

AVOCENT CORP  
Form DEF 14A  
April 25, 2008

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

**SCHEDULE 14A**

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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.
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-

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

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The 2008 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 12, 2008, at 10:00 a.m. Central time, for the following purposes:

1. To elect two Class II directors to serve until the annual meeting of our stockholders in 2011;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent auditors for the current fiscal year ending December 31, 2008; and
3. 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 April 25, 2008, are entitled to notice of, and to vote at, the 2008 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, and a live webcast of the meeting will be available on Thursday, June 12, 2008, at 10:00 a.m. Central time on our website, [www.Avocent.com](http://www.Avocent.com). 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.

By Order of the Board of Directors,

Samuel F. Saracino  
Secretary

Huntsville, Alabama

April 25, 2008

**YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE  
MEETING, PLEASE SIGN, DATE, AND RETURN THE ENCLOSED PROXY AS**

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**PROMPTLY AS POSSIBLE IN THE ENCLOSED, POSTAGE-PREPAID ENVELOPE.**

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**4991 Corporate Drive**

**Huntsville, Alabama 35805**

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**PROXY STATEMENT**

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**Annual Meeting of Stockholders**

**To be held on June 12, 2008**

**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 2008 Annual Meeting of Stockholders to be held at the Huntsville Marriott Hotel located at Five Tranquility Base, Huntsville, Alabama 35805, on Thursday, June 12, 2008, 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.

A live webcast of the annual meeting will be available at 10:00 a.m. Central time on Thursday, June 12, 2008, at [www.Avocent.com](http://www.Avocent.com). A replay of that webcast will be available through August 12, 2008.

These proxy solicitation materials were first mailed on or about May 5, 2008, 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 II directors to serve until the annual meeting of our stockholders in 2011;
- Ratify the appointment of PricewaterhouseCoopers LLP as our independent auditors for the current fiscal year ending December 31, 2008; 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 April 25, 2008, the record date, are entitled to receive notice of, and to vote at, the annual meeting. On April 11, 2008, 44,700,860 shares of our common stock, and no shares of our preferred stock, were issued and outstanding, held of record by approximately 371 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.

### **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 January 6, 2009, 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 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

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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 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 II 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 seven members, with three members in Class I and two members in each of Classes II and 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 II directors, Harold D. Copperman and Edwin L. Harper, 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. Copperman and Harper for reelection to the Board of Directors at the annual meeting, to serve until the annual meeting of stockholders to be held in 2011. The terms of the Class I and Class III directors expire at the annual meetings of stockholders to be held in 2010 and 2009, respectively.

Unless otherwise directed, the persons named in the proxy intend to vote all proxies FOR the election of Messrs. Copperman and Harper 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

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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*



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*William H. McAleer, 57*, has been one of our directors since July 2000. Since 1997, Mr. McAleer has been a Managing Director of Voyager Capital, a venture firm that provides funding to private information technology companies.

*David P. Vieau, 58*, 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 power tools, transportation, and stationary power.

*Doyle C. Weeks, 62*, 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*





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*Harold D. Harry Copperman*, 61, 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. 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. Ed Harper*, 63, has been one of our directors since July 2000. He was elected as our Lead Independent Director in April 2003 and as the Chairman of our Board of Directors in January 2008. He is also currently acting as our Interim Chief Executive Officer until a Chief Executive Officer is selected and takes office. During a portion of 2007, Mr. Harper served as Interim Chief Executive Officer of Ditech Networks, Inc., a telecommunications equipment supplier. Since February 2005, Mr. Harper has served as Chief Executive Officer and Chairman of WhiteCell Software, Inc., a privately-held network security company. From March 2001 to January 2005, Mr. Harper was a consultant and private investor. Mr. Harper is also a director of Ditech Networks, Inc.

*Class III Directors*



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*Francis A. Fran Dramis, Jr.*, 60, has been one of our directors since November 2002. Mr. Dramis is currently Chief Executive Officer of F. Dramis, LLC, a technology consulting company, a position he has held since February 2007. Prior to that, Mr. Dramis was Chief Information - E-Commerce & Security Officer for BellSouth Corporation, a telecommunications company based in Atlanta, Georgia. Mr. Dramis held a variety of positions at BellSouth, which he joined in December 1998. Mr. Dramis is also a director of Ditech Networks, Inc., a telecommunications equipment supplier.

*Stephen F. Thornton*, 68, 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. Copperman and Harper to the Board of Directors.**

**PROPOSAL TWO**

**TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS  
OUR INDEPENDENT AUDITORS FOR THE YEAR ENDED DECEMBER 31, 2008**



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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, 2008. 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.

### **Fees Billed to Us by PricewaterhouseCoopers during Fiscal 2007**

#### *Audit Fees*

Fees and related expenses for the 2007 and 2006 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 \$1,510,204 and \$1,596,083, respectively.

#### *Audit-Related Fees*

For the years 2007 and 2006, PricewaterhouseCoopers billed us \$7,085 and \$52,988, respectively, for its services related to acquisitions, consultations on accounting issues, and other audit-related matters.

#### *Tax Fees*

For both the years 2007 and 2006, PricewaterhouseCoopers billed us \$0 for professional services related to preparation of our tax returns and \$331,074 and \$191,000, respectively, for tax consulting.

#### *All Other Fees*

For the years 2007 and 2006, PricewaterhouseCoopers billed us \$76,252 and \$0, respectively, for other services.

### **Policy on Audit Committee Pre-Approval of Fees**

In its pre-approval policy, the Audit Committee has authorized our Chief Executive Officer or our Chief Financial 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 this delegation of pre-approval authority, the Audit Committee is 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 where the fees for services are expected to be between \$25,000 and \$100,000 per project. Any such decisions by the chairman must be presented to the 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 Audit Committee. The Audit Committee has considered the non-audit services provided to us by PricewaterhouseCoopers and has determined that the provision of such services is compatible with PricewaterhouseCoopers' independence.

#### **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, 2008, and the Board of Directors recommends that stockholders vote FOR ratification of this appointment.**

#### **AUDIT COMMITTEE REPORT FOR THE YEAR ENDED DECEMBER 31, 2007**

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 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, as amended*). 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 nineteen meetings of the Audit Committee during 2007.

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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 2007 audited financial statements be included in the annual report on Form 10-K for the year ended December 31, 2007 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

*William H. McAleer, Chairman*

*Harold D. Copperman*

*Francis A. Dramis, Jr.*

## **CORPORATE GOVERNANCE AND BOARD MATTERS**

### **Board of Directors and Committee Meetings**

During 2007, our Board of Directors met eight times. There were three meetings of the Acquisition and Strategy Committee, nineteen meetings of the Audit Committee, eighteen meetings of the Compensation Committee, and three meetings of the Nominating and Governance Committee during 2007. 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. Seven of our eight directors attended the 2007 annual meeting of stockholders.

