

AVOCENT CORP
Form DEFR14A
May 05, 2006

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

AVOCENT CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
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 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2006 Annual Meeting of Stockholders of Avocent Corporation, a Delaware corporation, will be held at the Huntsville Marriott Hotel located at Five Tranquility Base, Huntsville, Alabama 35805, on Thursday, June 15, 2006, at 10:00 a.m. Central Time, for the following purposes:

1. To elect two Class III directors to serve until the annual meeting of our stockholders in 2009;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent auditors for the current fiscal year ending December 31, 2006;
3. To amend the Avocent Corporation 2005 Equity Incentive Plan and approve the reservation of an additional two million two hundred fifty thousand (2,250,000) shares of our common stock for issuance under the 2005 Equity Incentive Plan; and
4. To transact such other business as may properly come before the meeting, or any postponement or adjournment of the annual meeting.

Only stockholders of record at the close of business on May 3, 2006, are entitled to notice of, and to vote at, the 2006 Annual Meeting of Stockholders and any adjournment or postponement of this annual meeting. A list of these stockholders is kept at the office of our transfer agent, American Stock Transfer & Trust Company. All stockholders are cordially invited to attend the annual meeting. However, to assure your representation at the meeting, you are urged to mark, sign, and return the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. You may also be able to submit your proxy over the Internet or by telephone. For specific instructions, please refer to the information provided with your proxy card.

Any stockholder attending the meeting may vote in person even if he or she has returned a proxy.

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By Order of the Board of Directors,

Samuel F. Saracino
Secretary

Huntsville, Alabama
April 28, 2006

**YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE
MEETING, PLEASE SIGN, DATE, AND RETURN THE ENCLOSED PROXY AS
PROMPTLY AS POSSIBLE IN THE ENCLOSED, POSTAGE-PREPAID ENVELOPE.**

4991 Corporate Drive

Huntsville, Alabama 35805

PROXY STATEMENT

Annual Meeting of Stockholders

To be held on June 15, 2006

INFORMATION CONCERNING SOLICITATION AND VOTING

Date, Time, and Place

This Proxy Statement is furnished to the stockholders of Avocent Corporation, a Delaware corporation, in connection with the solicitation of proxies by our Board of Directors for use at the 2006 Annual Meeting of Stockholders to be held at the Huntsville Marriott Hotel located at Five Tranquility Base, Huntsville, Alabama 35805, on Thursday, June 15, 2006, at 10:00 a.m. Central Time, and any and all postponements or adjournments of this annual meeting, for the purposes set forth in this Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders. These proxy solicitation materials were first mailed on or about May 12, 2006, to all stockholders entitled to vote at the annual meeting. Our principal executive offices are located at 4991 Corporate Drive, Huntsville, Alabama 35805.

Purposes of the Annual Meeting

The purposes of the annual meeting are to:

Elect two Class III directors to serve until the annual meeting of our stockholders in 2009;

Ratify the appointment of PricewaterhouseCoopers LLP as our independent auditors for the current fiscal year ending December 31, 2006;

Amend the Avocent Corporation 2005 Equity Incentive Plan and approve the reservation of an additional two million two hundred fifty thousand (2,250,000) shares of our common stock for issuance under the 2005 Equity Incentive Plan; and

Transact such other business as may properly come before the annual meeting, or any postponement or adjournment of the annual meeting.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by delivering to our corporate secretary or our transfer agent, American Stock Transfer & Trust Company, a written

notice of revocation or a duly executed proxy bearing a later date or by attending the annual meeting and voting in person.

Record Date and Share Ownership

Stockholders of record at the close of business on May 3, 2006, the record date, are entitled to notice of, and to vote at, the annual meeting. On April 14, 2006, 48,963,888 shares of our common stock, and no shares of our preferred stock, were issued and outstanding, held of record by approximately 300 stockholders. For information regarding security ownership by principal stockholders and management, see the section below entitled, Security Ownership by Principal Stockholders and Management.

Voting and Solicitation; Quorum

Each share held as of the record date is entitled to one vote. A quorum for the transaction of business at the annual meeting requires the presence, in person or by proxy, of a majority of the votes eligible to be cast by holders of the shares of common stock issued and outstanding on the record date.

Abstentions and broker non-votes will be counted for the purpose of determining the presence or absence of a quorum for the transaction of business. However, broker non-votes will not be counted for the purpose of determining the number of shares entitled to vote with respect to a proposal on which the broker has expressly not voted. Thus, broker non-votes will not affect the outcome of the voting on a proposal that requires the affirmative vote of a majority of the shares present and entitled to vote.

The solicitation of proxies will be conducted by mail, and we will bear all attendant costs. These costs will include the expense of preparing and mailing proxy solicitation materials for the annual meeting and reimbursements paid to brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials regarding the annual meeting to such beneficial owners. Certain of our directors, officers, and regular employees, without additional compensation, may also solicit proxies, personally or by telephone, email, or facsimile. We have retained Mellon Investor Services, LLC to assist us in the solicitation of proxies for a fee of approximately \$10,000 plus reasonable out-of-pocket costs and expenses, and we have agreed to indemnify Mellon against certain liabilities arising out of or in connection with our agreement.

Stockholder Proposals for the Next Annual Meeting

Any stockholder proposal to be presented at our next annual meeting of stockholders must be received at our offices no later than December 29, 2006, in order to be considered for inclusion in our proxy materials for such meeting. Any such proposals must be submitted in writing, addressed to the attention of our corporate secretary at 9911 Willows Road N.E., Redmond, Washington 98052, Attention: Corporate Secretary, and must otherwise comply with our Bylaws and the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended.

Our Bylaws establish an advance notice procedure with regard to certain matters, including stockholder proposals not included in our Proxy Statement, to be brought before an annual meeting of stockholders. In general, nominations for the election of directors or proposals for other

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business may be made by the Board of Directors or by any stockholder entitled to vote who has delivered written notice to our corporate secretary not less than 90 days in advance of the annual meeting, which notice must contain specified information concerning the nominees and concerning the stockholder proposing such nominations. In the event that less than 100 days notice or prior public disclosure of the date of the annual meeting is given or made to stockholders, notice by the stockholders must be received not later than the close of business on the tenth day following the earlier of the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A copy of the full text of the Bylaw provisions discussed above may be obtained by writing to our corporate secretary. All notices of proposals by stockholders, whether or not included in our proxy materials, should be sent to our corporate secretary at 9911 Willows Road N.E., Redmond, Washington 98052, Attention: Corporate Secretary.

