

COTTERELL SAMUEL K  
 Form 4  
 January 04, 2011

**FORM 4**

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

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 COTTERELL SAMUEL K

(Last) (First) (Middle)

BOISE INC., 1111 WEST  
 JEFFERSON STREET, SUITE 200

(Street)

BOISE, ID 83702-5388

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 BOISE INC. [BZ]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 01/01/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Senior Vice President & CFO

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock				(A) or (D) Price	22,154	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
2008 Restricted Stock Units	(1)					(2) 02/28/2011	Common Stock 14
2008 Restricted Stock Units	(1)					(3) 02/28/2011	Common Stock 23
2008 Restricted Stock Units	(1)					(4) 02/28/2011	Common Stock 5
2009 Restricted Stock Units	(1)					(5) 03/15/2012	Common Stock 80
2011 Restricted Stock Units	(1)	01/01/2011		A	18,000 (6)	03/15/2012(7) 03/15/2013(7)	Common Stock 18

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
COTTERELL SAMUEL K BOISE INC. 1111 WEST JEFFERSON STREET, SUITE 200 BOISE, ID 83702-5388			Senior Vice President & CFO	

## Signatures

/s/ Samuel K.  
Cotterell

01/04/2011

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each restricted stock unit represents a contingent right to receive one share of Boise Inc. common stock.
- (2) These restricted stock units vest upon Boise Inc.'s common stock achieving a market price of \$10.00 per share.
- (3) These restricted stock units vest upon Boise Inc.'s common stock achieving a market price of \$12.50 per share.
- The first 1/3 of Mr. Cotterell's service-condition vesting restricted stock units vested on March 2, 2009, the second 1/3 vested on March 1, 2010, and the remaining 1/3 will vest on February 28, 2011. Pursuant to Mr. Cotterell's Restricted Stock Unit Award Agreement, the company pays cash for the fractional shares.
- (4) These service-condition vesting restricted stock units vest as follows: 20% vested on March 15, 2010; 20% will vest on March 15, 2011; and 60% will vest on March 15, 2012.
- Mr. Cotterell was elected senior vice president and chief financial officer of the company, effective January 1, 2011. Upon his election,
- (5) Mr. Cotterell was awarded a special long-term equity award under the Boise Inc. Incentive and Performance Plan of 18,000 restricted stock units.
- (6) These service-condition vesting restricted stock units vest as follows: 50% will vest on March 15, 2012, and the remaining 50% will vest on March 15, 2013, subject to Mr. Cotterell's Restricted Stock Unit Award Agreement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. w Roman; font-size: 9pt; color: #000000" align="left">Restructuring and one time benefits/charges

	0.6
%	0.1
%	1.1
%	1.1
Stock based compensation	2.1
%	1.6
%	1.4
%	1.4

**PRO FORMA EBITDA % OF REVENUE**

	<b>18.4</b>
%	
	<b>19.5</b>
%	
	<b>17.0</b>
%	

[Back to Contents](#)

## Fiscal 2012 Summary Compensation Table

The table below presents information concerning the total compensation of our Named Executive Officers for the fiscal years ended September 29, 2012, October 1, 2011, and October 2, 2010.

