

# Black Box Corporation

## NASDAQ:BBOX

Investor and Financial Analyst Day  
December 10, 2010

# Welcome

Gary Doyle  
Director of Investor Relations

# Agenda

10:00	Introduction	Gary Doyle	Director of Investor Relations
10:05	Welcome and Strategic Overview	Terry Blakemore	President and CEO
10:35	Changes, Challenges and Opportunities	Ken Davis	Vice President and Executive Officer
10:55	Enterprise Market Overview	Julie Lyda	Vice President
11:15	Federal Market Overview	Jeff Murray	Sr. Vice President & GM Federal Division
11:35	Financial and Operational Overview	Mike McAndrew	Executive Vice President, Chief Financial Officer and Executive Officer
12:00	Q&A	Terry Blakemore Mike McAndrew	

# Black Box Network Services

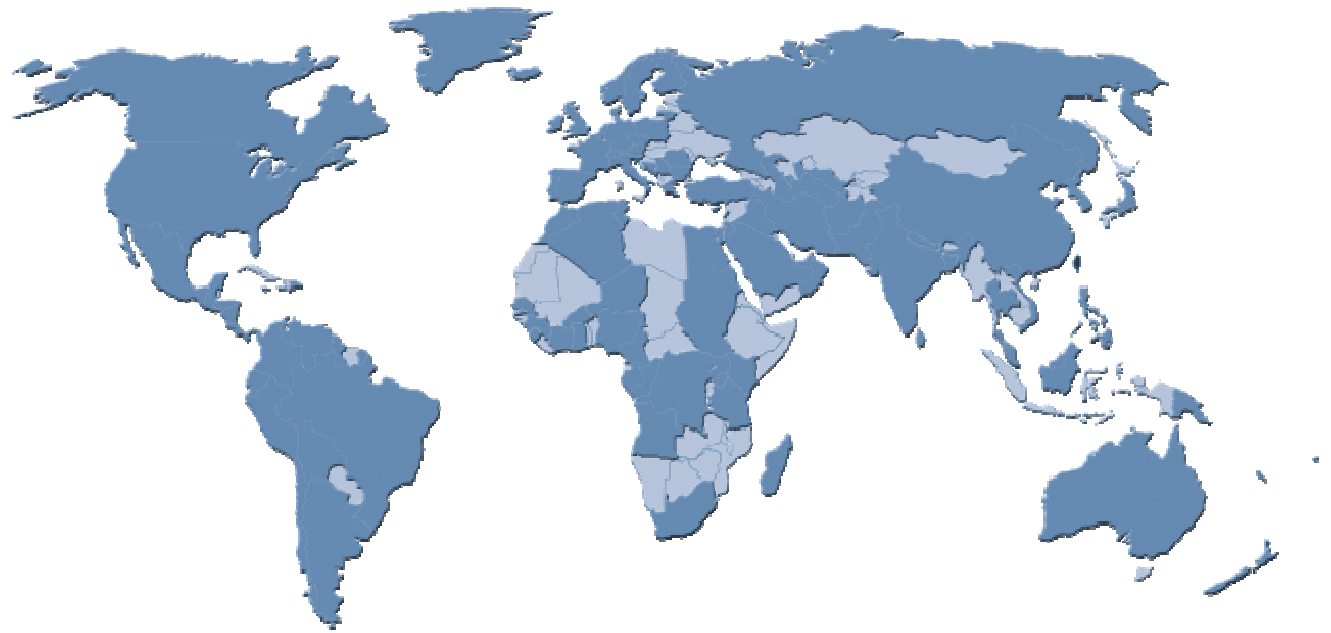
- **Forward-Looking Statements** - Any forward-looking statements contained in this presentation are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and speak only as of the date of this presentation. You can identify these forward-looking statements by the fact that they use words such as "should," "anticipate," "estimate," "approximate," "expect," "target," "may," "will," "project," "intend," "plan," "believe" and other words of similar meaning and expression in connection with any discussion of future operating or financial performance. Forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Risk factors are included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010 and our other filings with the Securities and Exchange Commission (the "SEC"). We can give no assurance that any goal, plan or target set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.
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# Strategic Overview

Terry Blakemore  
President & Chief Executive Officer

# Company Highlights

At Black Box, we provide service and solutions to help our clients to fully optimize their communications investments.



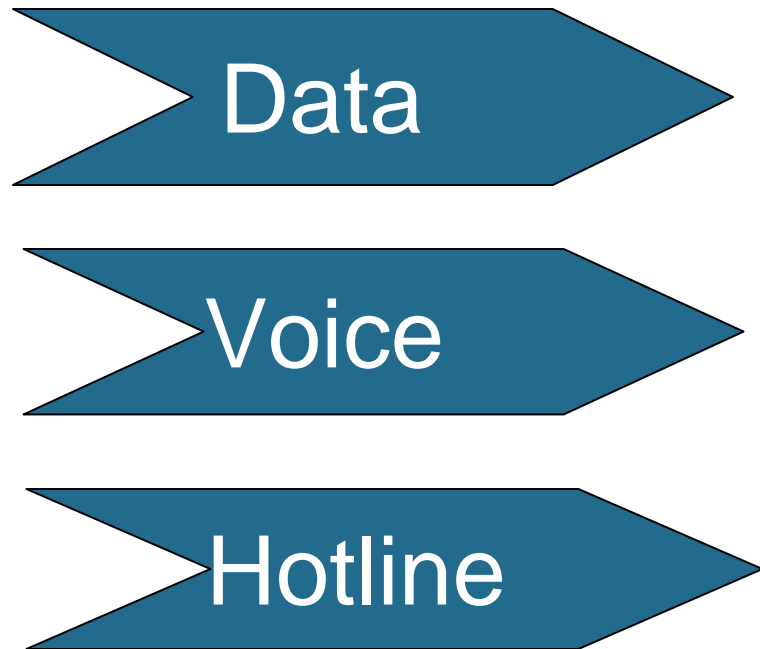
## A Robust Company

- 194 offices worldwide
- 4,500 team members
- 175,000+ clients
- Servicing over 85 of Fortune 100

## Financially Strong and Stable

- Public company (NASDAQ: BBOX) since 1994
- \$1 billion in annual revenue
- Consistent operating margins
- Positive cash flow for 34 consecutive years

# Integrated, Customer-Focused Offering

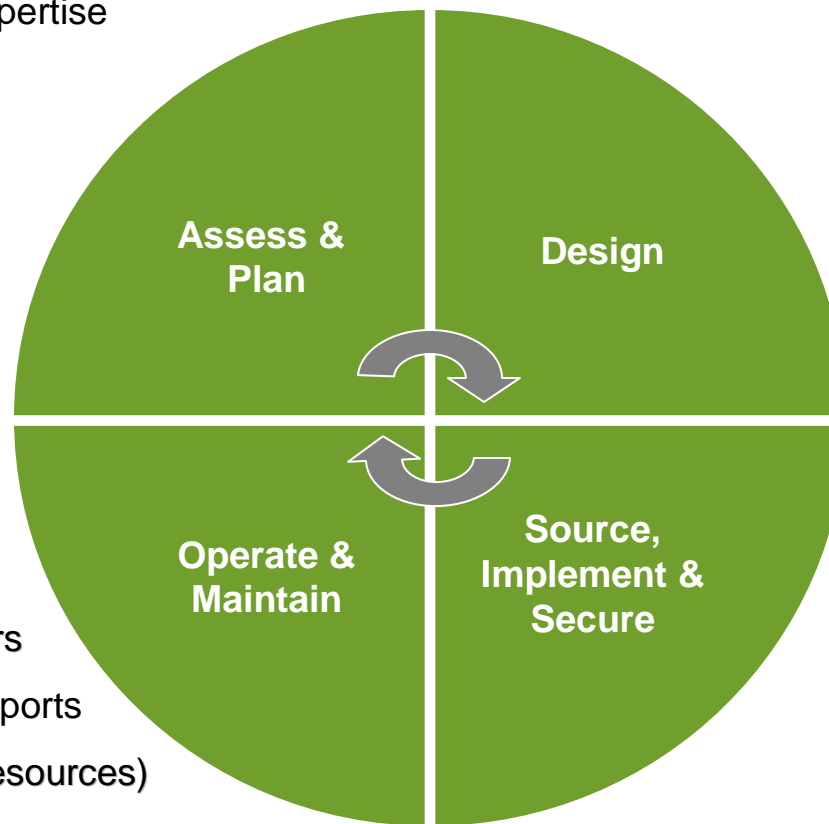


Communications  
System  
Integrator

# Communications System Integrator

- Consulting / engineering expertise
- Complex opportunities
- Strong relationships