Householding of Proxy Materials

We have adopted a procedure approved by the U.S. Securities and Exchange Commission (SEC) called householding. Under this procedure, stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one set of our proxy materials unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. We believe this will provide greater convenience for our stockholders, as well as cost savings for us, by reducing the number of duplicate documents that are sent to your home.

Stockholders who participate in householding will continue to receive separate proxy cards. Householding will not in any way affect your rights as a stockholder.

If you are eligible for householding and currently receive multiple copies of our proxy materials with other stockholders of record with whom you share an address or if you hold stock in more than one account, and in either case you wish to receive only a single copy of these documents for your household, please contact our corporate secretary at 9911 Willows Road N.E., Redmond, Washington 98052, Attention: Corporate Secretary, or by telephone at (425) 861-5858.

If you participate in householding and wish to receive a separate copy of our Annual Report on Form 10-K or this Proxy Statement, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact our corporate secretary at the address or telephone number indicated above and we will promptly deliver to you separate copies of these documents.

Beneficial stockholders can request information about householding from their banks, brokers, or other holders of record.

PROPOSAL ONE

ELECTION OF CLASS III DIRECTORS

Our Certificate of Incorporation provides that our Board of Directors is to be divided into three classes of directors, designated as Class I, Class II, and Class III. Our Board of Directors currently consists of eight members, with three members in each of Classes I and II, and two members in Class III. Upon the expiration of the term of a class of directors, nominees for that class are elected to serve for a term of three years and until their respective successors have been elected and qualified. The current terms of the two Class III directors, Francis A. (Fran) Dramis, Jr. and Stephen F. Thornton, expire upon the election and qualification of the directors to be elected at the annual meeting. Following the recommendation of our Nominating and Governance Committee, our Board of Directors has nominated Messrs. Dramis and Thornton for reelection to the Board of Directors at the annual meeting, to serve until the annual meeting of stockholders to be held in 2009. The terms of the Class I and Class II directors expire at the annual meetings of stockholders to be held in 2007 and 2008, respectively.

Unless otherwise directed, the persons named in the proxy intend to vote all proxies FOR the election of Messrs. Dramis and Thornton to the Board of Directors. The nominees have consented to serve as our directors if elected. If, at the time of the annual meeting, either of the nominees is unable or declines to serve as a director, the discretionary authority provided in the enclosed proxy will be exercised to vote for a substitute candidate designated by the Board of Directors. The Board of Directors has no reason to believe that either of the nominees will be unable, or will decline, to serve as a director.

Set forth below is certain information furnished to us by the director nominees and by each of the incumbent directors whose terms will continue following the annual meeting.

Class I Directors

William H. McAleer, 55, has been one of our directors since July 2000. Mr. McAleer is currently Managing Director of Voyager Capital, a venture firm that provides funding to private information technology companies. From 1988 through 1994, he was Vice President of Finance, Chief Financial Officer, and Secretary of Aldus Corporation, a publicly-traded software company.

David P. Vieau, 56, has been one of our directors since April 2001. Since March 2002, Mr. Vieau has been the President and Chief Executive Officer of A123Systems, Inc., a privately-held company that develops advanced power technologies for portable communications and computer systems. From January 2001 to March 2002, he was a consultant and private investor.

Doyle C. Weeks, 60, has been one of our directors since July 2000. Mr. Weeks has been President and Chief Operating Officer since February 2005. Prior to that he was our Executive Vice President of Group Operations and Business Development from July 2000 to January 2005.

Class II Directors

John R. Cooper, 58, has been one of our directors since July 2000, and was elected as Chairman of our Board of Directors in April 2003. Mr. Cooper has been our Chief Executive Officer since March 2002 and also served as our President from March 2002 through January 2005. From April 2001 to November 2001, Mr. Cooper served as Senior Vice President of Finance and Chief Financial Officer of ADTRAN, Inc., a publicly-traded company that designs, develops, manufactures, markets and services a broad range of high-speed digital transmission products.

Harold D. Harry Copperman, 59, Mr. Copperman has been one of our directors since November 2002. Mr. Copperman is currently President and Chief Executive Officer of HDC Ventures, Inc., a management and

investment group focusing on enterprise systems, software, and services, a position he has held since March 2002. From January 2001 to March 2002, he was a consultant and private investor. Mr. Copperman is also a director of Epicor Software Corporation, a provider of enterprise software solutions for mid-market companies, and AXS-One Inc., a provider of records compliance management solutions.

Edwin L. Harper, 61, has been one of our directors since July 2000, and was elected as our Lead Independent Director in April 2003. Since February 2005, Mr. Harper has served as Chief Executive Officer and Chairman of WhiteCell Software, Inc., a network security company. From March 2001 to January 2005, Mr. Harper has been a consultant and private investor. From September 1999 to March 2001, Mr. Harper served as President of Manufacturing Technology, Inc., a privately-held company that manufactured slicing and dicing equipment for the thin film head, semiconductor, and optics industries. Mr. Harper is also a director of Ditech Communication Corporation, a telecommunications equipment supplier.

Class III Directors

Francis A. Fran Dramis, Jr., 58, has been one of our directors since November 2002. Mr. Dramis is currently Chief Information - E-Commerce & Security Officer for BellSouth Corporation, a telecommunications company based in Atlanta, Georgia. Mr. Dramis has held a variety of positions at BellSouth, which he joined in December 1998.

Stephen F. Thornton, 66, has been a member of our Board of Directors since July 2000, and was Chairman of our Board of Directors from July 2000 to April 2003. Mr. Thornton was our President and Chief Executive Officer from July 2000 to March 2002.

Vote Required and Board of Directors Recommendation

The two nominees receiving the greatest number of votes of the shares present and entitled to vote at the annual meeting will be elected as directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE ELECTION OF MESSRS. DRAMIS AND THORNTON TO THE BOARD OF DIRECTORS.

PROPOSAL TWO

**TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS
OUR INDEPENDENT AUDITORS FOR THE YEAR ENDED DECEMBER 31, 2006**

Our Audit Committee has appointed the firm of PricewaterhouseCoopers LLP to conduct an audit in accordance with generally accepted auditing standards of our financial statements for the fiscal year ending December 31, 2006. A representative of that firm is expected to be present at the annual meeting to respond to appropriate questions and will be given an opportunity to make a statement if he or she so desires. The Audit Committee has discussed with PricewaterhouseCoopers its independence from us and our management, and this discussion included consideration of the matters in the written disclosures required by the Independence Standards Board and the potential impact that non-audit services provided to us by PricewaterhouseCoopers could have on its independence. This appointment is being submitted for ratification at the meeting. If not ratified, the Audit Committee will reconsider this appointment, although the Audit Committee will not be required to appoint different independent auditors. PricewaterhouseCoopers has served as our independent auditors since July 2000.