Name and Principal Position	Fiscal Year	Salary (\$)	Non-Equity				Total (\$)
			Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(3)</sup>	Incentive Plan Compensation (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	
<b>John Ambroseo,</b>	2012 <sup>(1)</sup>	<b>625,019</b>	<b>3,860,280</b>	<i>N/A</i>	<b>124,629</b>	<b>34,591</b> <sup>(7)</sup>	<b>4,644,519</b>
<i>Chief Executive Officer and President</i>	2011	612,901	2,452,700	<i>N/A</i>	1,628,675	46,841 <sup>(7)</sup>	4,741,117
	2010	580,008	981,000	600,390	870,012	277,527 <sup>(6)(7)</sup>	3,308,937
<b>Helene Simonet,</b>	2012 <sup>(1)</sup>	<b>405,018</b>	<b>891,644</b>	<i>N/A</i>	<b>56,532</b>	<b>33,532</b> <sup>(8)</sup>	<b>1,386,725</b>
<i>Executive Vice President and Chief Financial Officer</i>	2011	395,587	660,675	<i>N/A</i>	738,776	41,183 <sup>(8)</sup>	1,836,221
	2010	369,990	366,240	224,146	388,490	46,664 <sup>(6)(8)</sup>	1,395,530
<b>Mark Sobey,</b>	2012 <sup>(1)</sup>	<b>360,006</b>	<b>832,201</b>	<i>N/A</i>	<b>43,071</b>	<b>11,852</b> <sup>(9)</sup>	<b>1,247,130</b>
<i>Executive Vice President General Manager, SLS</i>	2011	343,856	616,630	<i>N/A</i>	562,863	27,277 <sup>(9)</sup>	1,550,626
	2010	293,673	313,920	192,125	255,017	22,378 <sup>(9)</sup>	1,077,113
<b>Paul Sechrist,<sup>(10)</sup></b>	2012 <sup>(1)</sup>	<b>325,000</b>	<b>713,314</b>	<i>N/A</i>	<b>32,403</b>	<b>12,233</b> <sup>(11)</sup>	<b>1,082,950</b>
<i>Executive Vice President Worldwide Sales, Service and Marketing</i>	2011	306,573	570,055	<i>N/A</i>	423,443	16,357 <sup>(11)</sup>	1,316,428
<b>Bret DiMarco,</b>	2012 <sup>(1)</sup>	<b>333,985</b>	<b>594,429</b>	<i>N/A</i>	<b>33,400</b>	<b>27,543</b> <sup>(12)</sup>	<b>989,357</b>
<i>Executive Vice President and General Counsel</i>	2011	325,580	440,450	<i>N/A</i>	436,478	33,405 <sup>(12)</sup>	1,235,913
	2010	297,309	274,680	168,109	225,000	36,527 <sup>(12)</sup>	1,001,625

(1)

Reflects the dollar amount of salary earned in fiscal year 2012.

(2)

Amounts shown reflect the grant date fair value of awards granted in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. Reflects unvested time-based and performance-based RSUs; there is no guaranty that the recipients will ultimately receive this amount, or any amount.

(3)

The amounts shown reflect the grant date fair value of stock options determined pursuant to FASB ASC Topic 718. These options vest annually over a three year period. Pursuant to FASB ASC Topic 718, the amounts shown here exclude the effect of estimated forfeitures related to service-based vesting conditions. The assumptions used in the valuation of these awards are set forth in Note 14, "Employee Stock Option and Benefit Plans" of the Financial Statements in our annual report on Form 10-K. These amounts do not correspond to the actual value, if any, that may ultimately be recognized by the Named Executive Officers. As seen in the table, no stock options were granted to the named executive officers in fiscal 2011 and 2012.

(4)

Reflects the dollar amounts earned under the Variable Compensation Plan (VCP) during fiscal 2011, fiscal 2010 and fiscal 2009.

(5)

As previously noted, effective January 1, 2011, the Compensation and H.R. Committee announced the elimination and phasing out of executive perquisites. Fiscal 2011, therefore, included an executive medical benefit (which was on a calendar year calculation and is no longer in effect), the calendar 2010 contribution to the Company's non-qualified deferred compensation plan (which will not be made for calendar 2011), and automobile benefits. Fiscal 2012 includes an automobile benefit for Messrs. Ambroseo and DiMarco and Ms. Simonet, which was phased out for Ms. Simonet and Mr. DiMarco in October, 2011 and April, 2012 for Mr. Ambroseo. The Company, however, administered its automobile benefits on a December-November calendar basis and, therefore, imputed almost a full year of income for Mr. Ambroseo, Ms. Simonet and Mr. DiMarco even though in fiscal 2012 the benefit phased out after one month (Simonet and DiMarco) and seven months (Ambroseo) of the fiscal year. Executives will continue to receive the regular Company-provided 401(k) employee contribution match (subject to applicable IRS rule limitations).