- Comprehensive portfolio
- Vendor independent
- Cross-platform expertise



- 7 network operations centers
- 5,000,000 communications ports
- Field support (deployable resources)

- 118,000 products
- Project management
- 3,000+ engineers



# Worldwide Market Size

Communications and networking products and services

<b>Commercial Market</b>	<b>\$60B</b>
<b>Federal Market</b>	<b>40B</b>
<b>Total Worldwide Market</b>	<b>\$100B</b>

## Market Growth

**3 – 4%**

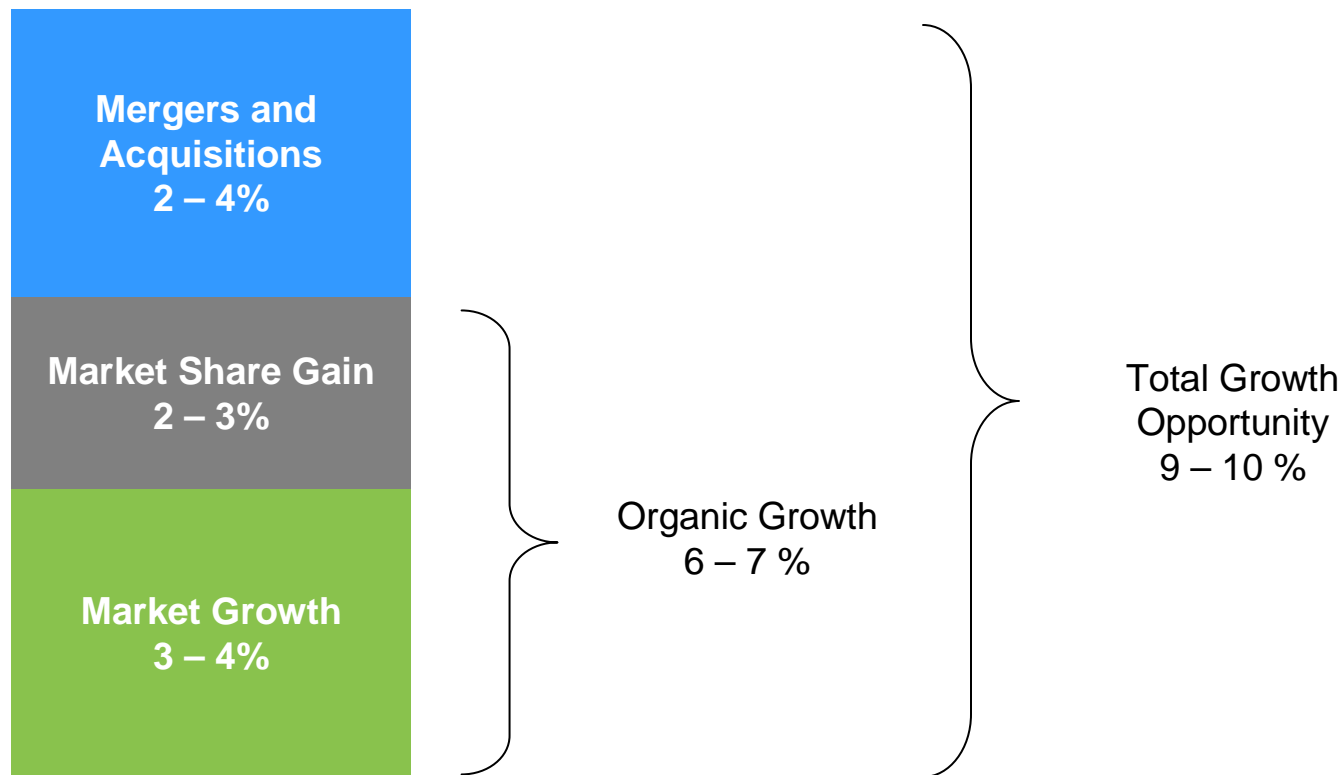
## BBOX Share

**1%**



# Revenue Growth

## Annual opportunity



Black Box has a plan for consistent revenue growth.

# Key Differentiators

## Customer Challenge

- Multiple systems requiring cross-platform support
- Geographically disperse locations
- Consistent quality of partner service


## BBOX Solution

- Broad portfolio of interoperable product and service expertise
- 194 offices worldwide, 7 Network Operations Centers
- Organic resources with technical certifications

Our differentiators will enable us to take market share.

# Mergers and Acquisitions

- **Deepen Capabilities**
  - Partner expertise
  - Technical certification
  - Management talent
- **Expand Geographic Footprint**
  - North America
  - Europe
- **Strengthen Client Base**
  - Penetration of existing clients
  - New client opportunities



M&A  
creates the  
greatest  
opportunity  
for long-  
term return  
on  
investment.

# High Quality Earnings

- Well diversified revenue
- Flexible cost structure
- High gross margin
- Consistent operating margins
- Strong cash flow



Disciplined financial management through downturn has put us in a strong position as clients begin to invest in their communications infrastructure.

# Our Team



Our team is strong, experienced and ready for the changes, challenges and opportunities ahead.

# Key Messages

- Black Box is a Communication Systems Integrator
- We have a unique competitive position
- We generate high quality earnings
- We have a plan for profitable growth

# Changes, Challenges and Opportunities

Ken Davis

Vice President & Executive Officer



# Black Box's Opportunity

- Change → Migration from legacy to new systems will occur slowly.
- Challenge → Multiple communications technologies will be introduced and will need to be integrated.
- Opportunity → Black Box is well positioned to guide its customers through this transformation.

Black Box is the Communications System  
Integrator of choice.

# Transformation

Voice, Video and Data Communications are Evolving Rapidly

Dedicated Hardware



Virtualization

In My Data Center



Hosted / In the Cloud

Wired / At my Desk



Wireless / Mobility (anywhere, anytime)

Data Network / Voice Network



Converged Network (data, voice & video)