Vote Required and Board of Directors Recommendation

The affirmative vote of the holders of a majority of the shares of our common stock present or represented and voting at the annual meeting will be required to approve this proposal.

THE AUDIT COMMITTEE HAS APPROVED THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2006, AND THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THIS APPOINTMENT.

PROPOSAL THREE

**APPROVAL OF AN AMENDMENT TO THE
AVOCENT CORPORATION 2005 EQUITY INCENTIVE PLAN
TO INCREASE THE NUMBER OF SHARES AVAILABLE FOR AWARDS UNDER THE PLAN**

Our 2005 Equity Incentive Plan (the "2005 Plan") was adopted by our Board of Directors and approved by the stockholders in 2005. The purposes of the Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to our directors, employees, and consultants, and to promote the success of our business.

As of April 14, 2006, a total of 3,657,105 shares of our Common Stock is presently available for Awards under the 2005 Plan. As of April 14, 2006, 52,400 option Awards had been exercised under the 2005 Plan, and there were option Awards outstanding to purchase an aggregate of 295,480 shares at a weighted average exercise price of \$26.53 per share.

The Board of Directors believes that the number of shares remaining available for awards under the Plan is insufficient to satisfy the purposes of the 2005 Plan unless additional shares are authorized, and you are being asked to approve an amendment, which was unanimously approved by our Board of Directors, to the Avocent Corporation 2005 Equity Incentive Plan to increase by two million two hundred fifty thousand the number of shares that may be awarded under the 2005 Plan. In addition, this amendment to the 2005 Plan is being submitted to stockholders for approval in order to enable us to grant certain awards under the 2005 Plan that may qualify as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Amendment Approval

We strongly believe that the amendment to our 2005 Plan for the reservation of additional shares is essential to our continued success. The Board and management believe that equity awards motivate high levels of performance, align the interests of service providers and stockholders by giving employees the perspective of an owner with an equity stake in the Company, and provide an effective means of recognizing service provider contributions to our success. Our recent acquisition of Cyclades Corporation added approximately 325 new employees, and the Board and management believe that equity awards are of great value in recruiting and retaining personnel who help us meet its goals, as well as rewarding and encouraging current service providers. The Board and management believe that the ability to grant equity awards will be important to our future success.

The terms of our 2005 Plan specify that the pool of shares available for issuance under the 2005 Plan are reduced at a two-for-one rate for every Award of restricted stock, performance shares, or restricted stock units with a per share price less than the fair market value of our common stock on the date of the Award. In the past, we have granted stock options that were not subject to this two-for-one rule, but after a comprehensive review of our incentive compensation programs with an independent compensation consultant, our Compensation Committee and Board of Directors have concluded that future Awards will likely consist of restricted stock (or restricted stock units) and performance shares rather than stock options, and recently made approximately 897,000 Awards of restricted stock units and performance shares, which as a result of this two-for-one rule, reduced the pool of shares available under our 2005 Plan by 1,794,000. As a result, we believe we need to increase the number of available shares to meet our future needs. If the amendment is approved, we will have approximately 4,113,105 shares of

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our common stock available for Awards, but effectively, we will only be able to make approximately 2,056,552 Awards of restricted stock, performance shares, or restricted stock units under the 2005 Plan.

Starting in 2006, we were required by new accounting regulations to record a charge to earnings for employee and director stock option grants, and the 2005 Plan allows us to grant a wide range of awards, including restricted stock, restricted stock units, stock appreciation rights, performance shares, performance units, dividend

equivalents, and deferred stock units, which will help us achieve our goal of attracting, retaining, and motivating talented personnel.

As of April 14, 2006, there were approximately 1,308 employees (including officers) and six non-employee members of our Board of Directors eligible to participate in the 2005 Plan.

Vote Required and Board of Directors Recommendation

The affirmative vote of the holders of a majority of the shares of our common stock present or represented and voting at the annual meeting will be required to approve this proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE APPROVAL OF THE AMENDMENT TO THE 2005 PLAN.

Our executive officers and members of our Board have an interest in this proposal as they may receive awards under the 2005 Plan.

2005 Plan Summary

The following paragraphs provide a summary of the principal features of the 2005 Plan and its operation. The 2005 Plan is set forth in its entirety as [Appendix A](#) to this Proxy Statement. The following summary is qualified in its entirety by reference to the 2005 Plan.

Eligibility. Options, restricted stock, restricted stock units, stock appreciation rights, performance shares, performance units, deferred stock units, and dividend equivalents may be granted under the 2005 Plan. Options granted under the 2005 Plan may be either incentive stock options, as defined in Section 422 of the Code, or nonstatutory stock options. Nonstatutory stock options, restricted stock, restricted stock units, performance shares, performance units, stock appreciation rights, deferred stock units, and dividend equivalents may be granted under the 2005 Plan to our directors, employees, or consultants. Incentive stock options may be granted only to our employees. The Administrator of the 2005 Plan (as defined below), in its discretion, selects the person(s) to whom options, restricted stock, restricted stock units, stock appreciation rights, performance shares, performance units, deferred stock units, and dividend equivalents (collectively, Awards) may be granted, the time or times at which Awards are granted, and the number of shares subject to each such Award.

Code Section 162(m) Annual Limitations. The 2005 Plan provides that no person(s) may be granted, in any fiscal year, options or stock appreciation rights to purchase more than 400,000 shares of common stock; provided, however, the limit will be 1,200,000 shares for a person's first fiscal year of service with us. No more than 200,000 shares of

restricted stock, restricted stock units, or performance shares (which may include related dividend equivalent grants) may be granted to a person in any fiscal year; provided, however, the limit will be 600,000 shares for a person's first fiscal year of service with us. In addition, no person(s) may receive performance units, in any fiscal year, having an initial value greater than \$1,000,000; provided, however, that the limit will be \$3,000,000 for such person's first fiscal year of service with us.