### **Determinations Regarding Director Independence**

For 2007, the Board of Directors determined that each of Harold D. Copperman, Francis A. Dramis, Jr., Edwin L. Harper, William H. McAleer, Stephen F. Thornton, and David P. Vieau was an independent director as that term is defined in NASDAQ Marketplace Rule 4200(a)(15). Mr. Harper was elected as our Interim Chief Executive Officer effective April 1, 2008, and as a result, he is not currently considered independent under the NASDAQ rule. Our 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 NASDAQ, the Securities and Exchange Commission (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.

### **Code of Conduct**

Our Board of Directors adopted a Code of Conduct for all our officers, directors, and employees in April 2004. The Code of Conduct details the responsibilities of all our officers, directors, and employees to conduct our affairs in an honest and ethical manner and to comply with all applicable laws, rules, and regulations. The Code of Conduct addresses issues such as general standards of conduct, avoiding conflicts of interest, communications, financial reporting, safeguarding our assets, responsibilities to our customers, suppliers, and competitors, and dealing with governments. The Code of Conduct is available on our website at [www.Avocent.com](http://www.Avocent.com).

### **Corporate Governance Guidelines**

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We have also adopted Corporate Governance Guidelines that outline, among other things, the role of the Board of Directors, the qualifications and independence of Directors, the responsibilities of management, the Board, and the Board committees, Board evaluation and compensation, management succession, CEO evaluation, and limitations on the authority of executive management. The Corporate Governance Guidelines are also available on our website at [www.Avocent.com](http://www.Avocent.com).

**Committees of the Board of Directors**



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During 2007, 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](http://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. For 2007, the members of the Audit Committee were William H. McAleer (Chairman), Harold D. Copperman, and Edwin L. Harper. Mr. Harper resigned from the Audit Committee effective March 31, 2008, and Mr. Dramis was elected to replace him. The current members of the Audit Committee are Messrs. McAleer (Chairman), Copperman, and Dramis. The Audit Committee report is set forth above. The Audit Committee reviews and reassesses the adequacy of its Charter on an annual basis.

*Compensation Committee.* The Compensation Committee oversees our compensation and benefits practices and programs. For 2007, the members of the Compensation Committee were David P. Vieau (Chairman), Harold D. Copperman, and Edwin L. Harper. Mr. Harper resigned from the Compensation Committee effective March 31, 2008, and Mr. McAleer was elected to replace him. The current members of the Audit Committee are Messrs. Vieau (Chairman), Copperman, and McAleer. The Compensation Committee Report is set forth in the Compensation of Executive Officers and Related Information Compensation Discussion and Analysis section later in this Proxy Statement.

*Nominating and Governance Committee.* The Nominating and Governance Committee reviews candidates and makes recommendations of nominees (in consultation with the Chairman of our Board of Directors) 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 procedure. 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**





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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](http://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.

### **Stock Ownership Guidelines**

In April 2006, our Board of Directors approved stock ownership guidelines for our directors and senior corporate officers. Under these ownership guidelines, our non-employee Board members are expected to own our common stock with a value equal to at least their annual Board retainer. In addition, our Chief Executive Officer is expected to own our common stock with a value equal to at least three times his base salary, our President and Chief Operating Officer is expected to own our common stock with a value equal to at least one and one-half times his base salary, and our senior officers are expected to own our common stock with a value equal to at least the officer's base salary. These ownership levels are to be achieved over a period of time by requiring each director or officer to retain a significant portion of any restricted stock unit awards until such time as the required minimum ownership level is reached.

In the case of both officers and directors, shares owned are to be valued annually on the vesting date of any restricted stock unit award at the value of the shares on that vesting date. Shares owned by the officer or director in excess of the minimum required stock ownership value can be sold in the discretion of the officer or director, subject to normal trading guidelines imposed by us from time to time. The stock ownership guidelines do not apply to awards of performance shares that are earned only when specific performance-based requirements have been met.

### **Communications With the Board**

Stockholders wishing to communicate with our Board of Directors should send their communications in writing to the attention of our Corporate Secretary at Avocent Corporation, 9911 Willows Road, N.E., Redmond, WA 98052. Our Corporate 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 the Chairman of our Board of Directors. If the communication requires a response, our Corporate Secretary will assist our Chairman (or other Directors) in preparing the response.

### **Compensation of Directors**

We pay our non-employee directors an annual cash fee of \$35,000 for their service on our Board of Directors and its committees. In addition, last year we paid our Lead Independent Director an additional annual fee of \$35,000, the Chairman of our Audit Committee an additional annual fee of \$10,000, and the Chairmen of our other Committees of the Board of Directors an additional annual fee of \$5,000 each. During 2007, we paid \$1,500 for attendance in person or by telephone at our regular quarterly meetings of the Board and its committees. During 2007, we also paid \$1,500 for attendance in person or by telephone at meetings of the Board of Directors and meetings of the Audit Committee and \$1,000 for attendance in person or by telephone at meetings of other committees. We also reimburse our directors for travel and other necessary business expenses incurred in the performance of their services for us. During 2007, each of our six non-employee directors (Messrs. Copperman, Dramis, Harper, McAleer, Thornton, and Vieau) was awarded 4,032 restricted stock units (with each unit representing the right, when vested, to

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receive one share of our common stock), with 2,016 restricted stock units vesting on each of January 1, 2008 and January 1, 2009.

In February 2008, our Board of Directors awarded each of these six non-employee directors 6,000 restricted stock units, with 3,000 restricted stock units vesting on each of January 1, 2009 and January 1, 2010. In connection with Mr. Harper's election as the Chairman of our Board of Directors, the Board of Directors, upon the recommendation of the Nominating and Governance Committee, approved an annual cash fee for the Chairman of \$35,000, which is the same fee formerly paid to Mr. Harper as our Lead Independent Director. Mr. Harper will receive the Chairman's fee and the annual cash fee of \$35,000 we pay all non-employee directors for their service on our Board of Directors. For the additional services that Mr. Harper will provide in connection with the selection of a new Chief Executive Officer and other management and transitional issues, Mr. Harper will also be compensated at the rate of \$260,000 on an annualized basis until a new Chief Executive Officer is selected. Mr. Harper was awarded 12,000 restricted stock units under the our 2005 Equity Incentive Plan, which will vest when a new Chief Executive Office takes office and commences employment with us.

