

BLACK BOX CORP
Form 8-K
May 23, 2011

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

**FORM 8-K
CURRENT REPORT**

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

Date of Report (Date of Earliest Event Reported): **May 17, 2011**

Black Box Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-18706
(Commission File Number)

95-3086563
(IRS Employer
Identification No.)

1000 Park Drive
Lawrence, Pennsylvania
(Address of Principal Executive
Offices)

15055
(Zip Code)

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

N/A

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

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Each of the actions set forth in this Item 5.02 of this Current Report on Form 8-K (this Form 8-K) occurred on May 17, 2011.

The Compensation Committee (the Compensation Committee) of the Board of Directors (the Board) of Black Box Corporation (the Company) recommended that the Board approve, and the Board approved, an annual incentive bonus plan (the FY12 Annual Incentive Plan) under the Black Box Corporation 2008 Long-Term Incentive Plan (the 2008 Plan) for the fiscal year ending March 31, 2012 (Fiscal 2012). The performance goals for the FY12 Annual Incentive Plan are, as defined below, operating earnings per share, adjusted operating margin percent, adjusted EBITDA and DSOs.

Operating earnings per share means operating net income divided by weighted average common shares outstanding (diluted) with operating net income meaning net income plus Reconciling Items (as defined below); adjusted operating margin percent means operating income plus Reconciling Items divided by total revenues; adjusted EBITDA means EBITDA (defined as net income plus provision for income taxes, interest, depreciation and amortization) plus Reconciling Items; and DSOs is an internal management calculation based on the balances in net accounts receivable, costs in excess of billings and billings in excess of costs at the end of the measurement period.

Reconciling Items means: (i) amortization of intangible assets on acquisitions; (ii) stock-based compensation expense; (iii) asset write-up expense on acquisitions; (iv) expenses, settlements, judgments and fines associated with material litigation (\$500,000 or greater per matter); (v) changes in fair value of any interest-rate swaps; (vi) certain pension plan funding expenses; (vii) the impact of any goodwill impairment; and (viii) the effect of changes in tax laws or accounting principles affecting reported results.

The performance goals for the FY12 Annual Incentive Plan will be equally weighted. Under the FY12 Annual Incentive Plan, the achievement of the performance goals at 80% of target (90% of target for the DSOs performance goal) will result in a payout of 50% of targeted annual bonus, the achievement of the performance goals at 100% of target will result in a payout of 100% of targeted annual bonus and the achievement of the performance goals at 120% of target (110% of target for the DSOs performance goal) will result in a payout of 150% of targeted annual bonus. The achievement of the performance goals at target levels between the levels of target performance stated above will result in payouts of targeted annual bonus amounts calculated on a straight-line basis. The Compensation Committee retained negative discretion to decrease the amount of any award earned under the FY12 Annual Incentive Plan.

Following Board review and approval, the Compensation Committee made targeted annual bonus awards under the FY12 Annual Incentive Plan to the Company's executive officers as follows: R. Terry Blakemore, President and CEO 100% of base salary or \$600,000; Michael McAndrew, Executive Vice President, Chief Financial Officer, Secretary and Treasurer 100% of base salary or \$350,000; Kenneth P. Davis, Vice President 100% of base salary or \$330,000; and Francis W. Wertheimber, Senior Vice President approximately 50% of base salary or \$133,000. Key, non-executive officer employees are also participating in the FY12 Annual Incentive Plan generally on the same terms as the executive officers.

The Compensation Committee recommended that the Board approve, and the Board approved, a new Long-Term Incentive Program (the "FY12 LTIP") under the 2008 Plan for the three fiscal years ending March 31, 2014 (the "Performance Period"). The FY12 LTIP is comprised of a restricted stock unit grant payable in shares of the Company's Common Stock, par value \$.001 per share (the "Common Stock"), representing 20% of the award, a stock option grant representing 30% of the award and performance share awards (the "Performance Awards") payable in shares of the Common Stock representing 50% of the award.