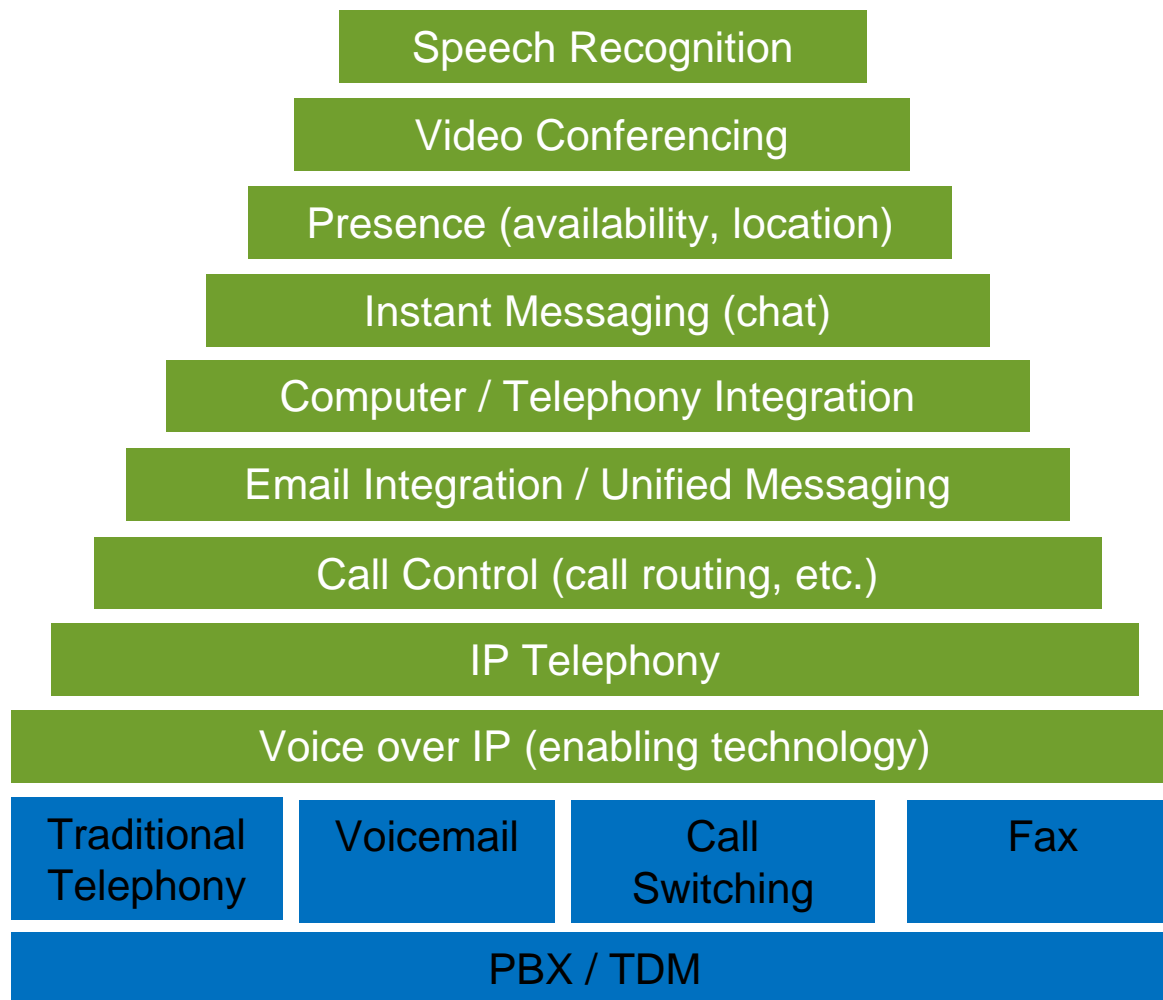
Communications in Silos



Unified Communications

# What is UC?

Unified Communications is the integration of communications services:



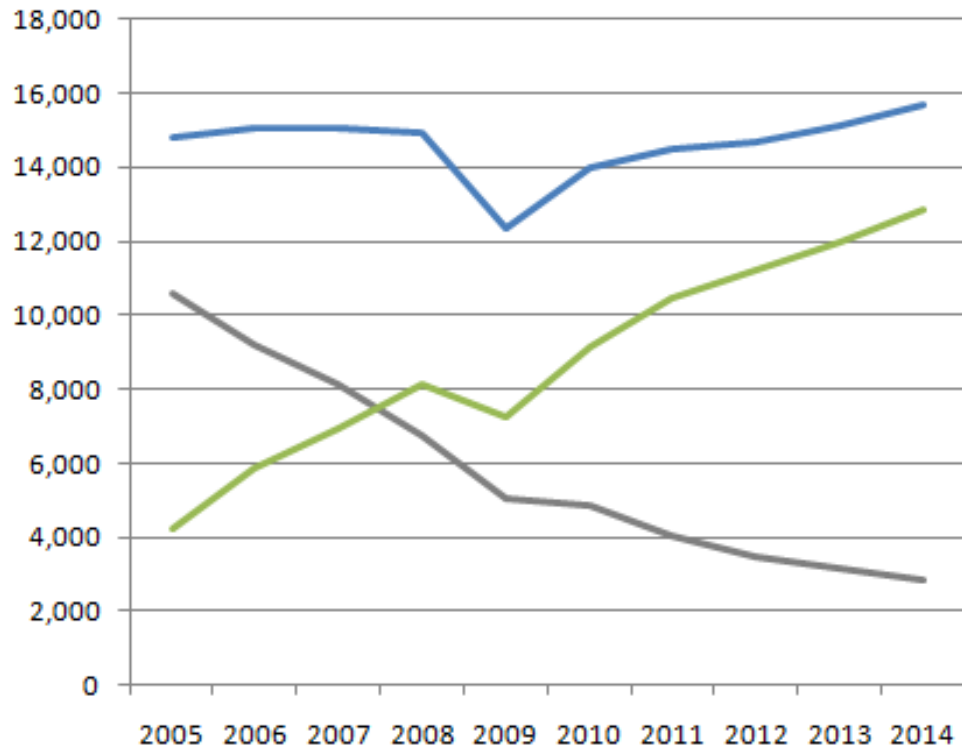
What we are seeing from our clients:

- Implement UC over time
- Integrate best-of-breed technologies
- Operate and maintain hybrid environments

This reality makes the Communications System Integrator important!

# Growth in the Overall Telephony Market

Enterprise Telephony Equipment Seat Line Shipments, North America

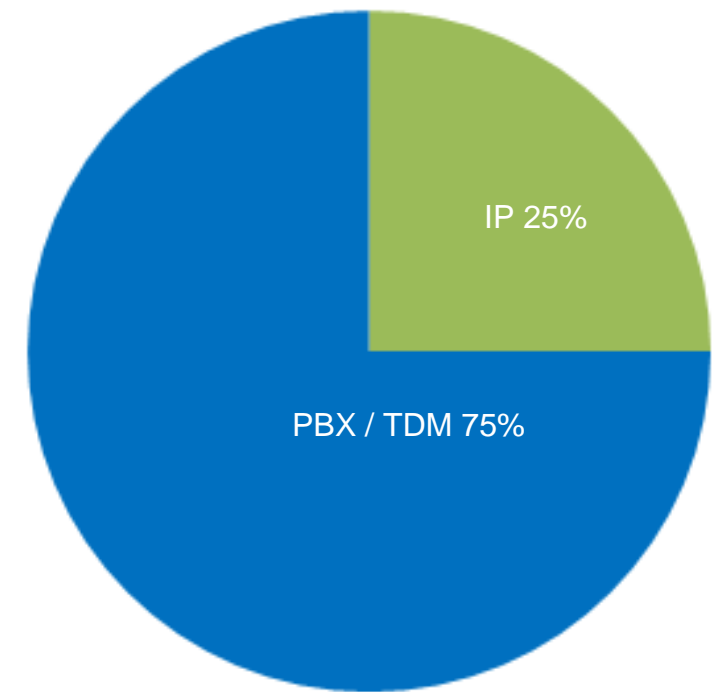


- Total Seat License Shipments (K)
- TDM Seat License Shipments (K)
- IP Seat License Shipments (K)

Source: Gartner, Forecast: Enterprise Telephony Equipment, Worldwide, 2005-2014, 4Q10 Update, November, 2010, Megan Fernandez

2010–2014 CAGR is projected at 2.9%

Black Box Customer Base by Communications System Type



- PBX / TDM (legacy systems)
- IP

Source: Black Box customer survey, November, 2010

# Market Needs

Challenges become market drivers and market needs

## Market Challenges

Multiple manufacturers

Interoperability

## Market Needs

Cross-manufacturer support

Technology specializations

The market is moving to IP and UC, but interoperability among many manufacturers is the issue. The communications system integrator becomes more important!