The option and restricted stock unit agreements we have with our non-employee directors specify that, in the event of a change in control of Avocent, any outstanding options held by each such director shall become fully vested and immediately available for exercise and any outstanding but unvested restricted stock units will also become fully vested. Future equity award agreements we have with our directors may contain comparable change in control provisions under which any outstanding equity awards become fully vested and immediately available. For this purpose, a change in control is deemed to occur if (i) any person acquires beneficial ownership of our securities entitling such person to exercise twenty-five percent (25%) or more of the combined voting power of our then outstanding stock, (ii) within any twenty-four (24) month period, individuals who were Directors at the beginning of any such period, together with any other Directors first elected as our Directors pursuant to nominations approved or ratified by at least two-thirds (2/3) of the Directors in office immediately prior to any such election, cease to constitute a majority of our Board of Directors, or (iii) our stockholders approve any sale, lease, exchange, liquidation, or other transfer of all or substantially all of our assets or any consolidation or merger in which Avocent is not the continuing or surviving corporation or pursuant to which shares of our common stock would be converted into cash, securities, or other property.

The following table shows compensation information for our current non-employee directors for 2007.

#### DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash(1) (\$)	Stock Awards(2) (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Harold D. Copperman	88,500	154,994					243,494
Francis A. Dramis, Jr.	53,500	154,994					208,494
Edwin L. Harper	117,000	154,994					271,994
William H. McAleer	80,000	154,994					234,994
Stephen F. Thornton	44,000	154,994					198,994
David P. Vieau	61,500	154,994					216,494

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(1) The amounts listed in this column reflect retainer and meeting fees for fiscal 2007 regardless of when paid.

(2) The amounts listed in this column do not reflect compensation actually received by the directors. Instead, the amounts listed are the compensation costs recognized by us in fiscal 2007 for equity awards as determined pursuant to Statement of Financial Accounting Standards No. 123R ( SFAS 123R ). Our accounting policies regarding equity compensation and the assumptions used to calculate the value of our equity awards are set forth under Notes 2 and 14 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for fiscal 2007 filed with the SEC on February 21, 2008. As of December 31, 2007, each non-employee director had outstanding 7,403 restricted stock units (representing the right to receive one share of our common stock), with 5,387 restricted stock units vesting on January 1, 2008 and 2,016 restricted stock units vesting on January 1, 2009. In addition, as of December 31, 2007, each non-employee director had outstanding the following number of stock options, all of which are vested:

<b>Director</b>	<b>Stock Options</b>
Mr. Copperman	44,200
Mr. Dramis	14,200
Mr. Harper	69,200
Mr. McAleer	55,200
Mr. Thornton	389,200
Mr. Vieau	44,200

**EXECUTIVE OFFICERS**

The following table sets forth information regarding the individuals who served as our executive officers as of April 15, 2008:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Edwin L. Harper*	63	Chairman and Interim Chief Executive Officer
Doyle C. Weeks*	62	President and Chief Operating Officer
Stephen M. Daly	43	Executive Vice President and General Manager of the Avocent LANDesk Division
Kay E. Kienast	58	Executive Vice President and Chief Marketing Officer
C. David Perry	53	Executive Vice President and General Manager of the Avocent Management Systems Division
Douglas E. Pritchett	52	Executive Vice President of Corporate Strategy
Samuel F. Saracino	57	Executive Vice President of Legal and Corporate Affairs, General Counsel, and Secretary
Christopher L. Thomas	52	Executive Vice President and Chief Technical Officer
Edward H. Blankenship	43	Senior Vice President of Finance, Chief Financial Officer, and Assistant Secretary
Kieran MacSweeney	51	Senior Vice President and Managing Director of Avocent International
Eugene F. Mulligan	43	Senior Vice President of Global Operations

\* See Proposal One Election of Directors for the biographies of Messrs. Harper and Weeks, who are also on our Board of Directors.

*Stephen M. Daly* has been our Executive Vice President and General Manager of our LANDesk Division since January 2007, our Senior Vice President of Corporate Strategy from February 2005 to December 2006, 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.

*Kay E. Kienast* has been our Executive Vice President and Chief Marketing Officer since January 2008. From October 2006 to November 2007, she was Chief Marketing Officer for Presidio Networked Solutions, a value-added reseller, and from December 2004 to September 2006, she was the Commercial Sector Marketing General Manager for CDW, a provider of IT equipment, solutions, and services. Prior to that, she was Senior Vice President of Marketing for Viadux, a manufacturer of network equipment.

*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 Corporate Strategy since February 2007, our Executive Vice President of Marketing from July 2005 to February 2007, 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.

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

*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 May 2002.

*Kieran MacSweeney* has been our Senior Vice President and Managing Director of Avocent International since January 2008, 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 Redmond Operations 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.

**COMPENSATION OF EXECUTIVE OFFICERS AND RELATED INFORMATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview of Our Compensation Program**

The Avocent Corporation Compensation Committee (the Committee) is responsible for establishing and monitoring our general compensation policies and plans. The Committee is elected by our Board of Directors, and during 2007, was comprised of three independent non-employee directors. The Committee reviews and determines all compensation of our executive officers, serves as the Administrator under our 2005 Equity Incentive Plan, reviews and approves all equity awards to our executive officers, and generally consults with management about our employee compensation program.

The Charter of the Compensation Committee reflects these responsibilities, and our Board of Directors periodically reviews and, if necessary, revises the Charter. The Committee generally meets quarterly and at other scheduled times during the year. Significant compensation decisions are typically discussed and deliberated at several meetings to allow for consideration of alternative courses of action, the review of additional or supplemental information, and thoughtful analysis of the issues. During 2007, the Committee met eighteen times.



### **The Philosophy and Objectives of Our Compensation Program**

The principal objective of our compensation program is to attract, retain, and motivate talented executives and key employees critical to our growth and long-term success and the creation of stockholder value. The Committee's other objectives are (i) to create a total compensation package that is externally competitive, internally equitable, performance based, and aligned with the creation of stockholder value, (ii) to provide affordable levels of compensation for each executive officer and key employee in exchange for expected levels of performance and results, and (iii) to ensure that the total compensation levels are reflective of our performance and provide executives and key employees with the opportunity to receive above-market total compensation for exceptional business performance (but with below-market total compensation for substandard business performance).