The restricted stock units and stock options granted pursuant to the FY12 LTIP will vest in equal increments over three years. The performance goal for 50% of the Performance Awards is the Company's performance of a cumulative adjusted EBITDA goal (the "EBITDA Goal") and the performance goal for the remaining Performance Awards is the Company's total shareholder return ("TSR") relative to a peer group of companies for the Performance Period. For purposes of determining the payout of the Performance Awards: (A) the achievement of 75% of the EBITDA Goal will result in a payout of 50% of the Performance Awards subject to the EBITDA Goal, the achievement of 100% of the EBITDA Goal will result in a payout of 100% of the Performance Awards subject to the EBITDA Goal and the achievement of 120% of the EBITDA Goal will result in a payout of 150% of the Performance Awards subject to the EBITDA Goal; and (B) the ranking of the Company's TSR in the 35th percentile of the peer group's TSR will result in a payout of 50% of the Performance Awards subject to TSR, the ranking of the Company's TSR in the 55th percentile of the peer group's TSR will result in a payout of 100% of the Performance Awards subject to TSR, the ranking of the Company's TSR in the 75th percentile of the peer group's TSR will result in a payout of 150% of the Performance Awards subject to TSR and the ranking of the Company's TSR in the 100th percentile of the peer group's TSR will result in a payout of 200% of the Performance Awards subject to TSR. In the event of a negative Company TSR, the payout will be capped at 100% of the Performance Awards subject to TSR.

Following Board review and approval, the Compensation Committee approved the following targeted amounts and awards (rounded to the nearest ten shares) under the FY12 LTIP to the Company's executive officers: Mr. Blakemore \$2,324,000 comprised of a restricted stock unit award for 14,350 shares of the Common Stock, a stock option grant for 56,150 shares of the Common Stock and Performance Awards for 34,030 shares of the Common Stock; Mr. McAndrew \$1,162,000 comprised of a restricted stock unit award for 7,180 shares of the Common Stock, a stock option grant for 28,080 shares of the Common Stock and Performance Awards for 17,010 shares of the Common Stock; Mr. Davis \$800,000 comprised of a restricted stock unit award for 4,940 shares of the Common Stock, a stock option grant for 19,330 shares of the Common Stock and Performance Awards for 11,710 shares of the Common Stock; and Mr. Wertheimer \$350,000 comprised of a restricted stock unit award for 2,160 shares of the Common Stock, a stock option grant for 8,460 shares of the Common Stock and Performance Awards for 5,120 shares of the Common Stock. Key, non-executive officer employees are also participating in the FY12 LTIP generally on the same relative basis as the executive officers.

The foregoing awards under the 2008 Plan were granted on May 17, 2011.

Item 8.01 Other Events.

Each of the actions set forth in this Item 8.01 of this Form 8-K occurred on May 17, 2011.

Except for the annual retainer for the Chairs of the Governance Committee of the Board (the Governance Committee) and the Nominating Committee of the Board (the Nominating Committee), the Board, upon the recommendation of the Governance Committee, made no changes in the compensation arrangements for the non-employee members of the Board. The following are such compensation arrangements effective for Fiscal 2012.

Each non-employee member of the Board will continue to receive an annual retainer of \$35,000 per year, payable quarterly.

Meeting fees for Board and Board committee meetings will remain as follows: \$2,000 for each Board meeting attended in person; \$1,000 for each Board meeting attended by telephone; \$1,500 for each meeting of the Audit Committee of the Board (the Audit Committee) attended in person or by telephone; and \$1,000 for each meeting of the Compensation Committee, the Governance Committee and the Nominating Committee attended in person or by telephone.

The Chairperson of the Compensation Committee will continue to receive an annual retainer of \$15,000, payable quarterly.

The Chairperson of each of the Governance Committee and the Nominating Committee will receive an annual retainer of \$7,500 (increased, in each case, from \$5,000), payable quarterly.

The Chairperson of the Audit Committee will continue to receive an annual retainer of \$15,000, payable quarterly.

The non-executive Chairperson of the Board will continue to receive an annual retainer of \$75,000, payable quarterly.

In addition, on May 17, 2011, each non-employee director received an immediately-vested restricted stock unit award with a value of \$100,000 on such date. Based on the closing price of the Common Stock on the date of grant (and rounding to the nearest ten shares), this grant resulted in a restricted stock unit award to each non-employee director for 3,090 shares of the Common Stock which vested immediately upon grant.

SIGNATURES

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

Black Box Corporation

Date: May 23, 2011

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