(6)

For fiscal year 2010, Mr. Ambroseo and Ms. Simonet "All Other Compensation" includes a payment for expired stock option grants that we previously disclosed on Form 8-K filing dated December 9, 2009. As noted in the Form 8-K, from November 1, 2006 to December 31, 2007 we imposed a company-wide blackout on the exercise of stock options because we were not current in our financial reporting obligations due to an internal historical stock option grant practices investigation. The Compensation and H.R. Committee approved payments to these individuals, which amounts were determined pursuant to the same formula used for non-executive officers.

(7)

**For fiscal 2012**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$9,862), and (b) the use of a Company-leased and maintained automobile ("Car Allowance") (\$21,414) which as previously noted, was phased out. **For fiscal 2011**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$9,656) and deferred compensation plan (\$10,920), (b) Car Allowance (\$20,630), (c) amounts reimbursed pursuant to executive medical reimbursement (\$2,634). **For fiscal 2010**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$8,902) and deferred compensation plan (\$10,177), (b) Car Allowance (\$12,436), (c) the payment described in footnote (7) above (\$237,000), (d) payment for buy-out of earned vacation (\$1,785) and (e) amounts reimbursed pursuant to executive medical reimbursement (\$5,228).

(8)

**For fiscal 2012**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$10,477), and (b) Car Allowance (\$17,513) which as previously noted, was phased out. **For fiscal 2011**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$7,446) and deferred compensation plan (\$4,927), (b) Car Allowance (\$17,513), (c) amounts reimbursed pursuant to executive medical reimbursement (\$7,468). **For fiscal 2010**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$8,662) and deferred compensation plan (\$4,184), (b) a Car Allowance (\$17,513), (d) the payment

described in footnote (7) above (\$8,550), and (e) amounts reimbursed pursuant to executive medical reimbursement (\$4,195).

(9)

**For fiscal 2012**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$10,000). **For fiscal 2011**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$10,622) and deferred compensation plan (\$1,919), (b) Car Allowance (\$4,500), (c) amounts reimbursed pursuant to executive medical reimbursement (\$8,473). **For fiscal 2010**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$10,358) and deferred compensation plan (\$953), (b) a Car Allowance (\$9,000) and (c) amounts reimbursed pursuant to executive medical reimbursement (\$668).

(10)

Mr. Sechrist was promoted to Executive Vice President Worldwide Sales, Service and Marketing and became an executive officer on March 31, 2011. Accordingly, information for 2010 for Mr. Sechrist has been omitted.

(11)

**For fiscal 2012**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$10,577). **For fiscal 2011**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$11,023) and deferred compensation plan (\$792) and (b) amounts reimbursed pursuant to executive medical reimbursement (\$2,987).

(12)

**For fiscal 2012**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$10,008), (b) Car Allowance (\$16,790) which as previously noted, was phased out. **For fiscal 2011**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$10,469) and deferred compensation plan (\$2,062), (b) Car Allowance (\$16,790), (c) amounts reimbursed pursuant to executive medical reimbursement (\$3,362). **For fiscal 2010**, includes (a) amounts contributed by us under the Company's 401(k) plan (\$10,154) and deferred compensation plan (\$1,425), (b) Car Allowance (\$16,296), and (d) amounts reimbursed pursuant to executive medical reimbursement (\$7,992).

[Back to Contents](#)

Grants of Plan-Based Awards in Fiscal 2012

Except as set forth in the footnotes, the following table shows all plan-based equity and non-equity incentive awards granted to our Named Executive Officers during fiscal 2012.

**GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Actual Payouts Under Non-Equity Incentive Plan Awards	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: # of Securities Underlying Options	All Other Option Awards: # of Securities Underlying Options	Exercise Price or Bidding Price of Underlying Awards
		Threshold	Target	Maximum		Threshold	Target	Maximum			
		(\$)	(\$)	(\$)	(\$)	(#)	(#)	(#)	(#)	(#)	
Annual Salary	11/8/2011	0	312,500	625,000	124,629	0	36,000	72,000			
Annual Salary	11/8/2011	0	312,500	625,000	0				24,000		
Annual Salary	11/8/2011	0	312,500	625,000	124,629	0	4,950	9,900			
Annual Salary	11/8/2011	0	625,000	1,250,000	124,629				10,050		
Annual Salary	11/8/2011	0	141,750	283,500	56,532						
Annual Salary	11/8/2011	0	141,750	283,500	0						
Annual Salary	11/8/2011	0	283,500	567,000	56,532	0	4,620	9,240			
Annual Salary	11/8/2011	0	108,000	216,000	43,071				9,380		

Explanation of Responses:



-annual S								
-annual S		0 (2)	108,000	216,000	0			
<b>I</b>		<b>0 (2)</b>	<b>216,000</b>	<b>432,000</b>	<b>43,071 (3)</b>			
U	11/8/2011					0	3,960	7,920
	11/8/2011							8,040
-annual S		0 (2)	81,250	162,500	32,403			
-annual S		0 (2)	81,250	162,500	0			
<b>I</b>		<b>0 (2)</b>	<b>162,500</b>	<b>325,000</b>	<b>32,403 (3)</b>			
U	11/8/2011					0	3,300	6,600
	11/8/2011							6,700
-annual S		0 (2)	83,750	167,500	33,400			
-annual S		0 (2)	83,750	167,500	0			
<b>I</b>		<b>0 (2)</b>	<b>167,500</b>	<b>335,000</b>	<b>33,400 (3)</b>			

ar amount recognized for financial statement reporting purposes (disregarding an estimate of forfeitures related to service-based vesting in accordance with ASC 718, and includes grants made in fiscal 2012. The assumptions used in the valuation of these awards are set forth in the "Stock Option and Benefits Plans" of the Financial Statements in the Annual Report on Form 10-K. These amounts do not correspond to the amounts paid by the Named Executive Officers.

minimum level of performance would have resulted in no bonus paid out under the 2012 Variable Compensation Plan.

amount earned under the 2012 Variable Compensation Plan during the 2012 fiscal year.

[Back to Contents](#)

## Option Exercises and Stock Vested at 2012 Fiscal Year-End

The table below sets forth certain information for each Named Executive Officer regarding the exercise of options and the vesting of stock awards during the year ended September 29, 2012, including the aggregate value realized upon such exercise or vesting.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(2)</sup>
John Ambroseo	—	—	44,083	2,201,062
Helene Simonet	—	—	13,867	685,569
Mark Sobey	15,500	469,520	11,915	589,379
Paul Sechrist	—	—	9,515	484,280
Bret DiMarco	14,084	394,612	10,050	496,419

(1)

Reflects the difference between the exercise price of the option and market price of our Common Stock on the exercise date.

(2)

Reflects the market price of our Common Stock on the vesting date.

[Back to Contents](#)

## Outstanding Equity Awards at Fiscal 2012 Year-End

The following table presents information concerning unexercised options and stock that has not yet vested for each Named Executive Officer outstanding as of September 29, 2012.