Shares Available For Issuance. Upon approval of this amendment by stockholders, a total of 3,113,105 shares of common stock will be available for Awards under the 2005 Plan, plus any shares subject to any outstanding options under our current stock options plans that subsequently expire unexercised. As noted above, any shares subject to restricted stock, performance shares, or restricted stock units with a per share price less than the fair market value of our common stock on the date of the Award will be counted against the authorized share reserve as two shares for every one share subject to the Award, and if any such shares are returned to the 2005 Plan, such shares will be counted as two shares. If an Award expires or becomes unexercisable without having been exercised in full (or, with respect to restricted stock, performance shares, or restricted stock units, is forfeited

to or repurchased by us), the unpurchased shares (or, for Awards other than options and stock appreciation rights, the forfeited or repurchased shares) will become available for future Awards. With respect to stock appreciation rights, shares issued pursuant to a stock appreciation right, as well as the shares withheld to pay the exercise price, will not be available under the 2005 Plan for future Awards and from and after the effective date of the 2005 Plan, shares reserved for issuance upon grant of stock appreciation rights shall not become available for issuance under the 2005 Plan to the extent the number of reserved shares exceeds the number of shares actually issued upon exercise of the stock appreciation rights. Shares of restricted stock, performance shares, or restricted stock units that are repurchased by us at the fair market value on the date of the original Award, or are forfeited to us, will become available for future grant under the 2005 Plan. Shares used to pay the exercise price of an option will not become available for future Awards, and shares used to satisfy tax withholding obligations will also not become available for future Awards under the 2005 Plan. To the extent a 2005 Plan Award is paid out in cash rather than stock, such cash payment will not reduce the number of shares available for issuance under the 2005 Plan. Any payout of dividend equivalents or performance units, because they are payable only in cash, will not reduce the number of shares available for issuance under the 2005 Plan. Conversely, any forfeiture of dividend equivalents or performance units will not increase the number of shares available for issuance under the 2005 Plan.

Administration. The 2005 Plan may generally be administered by the Board or a committee appointed by the Board (as applicable, the Administrator). In the case of Awards intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the committee will consist of two or more outside directors within the meaning of Section 162(m).

Terms and Conditions of Options. Each option will be evidenced by a stock option agreement between us and the optionee, and is subject to the following additional terms and conditions:

Exercise Price. The Administrator determines the exercise price of options at the time the options are granted. The exercise price of a stock option may not be less than 100% of the fair market value of our common stock on the date such option is granted; provided, however, the exercise price of an incentive stock option granted to a 10% stockholder may not be less than 110% of the fair market value of our common stock on the date such option is granted. The fair market value of our common stock is generally determined with reference to the closing sale price for our common stock (or the closing bid if no sales were reported) on the date the option is granted.

Exercise of Option; Form of Consideration. The Administrator determines when options become exercisable and may, in its discretion, accelerate the vesting of any outstanding option. The 2005 Plan permits payment to be made by cash, check, other shares of our common stock (with some restrictions), a broker-assisted same day sale, any other form of consideration permitted by applicable law, or any combination thereof.

Term of Option. The term of an option may be no more than ten (10) years from the date of grant; provided that in the case of an incentive stock option granted to a 10% stockholder, the term of the option may be no more than five (5) years from the date of grant. No option may be exercised after the expiration of its term.

Termination of Employment. If the optionee's service with us terminates for any reason other than death or disability or unless the Administrator otherwise approves, the options may be exercised as provided in the applicable option

agreement. In the absence of a specified time in the agreement, the options may be exercised for up to three months after such termination (but in no event later than the expiration of the term of the option) and may be exercised only to the extent the option was exercisable on the termination date.

Death or Disability. If an optionee ceases to be a service provider for us as a result of his or her death or disability, then options held by such optionee may be exercised as provided in the applicable option agreement. In the absence of a specified time in the agreement, the options may be exercised for twelve months after such cessation of service (but in no event later than the expiration of the term of the option) and only to the extent the option was exercisable on the date of death or disability.

Stock Appreciation Rights. Stock appreciation rights are Awards that grant the participant the right to receive

an amount equal to (i) the number of shares exercised, times (ii) the amount by which our stock price exceeds the exercise price. An individual will be able to profit from a stock appreciation right only if the fair market value of the stock increases above the exercise price. Our obligation arising upon the exercise of a stock appreciation right may be paid in shares or in cash, or any combination thereof, as the Administrator may determine and as set forth in the stock appreciation right agreement. The Administrator determines the terms of stock appreciation rights. However, a stock appreciation right may not be granted with an exercise price below 100% of the fair market value of the underlying stock on the date of the grant. Moreover, a stock appreciation right will expire no later than ten years after the date of grant.

Restricted Stock. Restricted stock Awards are shares of our common stock that vest in accordance with terms and conditions established by the Administrator, and the Administrator may, in its sole discretion, accelerate the vesting of any restricted stock Awards. The Administrator will determine the number of shares of restricted stock granted to any service provider. The Administrator may impose whatever conditions to vesting it determines to be appropriate, which will typically be based principally or solely on continued service but may include a performance-based component. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture. Unless the Administrator determines otherwise, shares of restricted stock will be held by us as escrow agent until any restrictions on the shares have lapsed.

Restricted Stock Units. Each restricted stock unit represents one share of our common stock for purposes of determining the number of shares subject to a restricted stock unit Award. Restricted stock units will vest in accordance with terms and conditions established by the Administrator, and the Administrator may, in its sole discretion, accelerate the vesting of any restricted stock unit Awards. The Administrator will determine the number of shares of restricted stock units awarded to any service provider. The Administrator may impose whatever conditions to vesting it determines to be appropriate which will typically be based principally or solely on continued service but may include a performance-based component. Earned restricted stock units are paid out in shares of our common stock.

Performance Units and Performance Shares. Performance units and performance shares may be granted under our 2005 Plan. Performance units and performance shares are Awards that will result in a payment to a participant only if performance goals established by the Administrator are achieved or the Awards otherwise vest. The Administrator will establish organizational or individual performance goals in its discretion, and depending on the extent to which they are met, these goals will determine the number and/or the value of performance units and performance shares to be paid out to participants. Performance units are settled in a cash equivalent equal to the fair market value of our common stock as determined on the vesting date. Each performance share will be the equivalent of one share of our common stock for the purposes of determining the number of shares subject to a performance share Award.

Performance Goals. Under Section 162(m) of the Code, the annual compensation paid to our Chief Executive Officer and to each of our other four most highly compensated executive officers may not be deductible for federal income tax purposes to the extent it exceeds \$1 million. However, we are able to preserve the deductibility of compensation in excess of \$1 million if the conditions of Section 162(m) are met. These conditions include stockholder approval of the 2005 Plan, setting limits on the number of Awards that any individual may receive, and for Awards other than options, establishing performance criteria that must be met before the Award actually will vest or be paid. We have designed the 2005 Plan so that it permits us to pay compensation that qualifies as performance-based under Section 162(m). Thus, the Administrator (in its discretion) may make performance goals applicable to a participant with respect to an Award. At the Administrator's discretion, one or more of the following performance goals may apply (all of which are

defined in the 2005 Plan): our annual revenues, cash position, earning per share, net income, operating cash flow, operating income, operational earnings per share, return on assets, return on equity, return on sales, the prices of our common stock, and total stockholder return. The Administrator will automatically adjust any evaluation of performance under a performance goal to exclude (i) any extraordinary non-recurring items, (ii) the effect of any changes in accounting principles affecting our business or the reported results of one of our business units, or (iii) the effect of any business acquisition that was not contemplated at the time the performance goals were established.