### **Compensation Consultants**

The Committee's Charter gives the Committee the authority to retain compensation consultants and other professional advisors to assist the Committee in its work. For the past three years, the Committee has retained an independent compensation consultant, who has reported directly to the Committee. For 2006 and 2007, the Committee engaged Radford Surveys + Consulting, a division of Aon Corporation ( Radford ), as the Committee's independent compensation consultant to assist the Committee in (i) reviewing our salary and compensation structure, (ii) reviewing our director compensation program, and (iii) establishing our compensation policies and programs.

For 2008, the Committee engaged Buck Consultants, LLC to perform a review of our executive compensation programs, including a comprehensive review of the total compensation package for executives based on proxy analysis of peer companies and current market surveys, a competitive assessment of our base pay and cash bonus program and its design, metrics, and payout levels, an assessment of the components of, incentives under, and alternative to our equity incentive program based on peer and market data and trends with a competitive review of our overhang and run-rate levels. Buck Consultants was also engaged to perform a comprehensive review of our compensation program for directors, including annual cash compensation and retainers for non-employee directors and committee chairs, meeting fees, and a competitive assessment of equity vehicles and awards for directors.

### **Role of Our Executive Officers in Compensation Decisions**

Our Chief Executive Officer participates in some of the Committee discussions and decisions regarding salaries and incentive compensation for employees, except that he is excluded from discussions of, or voting on, his own salary, bonus, or other compensation. Our President, our Chief Financial Officer, our General Counsel and Secretary, and members of our Finance and Human Resources Departments typically provide data, reports, and analyses to the Committee, and generally support the Committee in its work. As part of the Committee's annual review process, our Chief Executive Officer and our President, sometimes with the assistance of our other executive officers, prepare recommendations for the Committee regarding annual base salaries, corporate and individual business and financial objectives, incentive bonuses, equity awards, and other compensation matters for all employees. In making executive compensation decisions, the Committee considers these recommendations but also meets in sessions not attended by members of management. The Committee is solely responsible for approving all matters related to the compensation of executive officers.

### **The Annual Compensation Process**

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The performance of our executive officers and our executive compensation policies and program are reviewed and revised on an annual basis by the Committee. The Committee generally begins its review in the last quarter of each calendar year, and the process carries over into the following calendar year.

In the last quarter of 2005, following the approval of the 2005 Equity Incentive Plan by our stockholders in June of 2005, the Committee initiated a comprehensive review of our compensation programs. During its review, the Committee spent a great deal of time considering how to blend our traditional operational objectives with longer-term strategic objectives, particularly in light of our acquisition strategy. With the assistance of Radford, the Committee considered all aspects of our then-current compensation program including base salary, total cash compensation (both actual and targeted), long-term incentive compensation, and total direct compensation. In addition, the Committee considered various alternative types of long-term incentive compensation awards, including stock options, restricted stock units, performance shares, and other equity arrangements. The Committee ultimately adopted, based on Radford's recommendations, a compensation package for 2006 for each executive officer comprised of three elements: (i) an annual base salary, (ii) an annual incentive cash bonus based on the achievement of certain pre-established financial and performance goals for Avocent and for the executive officer, and (iii) a long-term equity-based incentive award consisting of restricted stock and performance shares that is designed to strengthen the mutuality of interests between our executive officers and our stockholders.

For 2007, the Committee continued this three-part compensation package consisting of an annual base salary, an incentive cash bonus, and a long-term equity incentive award. In determining specific 2007 compensation levels for our executive officers (including our Chief Executive Officer), the Committee consulted, but did not formally engage, Radford to assist the Committee, and the Committee again reviewed and considered the competitive market data and other compensation information from a variety of sources. The Committee then reviewed corporate, business unit, and individual performance in 2006 and expected performance in 2007. The Committee also reviewed several reports and other data summarizing for each executive officer the total dollar value of annual compensation for prior years, current and historical base salary data, incentive bonuses in previous years, prior equity awards, and competitive data.

### **The Elements of our Executive Compensation Program**

#### *Annual Base Salary*

In general, the Committee's goal is to position executive officer base salaries and to target total cash compensation of executive officers (consisting of base salary plus short-term cash incentives) at the fiftieth percentile of the peer group companies. For 2007, the Committee increased the base salaries of our executive officers to reflect traditional annual increases, promotions, changes in responsibilities, and competitive factors by approximately four to five percent, and the base salaries for our named executive officers (the Named Executive Officers) are set forth in the Summary Compensation Table.

The Committee established each executive officer's base salary level primarily on the basis of the individual's qualifications and relevant experience, the strategic goals for which the executive has responsibility, the executive's future potential, and the amount necessary to retain the executive. The Committee did not assign individual weights to any of these factors, but used them collectively to make its compensation determinations.

The Committee adjusts base salaries each year to take into account the individual's performance and to maintain a competitive salary structure. As noted above, in determining 2008 compensation levels, the Committee engaged Buck Consultants to assist the Committee. For 2008, John R. Cooper, our former Chairman and Chief Executive Officer, and Doyle C. Weeks, our President and Chief Operating Officer, recommended increases of four to five percent for our executive officers based on increases of that amount in the consumer price index (and as required by the Employment and Noncompetition Agreements we have with our executive officers). Messrs. Cooper and Weeks also recommended additional increases of \$14,000 for Mr. Daly and \$12,777 for Mr. Blankenship to reflect their increased responsibilities and to bring them more in line with competitive market levels reported by Buck Consultants. The Committee accepted these recommendations and concluded that the increases were appropriate for each executive officer. The Committee approved the following 2008 base salaries for the Named Executive Officers:

<b>Named Executive Officer</b>	<b>2008 Base Salary</b>
Mr. Cooper	\$523,000*
Mr. Blankenship	\$285,261
Mr. Weeks	\$436,392
Mr. Perry	\$327,502
Mr. Daly	\$305,200

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\*Mr. Cooper retired effective March 31, 2008.

*Incentive Bonuses*

Incentive bonuses are awarded by the Committee based on objective and subjective standards. In awarding executive bonuses, the Committee considers our success in achieving specific strategic objectives and financial goals, including revenue growth and earnings growth, and each executive officer's success in achieving certain individual goals and objectives. There is no specific formula the Committee uses to allocate between current and long-term compensation. Instead, the Committee endeavors to tie a significant portion of each executive officer's cash compensation to our achievement of pre-established annual financial and strategic objectives and to the individual executive officer's achievement of pre-established short-term corporate objectives for the individual executive officer. In addition, as previously noted, the Committee's goal is to target total cash compensation of executive officers (consisting of base salary plus short-term incentive bonus) at the fiftieth percentile of the peer group companies. The Committee also has the authority to adjust bonuses based on its evaluation of an executive's performance during a year.

