

BLACK BOX CORP
Form 8-K
May 21, 2014

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 15, 2014

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))

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 15, 2014 unless otherwise noted.

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 "FY15 Annual Incentive Plan") under the Black Box Corporation 2008 Long-Term Incentive Plan, as amended (the "2008 Plan") for the fiscal year ending March 31, 2015 ("Fiscal 2015"). The performance goals for the FY15 Annual Incentive Plan are, as defined below, "operating earnings per share," "adjusted operating margin percent," "organic revenue growth" and "free cash flow." These last two metrics replaced "adjusted EBITDA" and "DSOs" which had been used as performance metrics in previous annual incentive plans.

"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 (as applicable to this metric) divided by total revenues; "organic revenue growth" means total revenues excluding the impact of currency changes and the impact of acquisitions or dispositions; and "free cash flow" means cash from operations less net capital expenditures and excludes the impact of currency changes.

"Reconciling Items" means: (i) intangibles amortization; (ii) asset write-up expense on acquisitions; (iii) expenses, settlements, judgments and fines associated with material litigation (\$500,000 or greater per matter); (iv) changes in fair value of any interest-rate swaps; (v) the impact of any goodwill impairment; (vi) the effect of changes in tax laws or accounting principles affecting reported results; and (vii) restructuring expense in excess of \$3 million in any fiscal year.

The performance goals for the FY15 Annual Incentive Plan will be equally weighted. Under the FY15 Annual Incentive Plan, the achievement of the performance goals at 85% of target (50% of target for the organic revenue growth 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 115% of target (150% of target for the organic revenue growth 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 FY15 Annual Incentive Plan.

The Compensation Committee made, and the Board approved, targeted annual bonus awards under the FY15 Annual Incentive Plan to the Company's executive officers as follows: Michael McAndrew, President and CEO - 100% of base salary or \$550,000; Kenneth P. Davis, Executive Vice President - 100% of base salary or \$400,000; Timothy C. Huffmyer, Vice President, Chief Financial Officer and Treasurer - 70% of base salary or \$231,000; and Ronald Basso, Executive Vice President - 80% of base salary or \$280,000. Key, nonexecutive officer employees are also participating in the FY15 Annual Incentive Plan generally on the same terms as the executive officers.

The Compensation Committee also recommended that the Board approve, and the Board approved, a new Long-Term Incentive Program (the "FY15 LTIP") under the 2008 Plan for the three fiscal years ending March 31, 2017 (the "Performance Period"). The FY15 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 FY15 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 80% (increased from 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.

The Compensation Committee and Board approved the following targeted amounts and awards under the FY15 LTIP to the Company's executive officers: Mr. McAndrew - a restricted stock unit award for 14,180 shares of the Common Stock, a stock option grant for 48,330 shares of the Common Stock and Performance Awards for 33,650 shares of the Common Stock with an aggregate grant date value of approximately \$1,545,000; Mr. Davis - a restricted stock unit award for 7,340 shares of the Common Stock, a stock option grant for 25,030 shares of the Common Stock and Performance Awards for 17,420 shares of the Common Stock with an aggregate grant date value of approximately \$800,000; Mr. Huffmyer - a restricted stock unit award for 4,130 shares of the Common Stock, a stock option grant for 14,080 shares of the Common Stock and Performance Awards for 9,800 shares of the Common Stock with a grant date value of approximately \$450,000; and Mr. Basso- a restricted stock unit award for 6,880 shares of the Common Stock, a stock option grant for 23,460 shares of the Common Stock and Performance Awards for 16,330 shares of the Common Stock with a grant date value of approximately \$750,000. Key, non-executive officer employees are also participating in the FY15 LTIP generally on the same relative basis as the executive officers.

The foregoing awards under the 2008 Plan were granted on May 15, 2014.

Item 8.01 Other Events.

Each of the actions set forth in this Item 8.01 of this Form 8-K occurred on May 15, 2014.

The Board, upon the recommendation of the Nominating & Governance Committee of the Board (the "Governance Committee") on the advice of its compensation consultants as to prevailing Board practices, eliminated the meeting fees paid to directors and increased the annual retainer to \$70,000 per year, payable quarterly.

The Chairpersons of each of the Audit Committee of the Board (the "Audit Committee"), Compensation Committee of the Board (the "Compensation Committee") and Governance Committee will 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, each non-employee director received an immediately-vested restricted stock unit award with a value of approximately \$100,000 on such date (which was the same amount for the previous four (4) fiscal years). 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 4,590 shares of the Common Stock which vested immediately upon grant.

The Company maintains directors' and officers' liability insurance. Directors also are reimbursed customary expenses for attending meetings of the board of directors, board committees and stockholders.

Also, upon recommendation of the Governance Committee, the Board adopted the Black Box Corporation Corporate Governance Guidelines which have been posted to the Company's website at

<http://investor.blackbox.com/corporate-governance.cfm>. These guidelines generally are a compilation of many of the governance practices of the Board that have been in place for a number of years and include a revised stock retention policy requiring directors serving on the Board for at least five (5) years to hold stock with a value of \$250,000 or three (3) times the annual Board retainer, whichever is greater. All non-employee directors are in compliance with this stock retention policy.

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

May 21, 2014

By: /s/ Timothy C. Huffmyer

Timothy C. Huffmyer

Vice President, Chief Financial Officer

and Treasurer (Principal Accounting Officer)