Deferred Stock Units. Our 2005 Plan permits the grant of deferred stock units, which may consist of restricted stock, performance shares, or performance unit Awards that are paid out in installments or on a deferred basis in accordance with rules and procedures established by the Administrator.

Nontransferability of Awards. Unless determined otherwise by the Administrator, Awards granted under the 2005 Plan are not transferable other than by will or the laws of descent and distribution, and may be exercised during the participant's lifetime only by the participant, or in the event of the participant's death, by the optionee's estate or by a person who acquires the right to exercise the Award. Notwithstanding any action by the Administrator to make an Award transferable, no transfer for value or consideration shall be made without the prior approval of our stockholders.

Adjustments upon Changes in Capitalization. In the event that our common stock changes by reason of any stock split, reverse stock split, stock dividend, combination, reclassification, or other similar change in our capital structure effected without the receipt of consideration, appropriate adjustments will be made in the number and class of shares of stock subject to the 2005 Plan, the number and class of shares of stock subject to any Award outstanding under the 2005 Plan, the exercise or purchase price of any such outstanding Award, and the annual per-person limits applicable to different types of Awards. In the event of our liquidation or dissolution, the Administrator will notify each participant as soon as practicable prior to such liquidation or dissolution. The Administrator may, in its discretion, provide that each participant will have the right to exercise his or her options or stock appreciation rights as to all shares subject to the Awards. In addition, the Administrator may provide that any right we have to repurchase or forfeit other Awards will lapse and become fully vested.

Change in Control. In the event of a change in control of us, the successor corporation will either assume or provide a substitute Award for each outstanding Award. In the event the successor corporation refuses to assume or provide a substitute Award, the Award will immediately vest and become exercisable as to all of the shares subject to such Award, or if applicable, the Award vesting will be fully accelerated. When making Awards under the 2005 Plan, the Administrator may also, in its sole discretion, provide for the acceleration of vesting in the event of a change of control. In addition, if an option or stock appreciation right has become fully vested and exercisable in lieu of assumption or substitution, the Administrator will provide at least 15 days' notice that the option or stock appreciation right will immediately vest and become exercisable as to all of the shares subject to such Award and all outstanding options and stock appreciation rights will terminate upon the expiration of such notice period. A change in control is defined as (i) the acquisition by any person of 25% or more of the combined voting power of the Company's outstanding securities, (ii) a change in the composition of our Board of Directors within any 24 month period as a result of which individuals who were directors at the beginning of any such period (together with any other directors first elected by at least two-thirds of the directors in office immediately prior to any such election) cease to constitute a majority of our Board of Directors, (iii) a consolidation or merger approved by stockholders in which we are not the continuing or surviving company or pursuant to which our shares are not converted into cash, securities, or other property, or (iv) stockholders approve any sale, exchange, liquidation, or transfer of substantially all of the assets of the Company approved by stockholders.

Amendment and Termination of the 2005 Plan. Our Board may amend, alter, suspend, or terminate the 2005 Plan, or any part thereof, at any time and for any reason, but it may not materially amend the 2005 Plan without obtaining stockholder

approval. No such action by the Board or stockholders may impair any Award previously granted under the 2005 Plan without the written or electronic consent of the participant.

Stock Price. On April 14, 2006, the closing price of the common stock as quoted on the Nasdaq National Market was \$30.96.

Federal Income Tax Consequences

The following paragraphs are a summary of the general federal income tax consequences to U.S. taxpayers and to us of Awards granted under the 2005 Plan. It does not purport to be complete and does not discuss the tax

consequences of the participant's death or the provisions of the income tax laws of any municipality, state, or foreign country in which the employee may reside. Tax consequences for any particular individual may be different.

Incentive Stock Options. An optionee who is granted an incentive stock option does not recognize taxable income at the time the option is granted or upon its exercise, although the exercise is an adjustment item for alternative minimum tax purposes and may subject the optionee to the alternative minimum tax. Upon a disposition of the shares more than two years after grant of the option and one year after exercise of the option, any gain or loss (that is, the difference between the sale price and the exercise price of the option) is treated as long-term capital gain or loss. If these holding periods are not satisfied, the optionee recognizes ordinary income at the time of disposition equal to the difference between the exercise price and the fair market value of the shares at the date of the option exercise (or the sale price of the shares, if less). Any additional gain or loss recognized on such a disposition of the shares is treated as long-term or short-term capital gain or loss, depending on how long the optionee held the shares. A different rule for measuring ordinary income upon such a premature disposition may apply if the optionee is also one of our officers, directors, or ten percent stockholders. Unless limited by Section 162(m) of the Code, we are entitled to a deduction in the same amount as the ordinary income recognized by the optionee.

Nonstatutory Stock Options. An optionee does not recognize any taxable income at the time he or she is granted a nonstatutory stock option. Upon exercise, the optionee recognizes taxable income generally measured by the excess of the then fair market value of the shares (on the exercise date) over the exercise price. Any taxable income recognized in connection with an option exercise by an employee is subject to tax withholding by us. Upon a disposition of such shares by the optionee, any additional gain or loss is treated as long-term or short-term capital gain or loss, depending on how long the optionee held the shares. Unless limited by Section 162(m) of the Code, we are entitled to a deduction in the same amount as the ordinary income recognized by the optionee.

Restricted Stock. A participant will generally recognize ordinary income on receipt of an Award of restricted stock when his or her rights in that Award become substantially vested, in an amount equal to the amount by which the then fair market value of the common stock acquired exceeds the price he or she has paid for it, if any. Recipients of restricted stock may, however, within 30 days of receiving an Award of restricted stock, choose to have any applicable risk of forfeiture disregarded for tax purposes by making a 83(b) election under the Code. If the participant makes an 83(b) election, he or she will have to report ordinary income equal to the difference between the value of the shares and the price paid for the shares, if any, at the time of the receipt of the restricted stock Award. Any ordinary income recognized by the participant generally will be deductible by us.