The 2007 incentive bonus program for executive officers was designed to reward executive officers on a sliding scale basis for annual performance above and beyond reasonable performance. The 2007 incentive bonus program was targeted at 100% of base salary for our Chief Executive Officer, 70% of base salary for our President, and 60% of base salary for our other senior executives. The calculation of 2007 executive bonuses was initially to be determined based in part on the achievement of specific corporate-wide business and financial objectives that were approved by our Board of Directors. In determining the objectives for 2007, the Board considered a variety of objectives, including strategic objectives and financial performance objectives such as revenue, revenue growth, earnings, earnings growth, earnings per share, divisional or unit earnings or earnings growth, and similar performance measures.

Our Board of Directors ultimately approved corporate-wide business and financial objectives for the 2007 incentive bonus program related to revenue diversification, international growth, and acquisition integration. These corporate-wide business and financial objectives were applicable to all executive officers (which constituted 60% of the targeted total bonus potential). In addition, the Committee approved specific business and/or financial goals for each executive officer (which constituted 40% of the targeted total bonus potential). At the time these objectives were determined and approved, the Committee believed that the goals would be difficult to achieve but that the objectives were achievable with significant effort on the part of our executive officers.

The Committee was of the view, however, that any bonus payments for 2007 should be contingent upon our overall financial performance for 2007 as measured by revenue and earnings per share. The Committee therefore incorporated a financial component into the 2007 incentive program that was to be used as a multiplier with a range of 0% to 150% to deny or limit the originally-targeted bonuses set forth above based on lesser financial performance or to increase the originally-targeted bonuses based on exceptional financial performance.

This financial component was based on specified levels of growth in our operational revenue and our operational earnings per share in 2007 (which for us is income prior to intangible amortization, stock compensation expense, and acquired in-process research and development expense, after deducting executive bonuses net of tax benefits) over the base operational revenue and operational earnings per share in 2006. There were to be adjustments for acquisitions on a pro-rata basis, and any transaction expenses from transactions that did not close were to be excluded from the calculation of operational earnings per share. Each of the two performance metrics was to be weighted equally in calculating the percentage of the targeted bonus actually earned for 2007. Depending on the levels of growth in our 2007 operational revenue and 2007 operational earnings per share over 2006, an executive officer could have earned a percentage from 0% to 150% of the targeted bonus initially determined. As a result, the maximum possible award under the 2007 incentive bonus program for executive officers was 150% of base salary for our Chief Executive Officer, 105% of base salary for our President, and 90% of base salary for our other executive officers.

In early 2008, the Committee reviewed our financial performance for 2007 and examined whether the previously-approved financial, corporate, and individual objectives had been met. While the Committee concluded that many of the corporate and individual objectives had been met, the Committee nevertheless concluded that the levels of growth in our 2007 operational revenue and operational earnings per share over 2006 did not meet the minimum targeted level of financial performance (with the result that the multiplier was zero), and no incentive bonuses were awarded to executives for 2007. The incentive bonus amounts for 2007 actually awarded by the Committee to the Named Executive Officers were therefore as follows:

<b>Named Executive Officer</b>	<b>Amount of 2007 Incentive Bonus Award</b>
Mr. Cooper	\$0
Mr. Blankenship	\$0
Mr. Weeks	\$0
Mr. Perry	\$0
Mr. Daly	\$0

For 2008, the Committee again designed the executive cash bonus program to reward executives on a sliding scale basis for annual performance by the Company. The program is targeted at 100% of base pay for the Company's Chief Executive Officer, 70% of base pay for the Company's President, and 60% of base pay for the Company's other executive officers. Our Board of Directors has approved a number of corporate-wide business and financial objectives for 2008 related to the development and introduction of new IT infrastructure products, revenue diversification, and operational efficiencies, and the Committee concluded that the best way to measure the Company's success in achieving these business and financial goals was to measure the growth in the Company's operational revenue and earnings per share from 2007 to 2008. The Committee also has the authority to award additional bonuses based on its evaluation of an executive's performance during 2008.

The calculation of executive bonuses for 2008 is to be based on targeted levels of growth in the Company's operational revenue (which is revenue adjusted to add back amortization of deferred revenue haircuts arising from acquisitions) and specified levels of growth in the Company's operational earnings per share in 2008 (which is income prior to intangible amortization, stock compensation expense, and acquired in-process research and development expense after deducting executive bonuses net of tax) over the base operational revenue and earnings per share in 2007. Each of the two performance metrics will be weighted equally in calculating the percentage of performance shares actually earned by each participant. These bonus amounts are performance driven and completely at risk. There is no threshold or minimum payout, and depending on the levels of growth in the Company's 2008 operational revenue and 2008 operational earnings per share over 2007, an executive could actually earn a percentage from 0% to 150% of the targeted bonus initially determined. As a result, the maximum possible award under the program is 150% of base pay for the Company's Chief Executive Officer, 105% of base pay for the Company's President, and 90% of base pay for the Company's other executive officers. The range of possible 2008 incentive bonus awards for the Named Executive Officers is as follows:

<b>Named Executive Officer</b>	<b>Minimum Possible 2008 Incentive Bonus Award</b>	<b>Maximum Possible 2008 Incentive Bonus Award</b>
Mr. Cooper	\$0*	\$0*
Mr. Blankenship	\$0	\$256,735
Mr. Weeks	\$0	\$458,212
Mr. Perry	\$0	\$294,752
Mr. Daly	\$0	\$274,680

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\*Mr. Cooper retired effective March 31, 2008.



*Long-Term Incentive Compensation*

The Committee endeavors to align the interests of our executive officers with those of our stockholders, and long-term incentive compensation is a key element of our compensation program for executive officers. In general, the Committee's objective is to position the value of the long-term incentive compensation granted to executive officers at the fiftieth percentile of the value offered by the peer group companies. The Committee is not, however, required to adhere strictly to this guideline and may vary the size of the equity award to each executive officer as it determines the circumstances warrant.

Following a comprehensive review in 2005 of the design of our long-term compensation program (which had previously consisted of stock options) and the various types and mixes of equity awards, the Committee concluded that a mix of restricted stock units (constituting two-thirds of the long-term equity incentive award) and performance shares (constituting one-third of the long-term equity incentive award) would best meet its long-term incentive compensation goals for 2006. The Committee concluded that the restricted stock units would provide strong retention incentive, while the performance shares would provide a focus on achieving financial or non-financial metrics. The Committee was of the view that strong financial performance by our executive officers would generally be reflected by an increase in our stock price over time while substandard performance would generally be reflected by a decrease in our stock price over time. Accordingly, the Committee concluded that the upside and downside potential of restricted stock units and performance shares provided a good alignment between executive officer performance and executive compensation. Since the value of the restricted stock unit and performance share awards would depend upon our future financial performance and stock price, the Committee believed these equity awards would provide an incentive to our executive officers to foster our success. Finally, the Committee concluded that this mix offered the lowest amount of stockholder dilution while still achieving the desired results of the program.