# Communications Challenges

## Hybrid Communications

### Best-of-Breed Technologies



Smart Phones



IP Telephony



Voice, Video and Data Networking



Call Processing / Call Control



Voicemail / Email / Unified Messaging



Computer / Telephony Applications

Integration Challenges

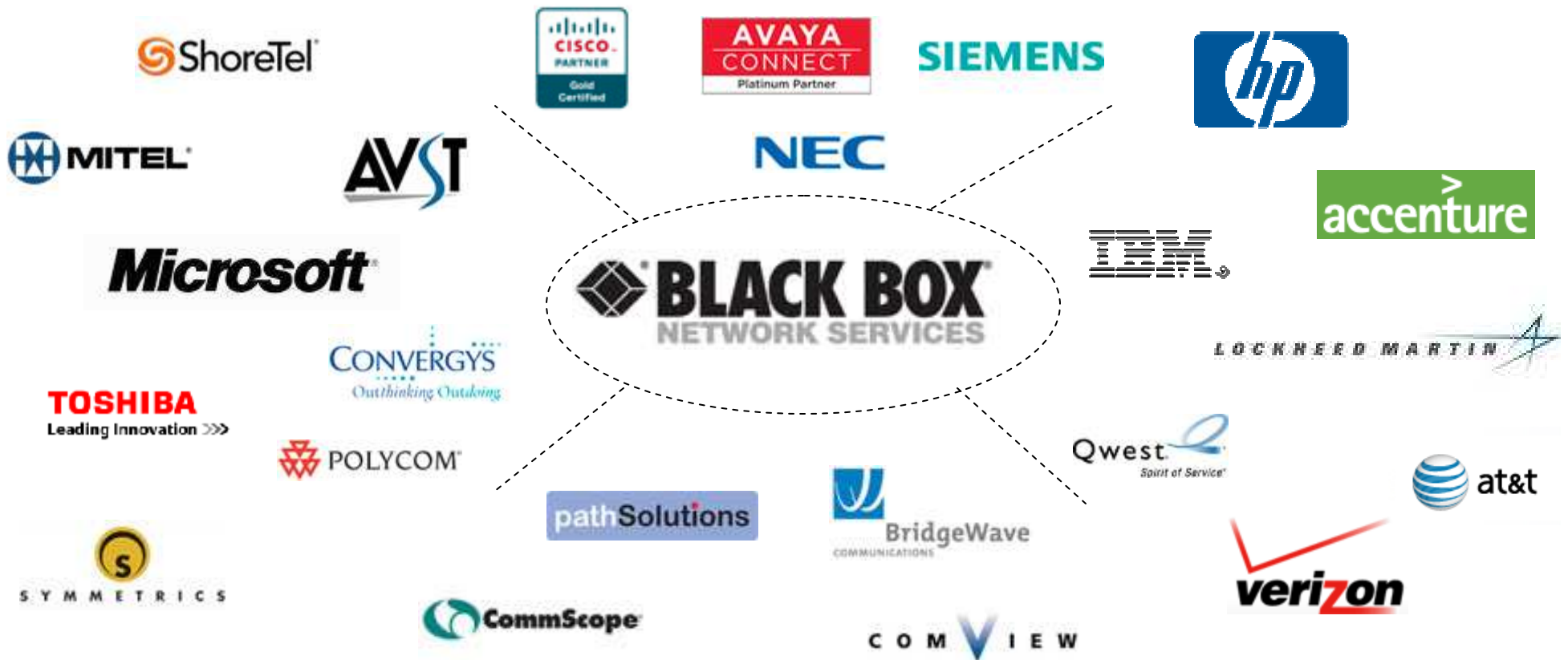


# Communications Integration

Black Box is positioned to ensure communications interoperability

Unified Communications

Traditional System Integrators



# Key Messages

- Enterprise communications is a dynamic, ever-changing market
- Clients will adopt best-of-breed solutions in their total or hybrid communications environment
- The role of the communications system integrator will be critical to the success of building and maintaining enterprise communications



# Q&A

Ken Davis


Vice President & Executive Officer

# Enterprise Market & Client Strategy

Julie Lyda  
Vice President

# Market Drivers for Communications Spending

- » Economic Environment
- » Macro Trends and Technology Advancements
- » Technology Adoption

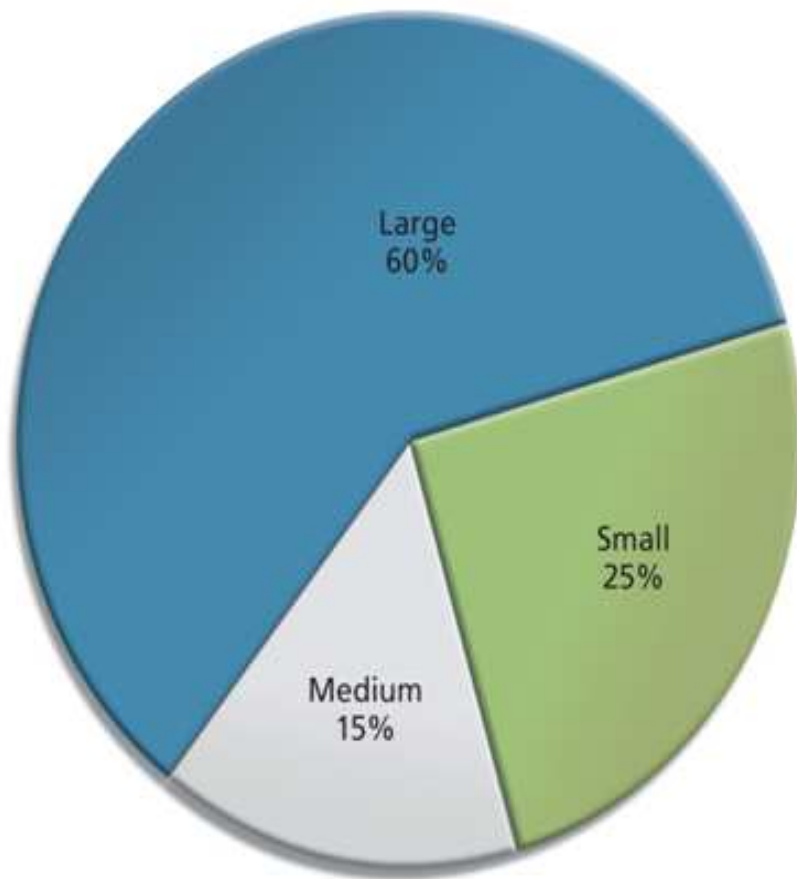


“With revenue growth weak, firms are under intense pressure to improve margins. Technological advances make investment in improved technology imperative.”

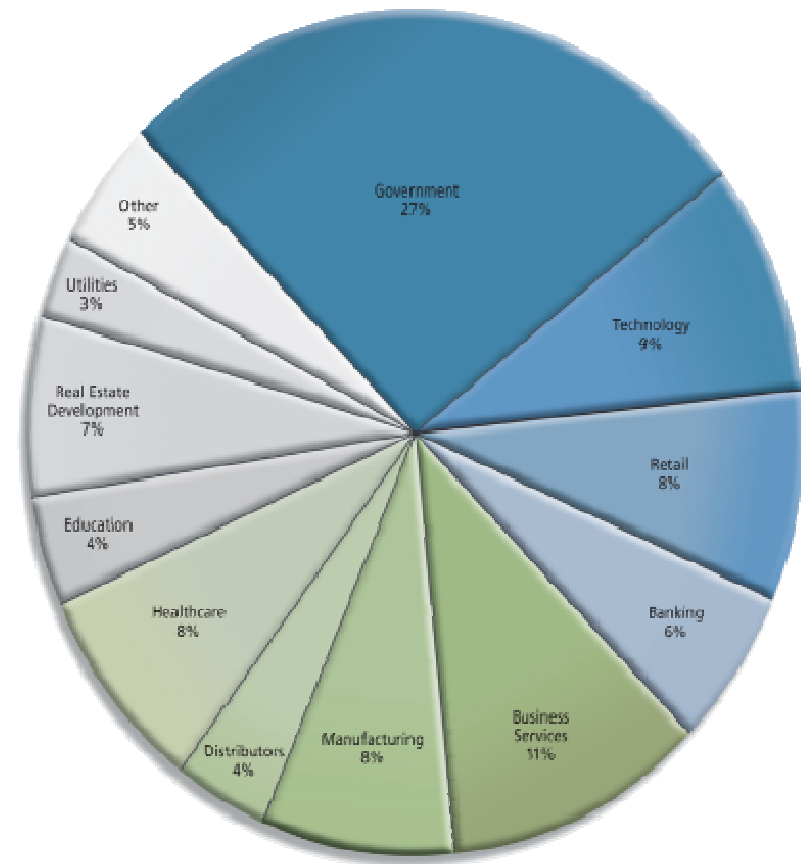
- Standard & Poor's, U.S. Economic Forecast, September 2010

# Black Box Clients

Revenues by size of client



Revenues by Industry



# Black Box Differentiators



## Experience

- 34 years of proven results
- Diverse and long-term customer base
- Financial strength and stability



## Consultative Solutions

- Broad portfolio of cross-platform product and service expertise



## Technical Expertise

- 3,000+ certified technical personnel (organic resources) available across a broad geographic footprint
- Centers of Excellence

Black Box's consultative solutions, experience and technical expertise enable us to fill gaps in the operational and strategic communications needs of our customers.

