares for an aggregate purchase price of $63,192. Since inception of the repurchase program in April 1999 through March 31, 2004, the Company has repurchased in aggregate approximately 5.5 million shares for $240,000. Funding for the stock repurchases came primarily from 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.

Note 11: Comprehensive Income

The components of accumulated other comprehensive income consisted of the following as of March 31:

	2003	2004
Foreign currency translation adjustment	$ 3,405	$ 17,418
Unrealized gains on derivatives designated and qualified as cash flow hedges, net of reclassification of unrealized gains on expired derivatives, net of $250 and $131 of tax, respectively	233	454
Total accumulated other comprehensive income	$ 3,638	$ 17,872

Note 12: 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 team members in Latin America) and $1,502 related to real estate costs.

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.

The components of the charge and the restructuring accruals at March 31, 2003 and 2004 are as follows:

	Employee Severance	Facility Closures	Total
Accrued March 31, 2002	$ 1,443	$ 1,439	$ 2,882
Total charge	5,034	1,502	6,536
Cash expenditures	(2,102)	(556)	(2,658)
Asset write-downs	—	(579)	(579)
Accrued March 31, 2003	4,375	1,806	6,181
Cash expenditures	(4,023)	(1,565)	(5,588)
Accrued March 31, 2004	$ 352	$ 241	$ 593

Note 13: Segment Reporting

As required by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," the Company reports the results of its operating segments. During the fourth quarter of Fiscal 2003, the Company changed its primary segments to be on a geographic basis. This is consistent with how the Company is organized and how the business is managed on a day-to-day basis. The primary reportable segments are comprised of North America, Europe and All Other. Consistent with SFAS No. 131, the Company aggregates similar operating units into reportable segments.

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

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

North America	2002	2003	2004
Revenues	$ 533,410	$ 412,247	$ 341,299
Operating income	65,500	53,079	44,281
Depreciation	5,698	5,363	4,515
Intangibles amortization	46	131	46
Segment assets	611,675	586,339	557,239

Europe	2002	2003	2004
Revenues	$ 155,715	$ 153,477	$ 142,158
Operating income	25,758	17,729	21,812
Depreciation	1,944	1,825	1,670
Intangibles amortization	109	224	177
Segment assets	113,556	123,090	131,302

All Other	2002	2003	2004
Revenues	$ 54,556	$ 39,293	$ 36,955
Operating income	13,755	8,318	9,107
Depreciation	481	451	334
Intangibles amortization	15	22	23
Segment assets	24,980	17,920	15,981

Operating income for Fiscal 2003 for North America, Europe and All Other was reduced by $1,790, $4,592 and $154, respectively, for restructuring expenses in the fourth quarter of that year.

Operating income for Fiscal 2002 for North America, Europe and for All Other was reduced by $1,439, $1,830 and $231, respectively, for restructuring expenses in the fourth quarter of that year.

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

Assets	2002	2003	2004
Assets for North America, Europe and All Other segments	$ 750,211	$ 727,349	$ 704,522
Corporate eliminations	(99,424)	(100,620)	(88,233)
Total consolidated assets	$ 650,787	$ 626,729	$ 616,289

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

Revenues	2002	2003	2004
Hotline Services	$ 309,744	$ 252,105	$ 237,872
Data Services	365,901	275,842	214,299
Voice Services	68,036	77,070	68,241
Total revenues	$ 743,681	$ 605,017	$ 520,412

Note 14: Quarterly Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Fiscal 2004					
Revenues	$ 128,347	$ 129,268	$ 133,067	$ 129,730	$ 520,412
Gross profit	53,447	53,875	54,641	54,288	216,251
Net income	11,496	12,193	12,193	11,503	47,243
Basic earnings per common share	0.62	0.66	0.68	0.63	2.60 (1)
Diluted earnings per common share	0.60	0.64	0.66	0.61	2.52 (1)
Fiscal 2003					
Revenues	$ 154,412	$ 162,731	$ 153,062	$ 134,812	$ 605,017
Gross profit	61,892	63,380	60,639	52,936	238,847
Net income	14,665	15,035	14,777	4,208 (2)	48,685
Basic earnings per common share	0.72	0.75	0.75	0.22	2.46 (1)
Diluted earnings per common share	0.70	0.74	0.73	0.21	2.39 (1)

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

(2) During Fourth Quarter Fiscal 2003, operating income was reduced by a restructuring charge of $6,536, thereby reducing net income by $4,183.

COMPANY INFORMATION

Investor Information

Corporate Headquarters
1000 Park Drive
Lawrence, PA 15055 (20 minutes south of Pittsburgh);
Telephone: (724) 746-5500; Facsimile: (724) 746-0746;
Web: www.blackbox.com

Dividend Policy
Cash dividends of $0.05 per share of Common Stock were paid each quarter on April 15, 2003, July 15, 2003, October 15, 2003, and January 15, 2004.

Investor Relations
To receive further information about Black Box Corporation, including copies of press releases, Quarterly Reports and other SEC Filings, without charge, contact:
Investor Relations Department
1000 Park Drive, Lawrence, PA 15055
Telephone: (724) 873-6788; Facsimile: (724) 873-6799
Or visit the Black Box Web site at: www.blackbox.com.

Registrar and Transfer Agent
American Stock Transfer & Trust Company
59 Maiden Lane, New York, NY 10038
Telephone: (718) 921-8275; Facsimile: (718) 331-1852

Corporate Counsel
Buchanan Ingersoll PC
One Oxford Centre, 301 Grant Street, 20th Floor
Pittsburgh, PA 15219-1410

Annual Meeting
The Annual Meeting for Stockholders will take place on Tuesday, August 10, 2004 beginning at 12:30 P.M.

Worldwide Locations
Headquartered in the United States, the Company operates subsidiaries in Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Italy, Japan, Mexico, the Netherlands, New Zealand, Norway, Puerto Rico, Singapore, Spain, Sweden, Switzerland, and the United Kingdom, and services clients in 132 countries.

Directors

William F. Andrews, Chairman, Corrections Corporation of America and Katy Industries; Director, Trex Corp. and O'Charley's Restaurants; Principal, Kohlberg & Co.

Thomas Golonski, Chairman, President and Chief Executive Officer, National City Bank of Pennsylvania, and Executive Vice President, National City Corporation

William R. Newlin, Executive Vice President and Chief Administrative Officer, Dick's Sporting Goods, Inc.

Thomas G. Greig, Managing Director, Liberty Partners

Brian D. Young, General Partner, Eos Partners, L.P.

Fred C. Young, Chief Executive Officer, Black Box Corporation

Common Stock Information

At March 31, 2004, there were 2,291 holders of record.

The following table sets forth the fiscal quarterly high and low sale prices of the Company's common stock as reported by the NASDAQ National Market.

	High	Low
Fiscal 2003		
1st Quarter	$55.70	$36.57
2nd Quarter	43.80	28.67
3rd Quarter	51.39	28.02
4th Quarter	51.16	25.58
Fiscal 2004		
1st Quarter	$43.68	$29.38
2nd Quarter	49.20	35.33
3rd Quarter	45.50	39.25
4th Quarter	58.61	43.85

Fred C. Young
Chief Executive Officer

Kathleen Bullions
Senior Vice President
North America

Roger Croft
Senior Vice President
Europe and Latin America

Francis Wertheimber
Senior Vice President
Pacific Rim/Far East

Mike McAndrew
Chief Financial Officer

Not shown:
Norbert Ramondt
Vice President Europe