The Committee then compared dilution calculations and projected value calculations to determine the desired mix between restricted stock units and performance shares, the applicable vesting periods for the restricted stock units and performance shares, and the performance criteria or triggers for the performance shares. Based on its review, in April 2007, the Committee approved restricted stock unit awards to executive officers and certain key employees for 2007 that vest over three years (i.e. one-third of the restricted stock unit award would vest on January 1 of each of 2009, 2010, and 2011), and the restricted stock unit awards to the Named Executive Officers are listed in the Grants of Plan-Based Awards Table. The Committee anticipates that it will make restricted stock unit awards on an annual basis.

These 2007 restricted stock unit awards were designed to allow an executive officer to acquire common stock contingent on the executive officer's or key employee's continued employment with us. Shares received by our executive officers on the vesting of the restricted stock units are subject to our stock ownership guidelines, which are detailed above in the Corporate Governance and Board Matters section of this Proxy Statement, aligning the interests of our executive officers with those of our stockholders.

The 2005 Plan authorizes the Committee to determine the goals applicable for performance-based awards using one or more measures that are designed to meet the performance-based compensation requirements of Section 162(m) of the Internal Revenue Code. Thus, the Committee may make awards of performance shares under the 2005 Plan that will be earned if certain performance metrics (such as revenue, revenue growth, earnings per share, earnings per share growth, operational earnings, operational earnings growth, operational earnings per share, or operational earnings per share growth) are met. Once a particular performance metric is met, the shares would then vest over a specified period designated by the Committee.



In April 2007, the Committee awarded performance shares for 2007 under the 2005 Plan to our executive officers at specified targeted levels measured by revenue and earnings per share, and the performance shares awarded to the Named Executive Officers are listed in the Grants of Plan-Based Awards Table. As with awards under our incentive bonus program, the Committee determined that the number of performance shares actually earned by each participant would be based on specified levels of growth in our operational revenue and specified levels of growth in our operational earnings per share in 2007 over the base operational revenue and operational earnings per share in 2006. There were to be adjustments for acquisitions on a pro-rata basis, and any transaction expenses from transactions that did not close were to be excluded from the calculation of operational earnings per share. Depending on the levels of growth in our 2007 operational revenue and 2007 operational earnings per share over 2006, participants could have earned a percentage from 0% to 150% of their targeted performance-based awards. Each of the two performance metrics was to be weighted equally in calculating the percentage of performance shares actually earned by each participant, and if earned, the performance shares were to vest over three years (including 2007).

As with the objectives for the incentive bonus program, at the time these objectives were determined and approved, the Committee believed that the goals would be difficult but achievable with significant effort. If earned, our executive officers will vest in these performance shares only if they continue their employment with us.

In early 2008, the Committee reviewed our operational revenue and earnings per share growth for 2007. The Committee concluded that levels of growth in our 2007 operational revenue and operational earnings over per share over 2006 did not meet the minimum targeted level of financial performance (with the result that the multiplier was zero), and no performance shares were earned by executives for 2007. The performance shares actually earned by the Named Executive Officers for 2007 were therefore as follows:

Named Executive Officer	Number of Performance Shares Earned for 2007
Mr. Cooper	0
Mr. Blankenship	0
Mr. Weeks	0
Mr. Perry	0
Mr. Daly	0

For 2008, the Committee concluded with input from Buck Consultants that a mix of restricted stock units and performance shares would again best meet its long-term incentive compensation goals for 2008. For 2008, however, the Committee changed the mix and concluded that one-half of the long-term equity incentive awards should consist of restricted stock units and one-half should consist of performance shares. In February 2008, the Committee approved awards of restricted stock units for 2008 under the 2005 Equity Incentive Plan to the Company's executive officers, and these awards vest over three years (one-third will vest on each of January 1, 2009, January 1, 2010, and January 1, 2011). The Committee also awarded market condition performance shares for 2008 under the 2005 Plan to the Company's executive officers to be earned at specified targeted levels of the Company's common stock price (as measured on a rolling average basis) on specific dates over a two-year period. These performance share awards are performance driven and completely at risk. There is no threshold or minimum payout, and depending on stock price levels over the next two years, participants would earn a percentage from 0% to 125% of their targeted performance-based share awards. Any performance shares actually earned by each participant, if and to the extent earned, would vest over three years.

The restricted stock unit and performance share awards to the Named Executive Officers for 2008 are as follows:

**Possible Future Payouts for 2008 Performance  
Share Awards Under the 2005 Equity Incentive  
Plan**

<b>Named Executive Officer</b>	<b>Time-Based Restricted Stock Units Awarded</b>	<b>Minimum Number</b>	<b>Targeted Number at 100%</b>	<b>Maximum Number at 125%</b>
Mr. Cooper	0*	0*	0*	0*
Mr. Blankenship	11,250	0	14,625	18,281
Mr. Weeks	25,519	0	33,174	41,467
Mr. Perry	13,750	0	17,875	22,343
Mr. Daly	12,500	0	16,250	20,313

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\*Mr. Cooper retired effective March 31, 2008.

*Perquisites*

Our executive officers (including the Named Executive Officers) participate in the medical, dental, vision, and insurance plans generally available to all employees. In addition, our executive officers are entitled to an annual physical examination that is more extensive than that provided under our standard medical plans. We also maintain a tax-qualified 401(k) Plan, which provides for broad-based employee participation, and all our U.S. employees (including the Named Executive Officers) are eligible to receive matching contributions that are subject to vesting over time. As detailed in the Summary Compensation Table, Mr. Daly received a home relocation benefit during 2006 in connection with his relocation to Huntsville and in 2007 in connection with his relocation to Salt Lake City. We do not provide our executive officers with other perquisites such as personal club memberships, vacation houses or apartments, entertainment accounts, or similar perks.