# Black Box's NOCs

Operational strength derived from our Centers of Excellence

- » 7 Network Operations Centers
- » 5+ million ports supported / 34,000+ calls per month
- » Over 99% of trouble calls resolved without manufacturer assistance
- » Over 72% of issues resolved remotely
- » Web-enabled trouble ticket initiation and tracking with customer system integration



Black Box's organic resources greatly enhance its service capabilities.

# Competitive Landscape

- » Local & Regional VARs → Smaller VARs focused on geographic areas (generally centric to a single solution set)
- » Technology Partners & Vendors → Direct sales on large enterprise opportunities
- » System Integrators → Provide end-to-end IT support

# An Objective Viewpoint from Gartner

## Magic Quadrant for Communications Outsourcing and Professional Services

- » Examination of 16 vendors of IT services for business communications systems in North America
- » Minimum Inclusion Criteria
  - » >\$200M in COPS revenue
  - » Industry diversification
  - » Sole-source provider capabilities
  - » Significant non-maintenance service revenue



# Gartner's COPS Magic Quadrant

## Magic Quadrant for Communications Outsourcing and Professional Services\*

The Magic Quadrant is copyrighted 2010 by Gartner, Inc. and is reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the "Leaders" quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Note: This Magic Quadrant graphic was published by Gartner, Inc. as part of a larger research note and should be evaluated in the context of the entire report. The Gartner report is available from Black Box.

\*Gartner, Inc. Magic Quadrant for Communications Outsourcing and Professional Services North America, Eric Goodness, June 30, 2010



As of June 2010

Source: Gartner (June 2010)

# Client Acquisition and Growth Strategies

## » National / Global Sales and Account Management Team



## » System Integrators Support Account Team



HP Enterprise Services



Black Box delivers unique global capabilities to enterprise clients



# Customer Snapshot - Hewlett-Packard

- 10 year client relationship with revenue growth - \$1.5M - \$40.0M+
- Internal Support Services
  - 140 on-site personnel
  - Remote monitoring and Voice system administration and maintenance
- Supporting 15 + HP Clients
  - » Wells Fargo, Bank of America, Proctor & Gamble, etc.
  - Voice System Services – remote monitoring and maintenance
  - Multiple technology rollouts
- Engagement has grown organically and through acquisition



HP Enterprise Services

Black Box delivers communications services for HP corporation and HP's customers.



# Key Messages

- Black Box's broad portfolio of communication products and services is valued by Enterprise and System Integrator clients
- Enterprise client growth is key to Black Box's organic growth
- Black Box's strategy and performance will result in continued growth and acquisition of Enterprise and System Integrator clients

# Q&A

Julie Lyda  
Vice President

# Federal Market

Jeff Murray

Sr. Vice President & GM

Black Box Network Services – Federal Division

# Addressable Market

## President's GFY2011 Budget

- » Focus on Healthcare + National Defense + Clean Energy + Jobs
- » \$21B cut in Discretionary Spending (100 large programs cut)
  
- All Contractor Spending \$720B
  
- IT Market \$78B (\$79/2012; \$79/2013) 1% CAGR
  - » New Programs \$4B
  - » Telecom \$16B
  - » C4ISR for Southwest Asia Combat Operations \$2B
  - » Operations and Maintenance Services \$106B
  - » White Collar Services \$233B

Total Black Box Federal Addressable Market \$40B

Source: FedSource Analysis of GFY 2011 President's Budget  
Addressable Market is Estimate based on expected spending on 10,325 Projects in Budget

# Budget and Deficit Reduction

Key Deficit Reduction Initiatives Will Drive Opportunity and Growth for Black Box

- » Data Center Consolidation
- » Regionalization of Telecom Services
- » Addition of Commercial Activities from Military Personnel
- » Reduction of Travel
- » Reduction of Base Support Costs
- » Base Realignment & Closure (BRAC) and Joint Basing Activities

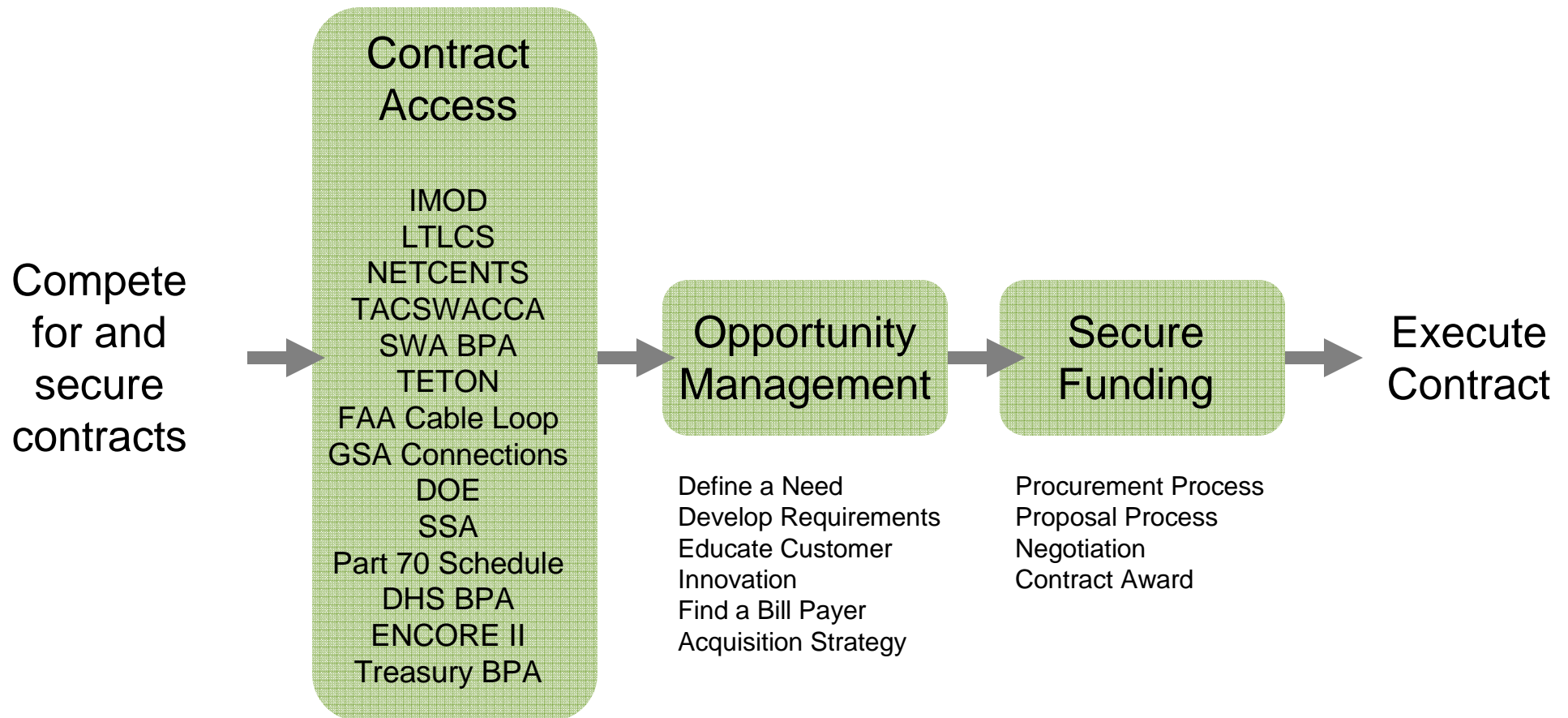


Infrastructure Solutions and Services are an Integral Part of  
the Plan to Help Make Government More Efficient



# Access To Funding

Goal is to be one of Top 3 Companies that Government believes can perform the work needed to meet mission objectives