Stock Appreciation Rights. A participant does not recognize taxable income upon grant of a stock appreciation right. Upon exercise, the participant recognizes ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss. Stock appreciation rights that may be settled in cash may be subject to earlier taxation and an additional 20% tax under Section 409A of the Code.

Restricted Stock Units, Performance Units, and Performance Shares. A participant does not recognize taxable income upon grant of restricted stock units, performance units, or performance shares. Instead, he or she recognizes ordinary income at the time of vesting equal to the fair market value (on the vesting date) of the shares or cash received minus any amount paid for the shares.

Deferred Stock Units. A participant will not have taxable income upon the grant of a deferred stock unit (except in the case of restricted stock acquired pursuant to a stock purchase right pursuant to which a participant elected to be taxed at the time of grant, as described under *Restricted Stock* above). Instead, a participant generally will recognize the income at the time of the receipt of the shares subject to the Award equal to the difference between the fair market value of the shares at the time of receipt and any amount paid for the shares. However, a participant will be subject to employment taxes at the time a deferred stock unit vests, even if the participant has not yet received the shares subject to the Award. Depending on the structure of the Deferred Stock Award, it may result in earlier taxation and an additional 20% tax under Section 409A of the Code.

Tax Effect for the Company. We will generally be entitled to a tax deduction in connection with an Award in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonstatutory stock option), unless limited by Section 162(m) of the Code. Our 2005 Plan permits the Administrator to grant Awards that qualify as performance-based compensation for purposes of satisfying the conditions of Section 162(m) of the Code, thereby permitting us to receive a federal income tax deduction in connection with such Awards.

Section 409A. Section 409A of the Code (Section 409A), enacted as part of the American Jobs Creation Act of 2004, imposes certain new requirements applicable to nonqualified deferred compensation plans. If a nonqualified deferred compensation plan subject to Section 409A fails to meet, or is not operated in accordance with, these new requirements, then all compensation deferred under the plan may become immediately taxable. Stock appreciation rights and deferred stock unit Awards which may be granted under the 2005 Plan may constitute deferred compensation subject to the Section 409A requirements. If an Award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that Award may recognize ordinary income on the amounts deferred under the Award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an Award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation. The Internal Revenue Service has not issued final regulations under Section 409A and, accordingly, the requirements of Section 409A (and the application of those requirements to Awards issued under the 2005 Plan) are not entirely clear. It is our intention that any Award granted under the 2005 Plan will comply with Section 409A.

Accounting Treatment. Prior to 2006, employee Awards of stock options and Awards of stock options to members of our Board of Directors with purchase prices at or above fair market value on the grant date did not typically result in any direct charge to our reported earnings, and the fair market value of these Awards was required to be disclosed in the notes to our financial statements. We also disclosed, in the notes to our financial statements, the pro forma impact these Awards would have on our reported earnings and earnings per share if the fair value of the Awards at the time of grant was treated as compensation expense. Effective 2006, the SEC requires mandatory expensing for equity Awards. Accordingly, all 2005 Plan Awards granted after December 31, 2005, and all unvested stock options then outstanding will result in expense charges to our reported earnings. This expense will typically be recognized over the related vesting period.

New Plan Benefits. The 2005 Plan provides that the number of Awards that an employee, director, or consultant receives is in the discretion of the Administrator. The following table sets forth information with respect to Awards made under the 2005 Plan on April 25, 2006 to our executive officers named in the Summary Compensation Table, other employees, and members of our Board of Directors. All Awards consisted of restricted stock (or restricted stock units) and performance shares. All Awards vest over two or three years, and in some cases, are further subject to the achievement of certain performance goals.

New Plan Benefits

Avocent Corporation 2005 Equity Incentive Plan

Name and Position	Dollar Value(1)	Number of Units
John R. Cooper Chief Executive Officer	\$ 31.25	69,032
Doyle C. Weeks President and Chief Operating Officer	\$ 31.25	47,581
C. David Perry Executive Vice President and General Manager of Avocent Management Systems Division	\$ 31.25	32,903
Kieran MacSweeney Senior Vice President and General Manager of Avocent Desktop Solutions Division and Managing Director of Avocent International	\$ 31.25	15,129
Samuel F. Saracino Executive Vice President of Legal and Corporate Affairs, General Counsel, and Secretary	\$ 31.25	26,720
Executive Group	\$ 31.25	320,505
Non-Executive Director Group	\$ 31.25	40,452
Non-Executive Employee Group	\$ 31.25	536,033

(1) These Awards consisted of restricted stock (or restricted stock units) and performance shares representing shares of our common stock, and the amount listed in this column is the closing price of our common stock on April 25, 2006, the date the Awards were made.

CORPORATE GOVERNANCE AND BOARD MATTERS

Board of Directors and Committee Meetings

During 2005, our Board of Directors met thirteen times. There were four meetings of the Acquisition and Strategy Committee, twelve meetings of the Audit Committee, six meetings of the Compensation Committee, and three meetings of the Nominating and Governance Committee during 2005. Each director attended at least 75% of the aggregate of all meetings of the Board of Directors and of the committees, if any, on which such director served. Although we do not have a formal policy regarding attendance by members of the Board of Directors at our annual meeting of stockholders, our directors are encouraged to attend. Three of our directors attended the last annual meeting of stockholders.

Determinations Regarding Director Independence and Other Matters

The Board of Directors has determined that each of Harry D. Copperman, Francis A. Dramis, Jr., Edwin L. Harper, William H. McAleer, and David P. Vieau is an independent director as that term is defined in Marketplace Rule 4200(a)(15) of the National Association of Securities Dealers (the NASD). In this Proxy Statement, these five directors are referred to individually as an Independent Director and collectively as Independent Directors. The Independent Directors generally meet in executive session at each quarterly Board meeting.

The Board of Directors has also determined that each member of the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee meets the independence standards applicable to those committees prescribed by the NASD, the SEC, and the Internal Revenue Service.

Finally, the Board of Directors has determined that William H. McAleer, the Chairman of the Audit Committee, is an audit committee financial expert as that term is defined in Item 401(h) of Regulation S-K promulgated by the SEC.

Avocent's Code of Conduct, as adopted by the Board of Directors on April 22, 2004, is available on our website at www.Avocent.com.

Lead Independent Director

In April 2003, the Independent Directors selected Edwin L. Harper as the Lead Independent Director. As such, Mr. Harper presides at meetings of the Independent Directors, and has the other responsibilities prescribed in the Lead Independent Director Responsibility Statement that was adopted by our Board and is available on our website at www.Avocent.com.