**Compensation of the Chief Executive Officer**

In establishing the 2007 compensation package for John R. Cooper, our Chairman and Chief Executive Officer, the Committee engaged Radford to review and assess our executive compensation policies and philosophies and equity compensation. Upon completion of that study, both the Committee and the Board of Directors met with Radford representatives, and the Board (without the presence of Mr. Cooper) discussed his compensation package. Following these deliberations by both the Committee and the Board of Directors, the Board of Directors (upon the recommendation of the Committee) approved a base salary for 2007 of \$523,000 for Mr. Cooper. As detailed above, Mr. Cooper was not awarded any incentive bonus for 2007. During 2007, Mr. Cooper was awarded 25,807 restricted stock units, 8,602 of which vested on January 1, 2008. The remaining 17,205 were originally scheduled to vest in equal amounts on January 1, 2009 and January 1, 2010. During 2007, Mr. Cooper was also granted an award of up to 25,161 performance shares, and as noted above, these shares were never earned.

In January 2008, Mr. Cooper announced his retirement, and we entered into a Retirement and General Release Agreement with him at that time. Under the terms of the Retirement Agreement, we agreed to continue payment of compensation and benefits to Mr. Cooper through March 31, 2008, the effective date of his retirement. In addition, we will pay Mr. Cooper the following amounts and benefits pursuant to the term of his Amended and Restated Employment and Noncompetition Agreement dated December 13, 2006 with us:

Named Executive Officer	Lump Sum Severance Payment and Severance Bonus(1)	Accelerated Vesting of Restricted Stock(2)	Extension of Option Vesting Terms(3)	Continuation Of Other Benefits(4)	Total
Mr. Cooper	\$1,381,154	\$484,204	\$388,525	\$30,889	\$2,284,772

(1) Payable on October 2, 2008 and subject to required tax withholding and deductions and employee-paid premiums for health care coverage.

(2) The amounts listed in this column represent the value of 32,173 restricted stock units based on the closing price of \$15.05 per share on NASDAQ on January 23, 2008. These restricted stock units vested on March 31, 2008, and the shares of common stock represented by these restricted stock units will be delivered to Mr. Cooper on October 2, 2008. The number of shares actually delivered to Mr. Cooper will be reduced by the minimum statutorily required federal, state, and local withholding of taxes with respect to the vesting and deliver of such shares.

(3) The amounts listed in this column represent the value of stock options related to the extension of vesting terms beyond those ordinarily provided in our stock option agreements as determined pursuant to Statement of Financial Accounting Standards No. 123R ( SFAS 123R ). Mr. Cooper will have approximately two and a half years to exercise his outstanding options from March 31, 2008.

(4) The amount listed in this column includes the estimated costs for Mr. Cooper to participate in additional benefits for two years from March 31, 2008 and include: \$17,799 for medical and dental coverage, \$4,110 for annual physicals, and \$8,980 for supplemental disability insurance.

Under the Retirement Agreement, Mr. Cooper is able to exercise any vested stock options through September 2010. Mr. Cooper is also eligible for employee and dependent coverage through March 2010 under our medical, dental, Section 125 medical reimbursement, and supplemental long-term disability plans in which he was a participant. The Retirement Agreement contains a general release of claims and noncompetition obligations.

#### **Statement Regarding Option Practices**

The Committee has not granted stock options to our executive officers since August 2005. The Committee does not have any plan to award stock options to our executive officers or non-executive employees in the future.

All stock options awarded to our executive officers (including our Chief Executive Officer) prior to August 2005 were approved by the Committee, and all options to directors were approved by the disinterested members of the Board of Directors. Options were granted at scheduled meetings of the Committee (or the Board of Directors), and the exercise price for these options was the closing price of our common stock on the date of the grant (i.e., the date of the Committee or Board of Directors meeting). For non-executive officers, the Committee delegated to our Chief Executive Officer the authority to grant options consistent with our prior practices and policies to newly-hired employees with an exercise price on the date of the new employee's commencement of employment. The Committee also approved a pool of options for non-executive employees and delegated to our Chief Executive Officer the authority to designate the specific option award to non-executive employees from this pool of options approved by the Committee.

During 2007, the Committee did not grant stock options. Pursuant to the previous approval by the Committee, employees with five years of tenure with us received 200 stock options on the fifth anniversary of the date of their employment. This plan was in effect until September 2007.

We did not have during the last fiscal year, and do not intend to have during the current fiscal year, any plan or practice to select or time option grant dates for executive officers in coordination with the release of material nonpublic information.

#### **Employment Contracts and Severance Agreements**

We have entered into employment agreements with each of our executive officers, including the Named Executive Officers. Under each agreement, the executive officer receives an annual base salary, subject to annual increases at the discretion of the Committee of the Board of Directors not less than the annual cost of living increase percentage. Each executive officer is entitled to receive an annual bonus at the discretion of the Committee based on our performance and the performance of the executive officer and to participate in equity plans and all other benefit programs generally available to our executive officers. Under the terms of the employment and other agreements, we agree to indemnify each executive officer for certain liabilities arising from actions taken by the executive officer within the scope of employment.

Under the terms of the employment agreements, our executive officers have also agreed that during the term of their employment and for a term of twelve months thereafter (thirty-six months in the case of John R. Cooper, our former Chairman and Chief Executive Officer, and eighteen months in the case of Doyle C. Weeks, our President and Chief Operating Officer), they will not compete against us, without our prior written consent. The employment agreements prohibit an executive officer from engaging in any capacity in any business activity worldwide that is substantially similar to, or in direct competition with, any of the business activities of or services provided by us at the time of the executive

officer s termination.

Under the terms of the employment agreements, an executive officer's employment may be terminated for any of the following reasons with the following benefits:

*Voluntary Termination*

The executive officer may voluntarily terminate (resign) employment. In this case, the executive officer will receive only accrued salary, earned bonus, and other benefits earned through the date of termination.

*Death*

The estate of the executive officer will receive accrued salary, earned bonus, and other benefits earned through the date of death.

*Termination upon Disability*

We may terminate the executive officer's employment for disability if, in the reasonable judgment of our Board of Directors, the executive officer has failed to perform the duties specified in the officer's employment agreement on account of illness or physical or mental incapacity, and such illness or incapacity had continued for a period of more than six consecutive months.

Upon termination for disability, the executive officer is entitled to a bonus payment equal to the executive officer's average annual bonus during the two years immediately preceding termination, accelerated vesting of any awards under any Avocent stock option, restricted stock, performance share, or other equity plans with all such awards treated as fully earned and accelerated, and continuation of medical and dental plan benefits for twelve months after the termination (twenty-four months in the case of Mr. Cooper and eighteen months in the case of Mr. Weeks).