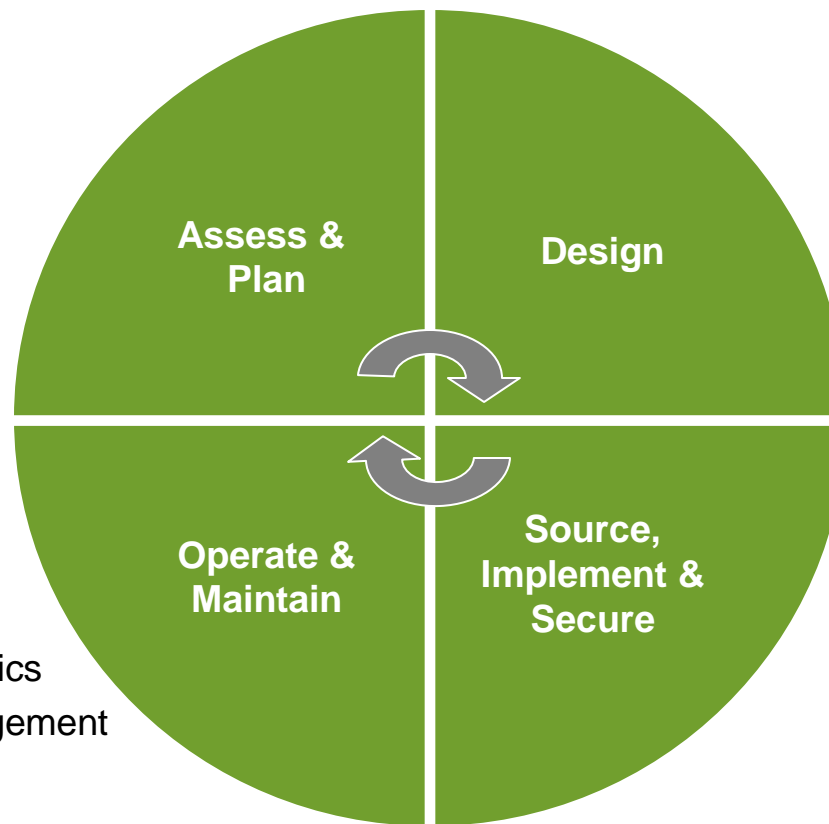
**FY2010 total funding >\$20B IT & Telecom**

# A Deliverable Mission Approach

## A Proven Lifecycle Methodology

- » Consulting
- » Architecture
- » Planning
- » Analysis

- » 24x7 support
- » Monitoring
- » Performance metrics
- » Operations management



- » Engineering
- » Interoperability
- » Technology choices
- » Command & control

- » Sourcing
- » Resource assignment
- » Project management
- » Quality control

# Sample List of Customer Agencies

## Innovative Solutions for Global Customers

### Department of Defense

- US Army
- US Air Force
- US Marine Corps
- US Navy
- Defense Information Systems Agency

### Civilian Agencies

- Dept. of Energy
- Dept. of Veterans Affairs
- Dept. of Treasury
- Dept. of Transportation
- Federal Aviation Administration
- Dept. Homeland Security
- Dept. of Justice
- Dept. of Agriculture
- Dept. of Interior
- Social Security Administration
- Dept. of Commerce

### Intelligence Community

- Security Agencies
- USASOC
- US Navy
- FORSCOM

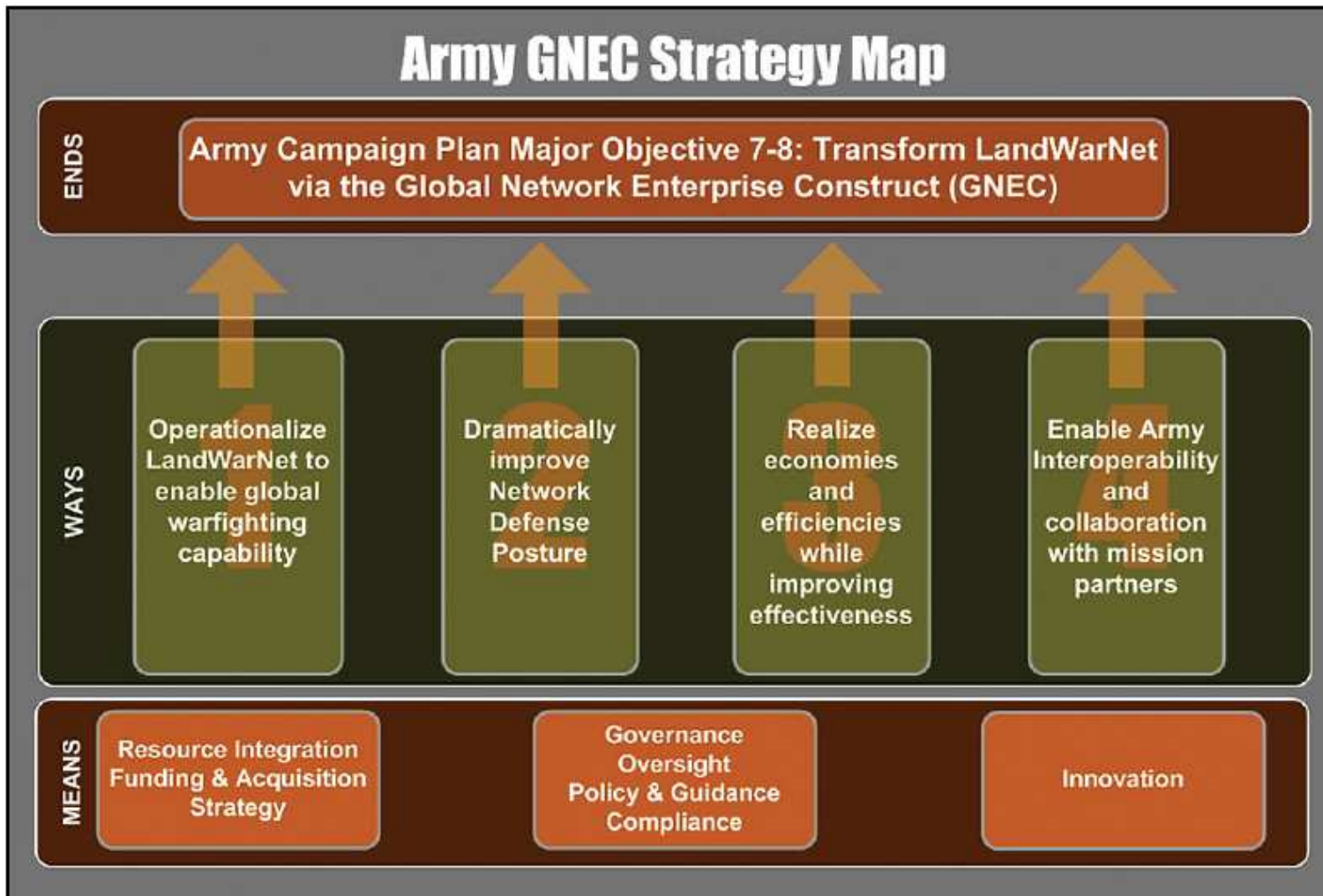
# Competitive Positioning

- Right Size for Government
  - » Large enough to handle large requirements (Low Risk)
  - » Small enough that their business is meaningful to our company (Responsiveness)
- Diverse Partnerships (Innovative Solutions)
- Agility in a Large Business Form Factor (BBOX Model)
- Low Overhead Structure (Competitive pricing)
- Focus on Telecom and Networks (Best Practices)
- Global Organic Resources (Low Risk & Improved Quality)

# UC = Complex Solutions: Fort Bragg

Fort Bragg Infrastructure Modernization - Funded IMOD Contract Value = \$93M

## Army GNEC Strategy Map



## Ideal End State

- Universal email address
- Universal file storage
- One telephone number
- Standard collaboration tool set

## By the Numbers

70,000 voice users  
110,000 network users  
1,700 classified users  
2,200 buildings  
300 miles of OSP fiber  
19 DWDM Nodes  
32 SONET Nodes  
5 new communications facilities



# Key Messages

- Government spending and deficit reduction create opportunity for Black Box to apply innovative solutions to complex operational problems.
- Proven Processes to Secure and Execute Business enable Black Box to continue to be successful in the Federal Market.
- As Government consolidates operationally for efficiency, companies that can deliver services across a broad portfolio will succeed.