Committees of the Board of Directors

During 2005, our Board of Directors had four standing committees: the Acquisition and Strategy Committee, the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee. All of the committee charters, as adopted by our Board of Directors, are available on our website at www.Avocent.com. The functions performed by each committee and the members of each committee are described below.

Acquisition and Strategy Committee. The Acquisition and Strategy Committee oversees our strategic direction and our acquisitions strategy and reviews specific acquisition proposals. The current members of the Acquisition and Strategy Committee are Harold D. Copperman (Chairman), Francis A. Dramis, Jr., Edwin L. Harper, and William H. McAleer.

Audit Committee. The Audit Committee reviews with our independent registered public accounting firm the scope, results, and costs of the annual audit and our accounting policies and financial reporting. Our Audit Committee has (i) direct responsibility for the appointment, compensation, retention, and oversight of our

independent registered public accounting firm, (ii) established procedures for handling complaints regarding our accounting practices, (iii) authority to engage any independent advisors it deems necessary to carry out its duties, and (iv) appropriate funding to engage any necessary outside advisors. The current members of the Audit Committee are William H. McAleer (Chairman), Harold D. Copperman, and Edwin L. Harper. The Audit Committee report is set forth below. The Audit Committee reviews and reassesses the adequacy of its Charter on an annual basis, and the Audit Committee Charter is set forth as Appendix B to this Proxy Statement.

Compensation Committee. The Compensation Committee oversees our compensation and benefits practices and programs. The current members of the Compensation Committee are David P. Vieau (Chairman), Harold D. Copperman, and Edwin L. Harper.

Nominating and Governance Committee. The Nominating and Governance Committee reviews candidates and makes recommendations of nominees (in consultation with the Lead Independent Director) for the Board of Directors. The Committee also oversees our corporate governance and compliance activities. See the section above entitled *Stockholder Proposals for the Next Annual Meeting* and our Bylaws for the proper proposal procedures. The current members of the Nominating and Governance Committee are Francis A. Dramis, Jr. (Chairman), Harold D. Copperman, and David P. Vieau.

Director Nomination Policy

The Nominating and Governance Committee has adopted a policy with respect to the consideration of director candidates recommended by stockholders. Pursuant to the policy, any stockholder may nominate a director candidate by following the procedures described in the section above entitled *Stockholder Proposals for the Next Annual Meeting* and as prescribed in our Bylaws. In addition, stockholders who have held at least 5% of our outstanding stock for at least one year may submit recommendations for candidates to be considered for nomination by our Nominating and Governance Committee. In order to make a recommendation to the Committee, a stockholder must deliver a written request to our corporate secretary which satisfies the notice, information, and consent requirements set forth in the *Policies and Procedures for Director Candidates* of the Nominating and Governance Committee, which can be found on our website at www.Avocent.com.

The Nominating and Governance Committee will evaluate the qualifications of all director recommendations that are properly submitted by stockholders, management, members of the Board of Directors, and to the extent deemed necessary, third-party search firms. We have in the past paid a third party to assist us in identifying, evaluating, and screening potential candidates for nomination to the Board of Directors, and we may do so in the future. In assessing potential candidates, the Nominating and Governance Committee considers relevant factors, including, among other things, issues of character, judgment, independence, expertise, diversity of experience, length of service, and other commitments. In addition, the Committee considers the suitability of each candidate, taking into account the current members of the Board of Directors, in light of the current size and composition of the Board of Directors. After completion of its evaluation of candidates, the Nominating and Governance Committee will recommend a slate of director-nominees to the Board of Directors.

Communications With the Board

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Stockholders wishing to communicate with our Board of Directors should send their communications in writing to the attention of our General Counsel and Secretary at Avocent Corporation, 9911 Willows Road, N.E., Redmond, WA 98052. Our General Counsel and Secretary will review the communication, and if the communication is determined to be relevant to our operations, policies, or procedures (and not vulgar, threatening, or of an inappropriate nature not relating to our business), the communication will be forwarded to our Lead Independent Director. If the communication requires a response, our General Counsel and Secretary will assist our Lead Independent Director (or other Directors) in preparing the response.

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED DECEMBER 31, 2005

The Audit Committee oversees the financial reporting process of Avocent Corporation (Avocent or the Company) on behalf of the Company s Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the annual report with management, including a discussion of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with PricewaterhouseCoopers LLP, the Company s independent registered public accounting firm that is responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, an opinion on management s assessment of internal controls over financial reporting, and an opinion on the Company s internal controls over financial reporting, its judgments about Avocent s accounting principles and the other matters required to be discussed with the Audit Committee under generally accepted auditing standards, including Statement on Auditing Standards No. 61 (*Communications with Audit Committees*). In addition, the Audit Committee has discussed with PricewaterhouseCoopers LLP its independence from the Company and from the Company s management, and this discussion included consideration of the matters in the written disclosures required by Independence Standards Board Standard No. 1 that were received by the Audit Committee from PricewaterhouseCoopers LLP and the potential impact the non-audit services provided by PricewaterhouseCoopers could have on its independence.

The Audit Committee discussed with PricewaterhouseCoopers the overall scope and plans for its audits. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of its audits and quarterly reviews, its observations regarding the Company s internal controls, and the overall quality of the Company s financial reporting. There were twelve meetings of the Audit Committee during 2005.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors has approved, that the 2005 audited financial statements be included in the annual report on Form 10-K for the year ended December 31, 2005 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE
William H. McAleer, Chairman
Harold D. Copperman
Edwin L. Harper

Fees Billed to Us by PricewaterhouseCoopers during Fiscal 2005

Audit Fees:

Fees and related expenses for the 2005 and 2004 fiscal year audits by PricewaterhouseCoopers of our annual financial statements and its review of the financial statements included in our quarterly reports on Form 10-Q totaled \$965,771 and \$1,456,235, respectively.

Audit-Related Fees:

For the years 2005 and 2004, PricewaterhouseCoopers billed us \$512,686 and \$214,328, respectively, for its services related to acquisitions and consultation on accounting issues and readiness procedures for Section 404 of the Sarbanes-Oxley Act.

Tax Fees:

For the years 2005 and 2004, PricewaterhouseCoopers billed us \$0 and \$206,324, respectively, for professional services related to preparation of our tax returns and \$4,737 and \$398,484, respectively, for tax consulting.

All Other Fees:

For the years 2005 and 2004, PricewaterhouseCoopers billed us \$0 and \$0, respectively, for other services.