*Termination for Cause*

We may terminate an executive officer's employment for cause. This includes termination by reason of acts of (i) willful dishonesty, fraud, or deliberate injury or attempted injury to us or (ii) the executive officer's willful material breach of the employment agreement that has resulted in material injury to us. In the case of a termination for cause, the executive officer will receive accrued salary, earned bonus, and other benefits earned through the date of termination, but no other benefits or severance compensation.

*Termination Other Than for Cause*

We may terminate an executive officer's employment other than for cause, and the executive officer may terminate the employment if there is a constructive termination of the executive officer's employment by reason of a material breach by us of the officer's employment agreement.

Upon termination other than for cause, the executive officer is entitled to severance compensation equal to the executive officer's base salary at the rate payable at the time of termination for a period of twelve months following the date of termination (eighteen months in the case of Mr. Weeks) and an amount equal to the executive officer's average annual bonus during the two years immediately preceding his termination. At the election of any executive officer, the officer may receive a lump sum severance amount equal to the present value of such severance payments (using a discount rate equal to the 90-day Treasury bill interest rate in effect on the date of delivery of such election notice). Under the severance compensation provisions of the employment agreements and equity award agreements with our executive officers, our executive officers are also entitled, upon termination other than for cause, to accelerated vesting of any awards granted under any Avocent stock option, restricted stock, performance share, or other equity incentive plans with all such awards treated as fully earned and accelerated, and continuation of medical and dental plan benefits for a period of twelve (12) months after the date of termination (twenty-four months in the case of Mr. Cooper and eighteen months in the case of Mr. Weeks).



*Termination Following a Change in Control*

If a change in control of Avocent occurs, the executive officer may terminate his employment within six months, or we may terminate the executive officer's employment within eighteen months after the change in control. A change in control is deemed to occur if (i) any person acquires beneficial ownership of our securities entitling such person to exercise twenty-five percent (25%) or more of the combined voting power of our then outstanding stock, (ii) within any twenty-four (24) month period, individuals who were Directors at the beginning of any such period, together with any other Directors first elected as our Directors pursuant to nominations approved or ratified by at least two-thirds (2/3) of the Directors in office immediately prior to any such election, cease to constitute a majority of our Board of Directors, or (iii) our stockholders approve any sale, lease, exchange, liquidation, or other transfer of all or substantially all of our assets or any consolidation or merger in which Avocent is not the continuing or surviving corporation or pursuant to which shares of our common stock would be converted into cash, securities or other property.

Upon termination following a change in control, the executive officer is entitled to the same severance benefits detailed under *Termination Other Than for Cause* above.

The following table provides information concerning the estimated payments and benefits that would be provided in the event of termination for disability, termination other than for cause, and termination following a change in control for each of the Named Executive Officers. Payments and benefits are estimated assuming that the triggering event took place on the last business day of fiscal 2007 (December 31, 2007). There can be no assurance that a triggering event would produce the same or similar results as those estimated below if such event occurs on any other date or at any other price, or if any other assumption used to estimate potential payments and benefits is not correct.

Named Executive Officer	Severance Payment(1) (\$)	Severance Bonus (\$)	Accelerated Vesting of Restricted Stock(2) (\$)	Continuation of Health Plans (\$)	Total (\$)
Mr. Cooper	1,046,000	410,848	1,509,882	20,540	2,987,270
Mr. Blankenship	261,000	118,652	472,284	12,022	863,957
Mr. Weeks	627,000	243,248	1,083,519	15,405	1,969,171
Mr. Perry	314,000	151,486	736,106	12,022	1,213,614
Mr. Daly	280,000	108,091	539,090	12,022	939,203

(1) The amounts listed in this column are paid only in the event of termination other than for cause or termination following a change in control not in the event of termination for disability.

(2) The amounts listed in this column represent the value of each restricted stock unit award based on the closing price of \$23.31 per share on NASDAQ on December 31, 2007.

**Deductibility of Executive Compensation**

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The Committee has considered the impact of Section 162(m) of the Internal Revenue Code, which disallows a federal income tax deduction for any publicly-held corporation for individual compensation exceeding \$1 million in any taxable year for the chief executive officer and the four other most highly compensated executive officers, respectively, unless such compensation meets the requirements for the performance-based exception to Section 162(m). The Committee believes that the performance shares awarded to these executive officers in 2007 under the 2005 Equity Incentive Plan will meet the requirements for qualifying as performance-based under Section 162(m). The incentive bonus awards and the vesting of any awards of restricted stock units made in 2006 will not, however, qualify as performance-based under Section 162(m). To the extent that, in any fiscal year, a Named Executive Officer's base salary, incentive bonus award, and restricted stock unit vesting exceeds \$1 million, the compensation will not be deductible by us for federal income tax purposes. It is the Committee's policy to qualify, to the extent reasonable, our executive officers' compensation for deductibility under applicable tax law. However, we may, from time to time, pay compensation to executive officers that may not be deductible.

**Compensation Committee Interlocks and Insider Participation**

During 2007, David P. Vieau (Chairman), Harold D. Copperman, and Edwin L. Harper served on our Compensation Committee. During 2007, no member of our Compensation Committee was an officer or employee or formerly an officer of Avocent, and no member had any relationship that would require disclosure under Item 404 of Regulation S-K of the Securities Exchange Act of 1934. None of our executive officers has served on the board of directors or the compensation committee (or other board committee performing equivalent functions) of any other entity, one of whose executive officers served on our Board or on our Compensation Committee.

**COMPENSATION COMMITTEE REPORT**

*The information contained in this report shall not be deemed to be soliciting material or filed with the SEC or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that Avocent specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.*

The Avocent Corporation Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis for fiscal 2007. Based on the review and discussions, the Committee recommended to the Board, and the Board has approved, that the Compensation Discussion and Analysis be included in Avocent's Annual Report on Form 10-K and Proxy Statement for its 2008 Annual Meeting of Stockholders.

COMPENSATION COMMITTEE

*David P. Vieau, Chairman*

*Harold D. Copperman*

*William H. McAleer*

**Summary Compensation for 2007**

The following table shows compensation for 2007 for the Named Executive Officers.

**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus(1) (\$)</b>	<b>Stock Awards(2) (\$)</b>	<b>Option Awards(3) (\$)</b>	<b>Non-Equity Incentive Plan Compensation(4) (\$)</b>	<b>Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation(5) (\$)</b>	<b>Total (\$)</b>
John R. Cooper, Chairman of the Board and Chief Executive Officer	2007	523,000	292	1,179,650	0	0		6,750	1,709,692
	2006	500,000	200	883,362	180,516	616,964		6,600	2,187,642
Edward H. Blankenship, Senior Vice President and Chief Financial Officer	2007	261,000	292						
	2006	240,000	200						