Positioned as a Communications Systems Integrator for Long Term Growth

# Q&A

Jeff Murray  
Sr. Vice President & GM  
Black Box Network Services – Federal Division

# Financial and Operational Overview

Mike McAndrew  
Executive Vice President, Chief Financial Officer  
and Executive Officer



# Black Box Operational Excellence

## Operational Excellence Drives Strong Execution Capabilities

### » Branch Philosophy

- Worldwide services delivered on a local basis
- Distributed decision making
- Bias towards action
- Ownership and accountability at the source
- Full integration of acquisitions

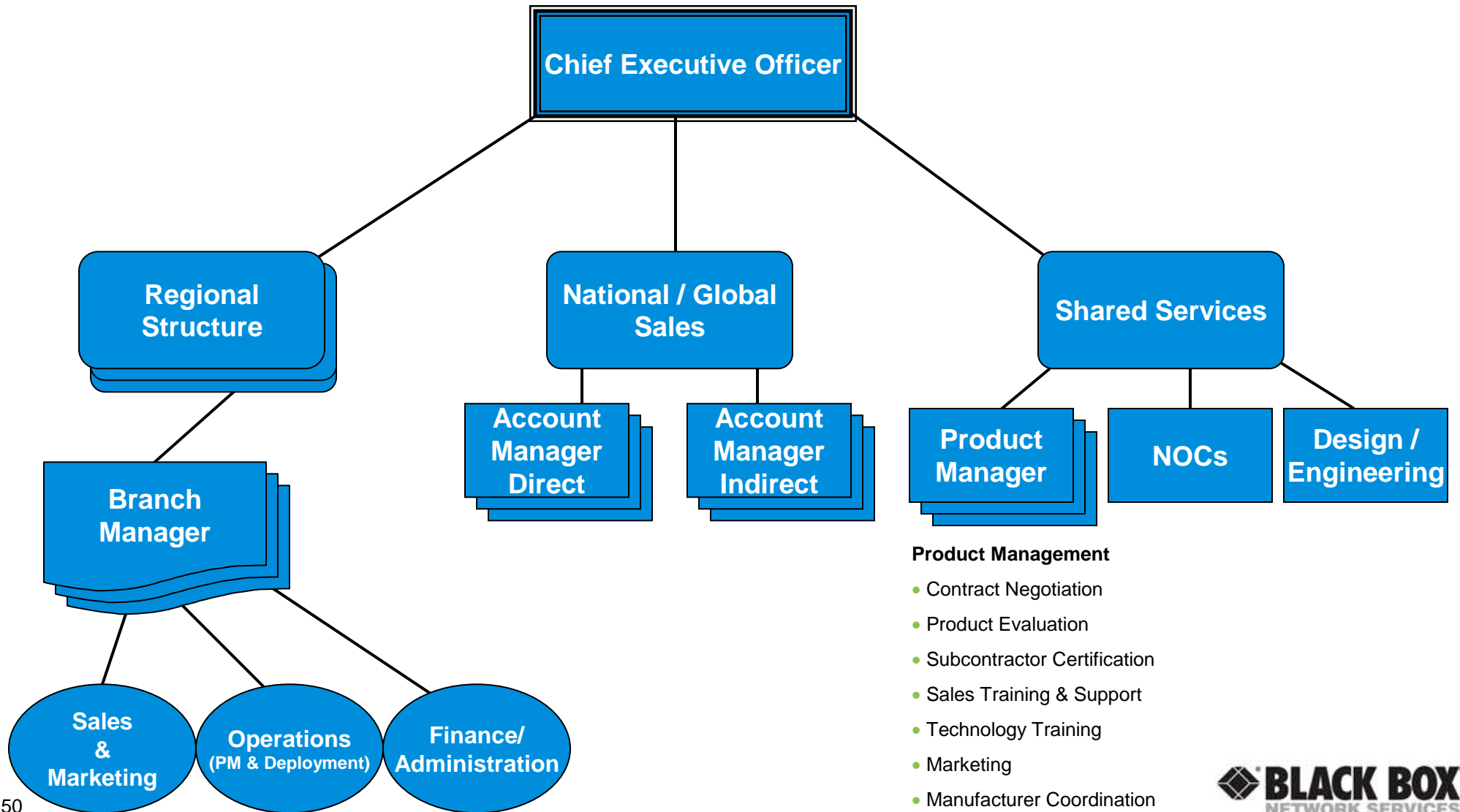
### » Shared Services (Centers of Excellence)

- Centers of Excellence where technical expertise is concentrated and nurtured
- Shared Services include design, engineering, technical support and sales support
- AVST, Cisco, CommScope, Foundry, NEC, Nortel, ShoreTel, Siemens and other technology partners

### » Customer Satisfaction / Quality Control

- ISO 9001:2000 Quality Assurance Global Certification since 1994
- 99% customer satisfaction based on customer surveys
- 92% repeat business
- Strong DSOs

# Structured to Execute

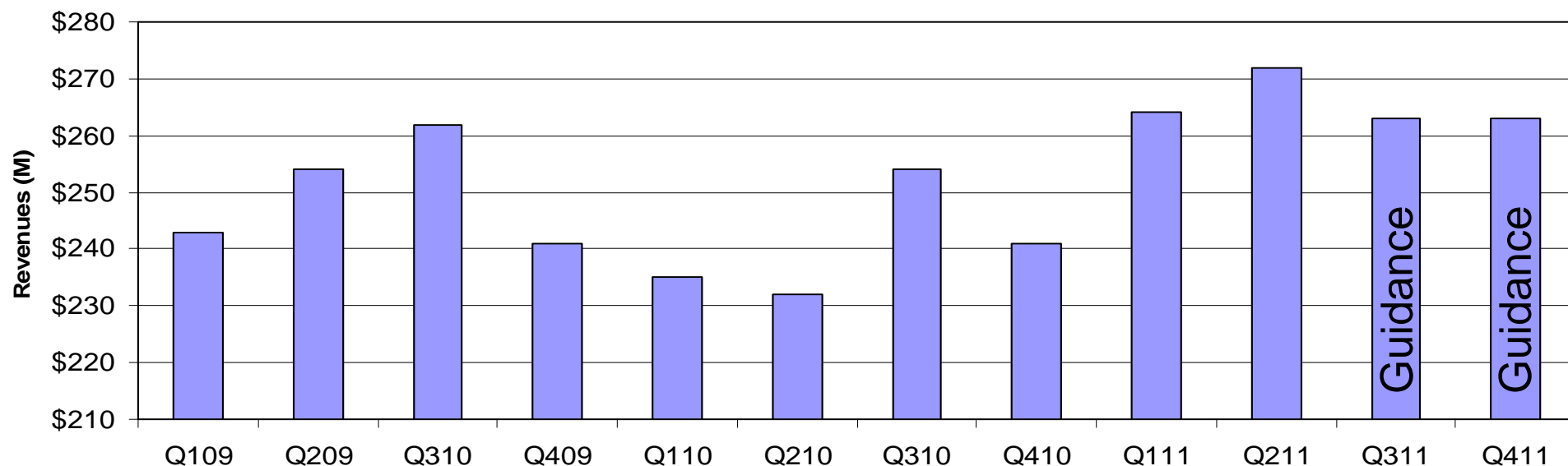


# Business Framework

## 4 Key Measurements

- Operating Margin Percentage
- Operating Margin Dollar Growth
- DSO's
- Revenue Growth