In its pre-approval policy, the Audit Committee has authorized our Chief Executive Officer, our Chief Financial Officer, or our Chief Accounting Officer to engage the services of PricewaterhouseCoopers with respect to the following services:

audit related services that are outside the scope of our annual audit and generally are (i) required on a project, recurring, or one-time basis, (ii) requested by one of our business partners (e.g., a review or audit of royalty payments), or (iii) needed by us to assess the impact of a proposed accounting standard;

audits of the annual statutory financial statements required by the non-US governmental agencies for our overseas subsidiaries;

accounting services related to potential or actual acquisitions or investment transactions that if consummated would be reflected in our financial results or tax returns (this does not include any due diligence engagements, which must be pre-approved by the Audit Committee separately); and

other accounting and tax services that are expected to result in fees of less than \$25,000 per project, such as routine consultations on accounting and/or tax treatments for contemplated transactions.

Notwithstanding, the delegation of pre-approval authority, the Audit Committee will be informed of all audit and non-related services performed by PricewaterhouseCoopers. The foregoing pre-approval authority relates only to engagements where the fees for services in connection with any such engagement are expected to be less than \$25,000. The Audit Committee has also delegated to its chairman the authority to pre-approve or disapprove any of the engagements as well as any engagements not listed above up to \$100,000 per project where the fees for services are expected to be between \$25,000 and \$100,000 per project, and any such decisions by the chairman must be presented to the full Audit Committee at the next scheduled meeting. Any engagements where the fees for services are expected to exceed \$100,000 per project must be pre-approved by a vote of the entire Audit Committee. The Audit Committee has considered the provision of non-audit services by PricewaterhouseCoopers and has determined that the provision of such services is compatible with PricewaterhouseCoopers' independence.

EXECUTIVE OFFICERS

The following table sets forth information regarding the individuals who served as our executive officers as of April 25, 2006:

Name	Age	Position
John R. Cooper*	58	Chairman and Chief Executive Officer
Doyle C. Weeks*	60	President and Chief Operating Officer
C. David Perry	51	Executive Vice President and General Manager of the Avocent Management Systems Division
Douglas E. Pritchett	50	Executive Vice President of Marketing
Samuel F. Saracino	55	Executive Vice President of Legal and Corporate Affairs, General Counsel, and Secretary
Edward H. Blankenship	41	Senior Vice President of Finance, Chief Financial Officer, and Assistant Secretary
Stephen M. Daly	41	Senior Vice President of Corporate Strategy
Mark Lee	34	Senior Vice President and General Manager of the Avocent Embedded Solutions and Software Division
Kieran MacSweeney	49	Senior Vice President and General Manager of the Avocent Desktop Solutions Division and Managing Director of Avocent International
Eugene F. Mulligan	41	Senior Vice President of Global Operations
Christopher L. Thomas	50	Senior Vice President and Chief Technical Officer

* See Proposal One Election of Directors for biographies of the executive officers who are also on our Board of Directors.

C. David Perry has been our Executive Vice President and the General Manager of our Management Systems Division since January 2006, our Executive Vice President of Global OEM Markets from February 2005 to December 2005, our Senior Vice President of Global Marketing and OEM Sales from May 2003 to January 2005, our Senior Vice President of OEM Sales from April 2002 to May 2003, and our Vice President of OEM Sales from July 2000 to April 2002.

Douglas E. Pritchett has been our Executive Vice President of Marketing since July 2005, our Executive Vice President of Finance, Chief Financial Officer, and Assistant Secretary from February 2005 to July 2005, and our Senior Vice President of Finance, Chief Financial Officer, Treasurer, and Assistant Secretary from July 2000 to February 2005.

Samuel F. Saracino has been our Executive Vice President of Legal and Corporate Affairs, General Counsel, and Secretary since February 2005 and our Senior Vice President of Legal and Corporate Affairs, General Counsel, and Secretary from July 2000 to January 2005.

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Edward H. Blankenship has been our Senior Vice President of Finance, Chief Financial Officer, and Assistant Secretary since July 2005. From July 2002 to July 2005, he was our Vice President of Finance and Chief Accounting Officer. Prior to that he was a Partner with PricewaterhouseCoopers LLP from 1998 to July 2002.

Stephen M. Daly has been our Senior Vice President of Corporate Strategy since February 2005 and our Vice President of Embedded Solutions from November 2003 to January 2005. From October 2002 to November 2003, he was Chairman and CEO of Soronti, Inc., a company that manufactured remote access hardware which we acquired in November 2003. Prior to that, he was Director of Marketing, Systems Management Division, of Intel Corporation, a hardware manufacturer, since 1992.

Mark Lee has been our Senior Vice President and the General Manager of the Avocent Embedded Solutions and Software Division since January 2006 and our Senior Vice President of IPMI Technology and the President and CEO of OSA Technologies, Inc. since our acquisition of OSA Technologies, Inc. in April 2004. Prior to the acquisition, he was President and CEO of OSA Technologies, Inc., an embedded manageability firmware and software provider, from April 2000 to April 2004. Mr. Lee is a member of the Board of Directors of Ninetowns Digital World Trade Holdings Limited, a Chinese software company.

Kieran MacSweeney has been our Senior Vice President and the General Manager of the Avocent Desktop Solutions Division and Managing Director of Avocent International since January 2006, our Senior Vice President of Global Corporate Quality and Managing Director of Avocent International since February 2005 and our Senior Vice President and Managing Director of International Operations from July 2000 to January 2005.

Eugene F. Mulligan has been our Senior Vice President of Global Operations since January 2006, our Senior Vice President of Operations, Redmond, from February 2005 to December 2005, our Vice President of West Coast Operations from November 2001 to January 2005, our Director of Redmond Operations from November 2000 to October 2001, and our Manufacturing Engineering Manager from July 2000 to October 2000. Prior to that, he held the same position at Apex since April 2000.

Christopher L. Thomas has been our Senior Vice President and Chief Technical Officer since January 2006 and our Senior Vice President of Engineering from July 2000 to December 2005.

COMPENSATION OF EXECUTIVE OFFICERS

The following table shows:

the compensation earned by our Chief Executive Officer during the last completed fiscal year;

the compensation earned by our other four most highly compensated individuals who served as executive officers during the last completed fiscal year; and

the compensation received by each such individual for the two preceding fiscal years.

Summary Compensation Table

Name & Principal Position	Year	Annual Compensation		Long-Term Compensation Awards Securities Underlying Options	All Other Compensation(2)
		Salary	Bonus(1)		
John R. Cooper Chief Executive Officer	2005	\$ 450,000	\$ 90,200	28,000	\$ 6,300