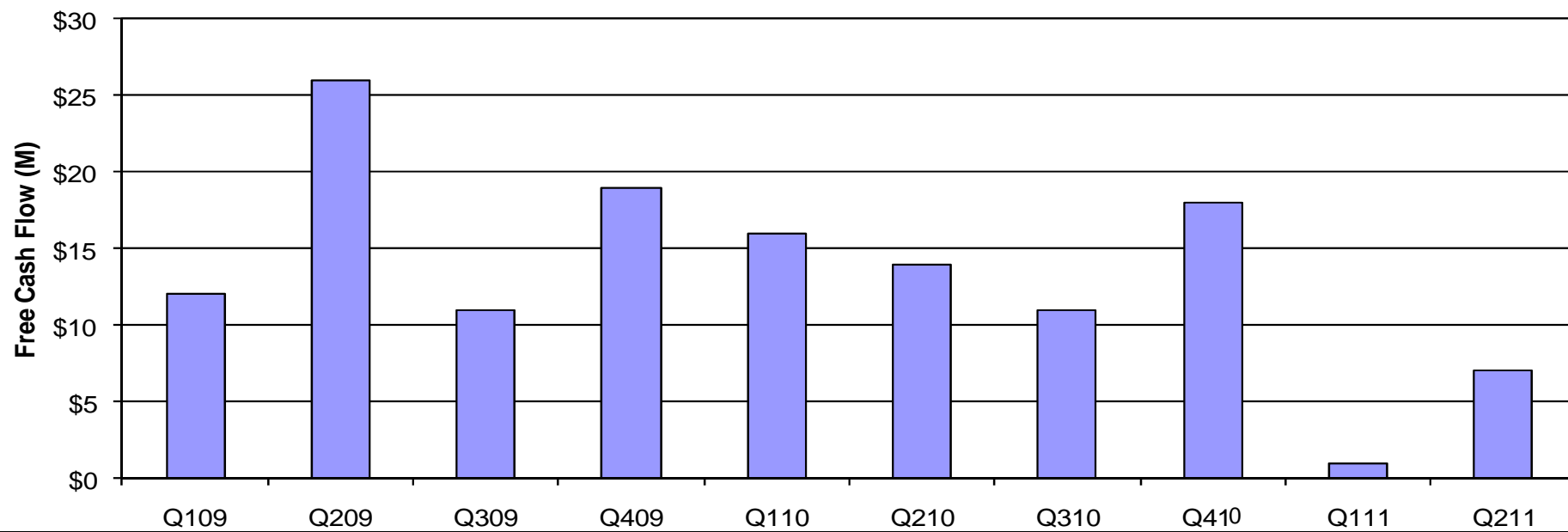
# Growth and Profitability



<b>Organic Growth Rates</b>	FY08	FY09				FY10				FY11		3Q Guidance	Long-term Target
	FY	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Data	7%	2%	-15%	-22%	-27%	-19%	-27%	-13%	-6%	5%	23%	4%	6% - 7% Organic
Voice	-4%	-1%	-2%	0%	-3%	-16%	-16%	2%	2%	16%	21%		
Hotline	6%	-1%	-5%	-13%	-24%	-24%	-20%	-10%	0%	9%	2%		
Consolidated	0%	-1%	-5%	-7%	-13%	-18%	-19%	-3%	0%	12%	18%		
<b>Profitability (M)</b>													
Revenues	\$ 1,017	\$ 243	\$ 254	\$ 262	\$ 241	\$ 235	\$ 232	\$ 254	\$ 240	\$ 264	\$ 273	\$260 - 265	11%
Adjusted Operating Income*	\$ 89	\$ 22	\$ 28	\$ 27	\$ 25	\$ 22	\$ 22	\$ 24	\$ 23	\$ 26	\$ 27		
Adjusted Operating Margin*	10.3%	9.1%	11.1%	10.3%	10.5%	9.4%	9.7%	9.4%	9.5%	9.9%	9.7%	9.5% - 10.0%	

\* Reconciliation to GAAP numbers can be found on our Website at [www.blackbox.com](http://www.blackbox.com)

# Balance Sheet and Cash Flow



	<u>FY08</u>	<u>FY09</u>				<u>FY10</u>				<u>FY11</u>	
	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
DSO	55	54	50	54	53	52	51	52	51	47	48
Inventory Turns	7.1	7.1	8.0	8.6	8.5	8.5	8.4	9.3	8.8	9.5	10.1
Working Capital (M)	\$ 134	\$ 137	\$ 127	\$ 126	\$ 130	\$ 136	\$ 127	\$ 141	\$ 127	\$ 138	\$ 160
Debt (M)	\$ 197	\$ 192	\$ 211	\$ 246	\$ 251	\$ 239	\$ 224	\$ 237	\$ 212	\$ 211	\$ 208
Cash Flow from Ops	\$ 82	\$ 12	\$ 26	\$ 13	\$ 20	\$ 16	\$ 14	\$ 12	\$ 20	\$ 1	\$ 7
Free Cash Flow*	\$ 81	\$ 12	\$ 26	\$ 11	\$ 19	\$ 16	\$ 14	\$ 11	\$ 18	\$ 1	\$ 7

\* Reconciliation to GAAP numbers can be found on our Website at [www.blackbox.com](http://www.blackbox.com)

# Deployment of Capital

	Value to shareholders	Accretive	Strategic long-term value
Dividend	Yes	No	No
Debt repayment	Yes	Yes	No
Share repurchase	Yes	Yes	No
Mergers and acquisitions	Yes	Yes	Yes

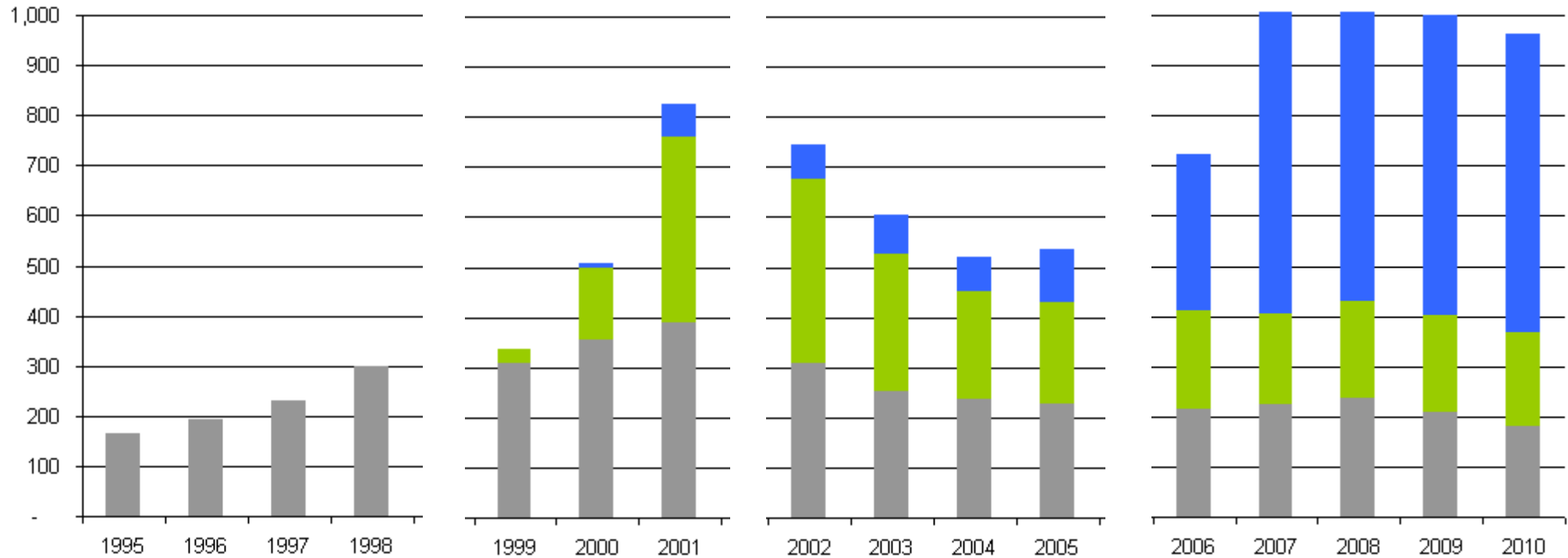
# Transformation

Phase 1: Expansion of Hotline

Phase 2: Expansion of On-Site Services

Phase 3: Operational Focus

Phase 4: Expansion of Communications Services



- Hotline
- Voice
- Data

Execution of Strategy to create a world-class communication system integrator

# Investment Thesis

- Leadership position in a robust growing market
- Unique offering and defensible competitive position
- Capital structure to enable accelerated growth
- Financial model with expanding earnings power



# Q&A

Mike McAndrew  
Executive Vice President, Chief Financial Officer  
and Executive Officer

# Black Box Corporation

## NASDAQ:BBOX

Investor and Financial Analyst Day  
December 10, 2010