	Option Awards <sup>(1)</sup>					Stock Awards		Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	incentive plan awards: Market payout v of unear shares, t or o ri that not veste
	Number of Securities Underlying Options (#) Exercisable	Number of Securities Underlying Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(2)</sup>			
	11/08/2011	—	—	—	—	24,000	1,100,640	—	
	11/08/2011	—	—	—	—	72,000 <sup>(5)</sup>	3,301,920	—	
	11/29/2010	—	—	—	—	13,333	611,451	—	
roseo	11/29/2010	—	—	—	—	46,666 <sup>(3)</sup>	2,140,103	—	
	11/20/2009	—	—	—	—	12,500	573,250	—	
	11/20/2009	50,000	25,000	\$ 26.16	11/20/2016	—	—	—	
	11/17/2008	25,200	—	—\$ 23.16	11/17/2014	—	—	—	
	10/03/2007	121,853	—	—\$ 32.95	10/03/2013	—	—	—	
	11/08/2011	—	—	—	—	10,050	460,893	—	
	11/08/2011	—	—	—	—	9,900 <sup>(5)</sup>	454,014	—	
ne onet	11/29/2010	—	—	—	—	5,000	229,300	—	
	11/29/2010	—	—	—	—	10,000 <sup>(3)</sup>	458,600	—	
	11/20/2009	—	—	—	—	4,666	213,983	—	
	11/20/2009	9,333	9,334	\$ 26.16	11/20/2016	—	—	—	
	11/17/2008	8,984	—	—\$ 23.16	11/17/2014	—	—	—	
	11/08/2011	—	—	—	—	9,380	430,167	—	

Explanation of Responses:

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	11/08/2011	—	—	—	—	9,240 <sup>(5)</sup>	423,746	—
	11/29/2010	—	—	—	—	4,666	213,983	—
	11/29/2010	—	—	—	—	9,332 <sup>(3)</sup>	427,966	—
	11/20/2009	—	—	—	—	4,000	183,440	—
	11/20/2009	—	8,000 \$	26.16	11/20/2016	—	—	—
	11/08/2011	—	—	—	—	8,040	368,714	—
	11/08/2011	—	—	—	—	7,920 <sup>(5)</sup>	363,211	—
	3/30/2011	—	—	—	—	666	30,543	—
	3/30/2011	—	—	—	—	1,332 <sup>(4)</sup>	61,086	—
rist	11/3/2010	—	—	—	—	3,000	137,580	—
	11/3/2010	—	—	—	—	6,000 <sup>(4)</sup>	275,160	—
	11/20/2009	—	—	—	—	3,000	137,580	—
	11/20/2009	12,000	6,000 \$	26.16	11/20/2016	—	—	—
	11/17/2008	16,500	—\$	23.16	11/17/2014	—	—	—
	10/03/2007	10,000	—\$	32.95	10/03/2013	—	—	—
	11/08/2011	—	—	—	—	6,700	307,262	—
	11/08/2011	—	—	—	—	6,600 <sup>(5)</sup>	302,676	—
arco	11/29/2010	—	—	—	—	3,333	152,851	—
	11/29/2010	—	—	—	—	6,666 <sup>(3)</sup>	305,703	—
	11/20/2009	—	—	—	—	3,500	160,510	—
	11/20/2009	—	7,000 \$	26.16	11/20/2016	—	—	—

of the unvested option grants set forth above vest in three equal installments on the anniversary of the date of grant.

Market value is determined by multiplying the number of shares by \$45.86, the closing price of the Company's common stock on September 30, 2013, the last trading date of the fiscal year.

Performance-based RSU vesting determination dates are November 29, 2011, November 29, 2012 and November 29, 2013. Performance based RSUs will vest in an amount which is 0-200% subject to the achievement of certain performance metrics. The amount reflected in the table is the maximum amount or 200%.

Performance-based RSU vesting determination dates are November 3, 2011, November 2, 2012 and November 1, 2013. The performance based RSUs will vest in an amount which is 0-200% subject to the achievement of certain performance metrics. The amount reflected in the table is the maximum amount or 200%.

performance-based RSU vesting determination date is November 7, 2014. The performance based RSUs will vest in an amount which is 100% subject to the achievement of certain performance metrics. The amount reflected in the table is the maximum amount or 200%.

[Back to Contents](#)

## Fiscal 2012 Non-Qualified Deferred Compensation

For a description of our Deferred Compensation Plan, see “Compensation Discussion and Analysis—Retirement Plans.” The following table presents information regarding the non-qualified deferred compensation activity for each Named Executive Officer during fiscal 2012:

Name	Executive	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions	Contributions	Contributions	Earnings in	Withdrawals/	Balance
	in Last FY	in Last FY	in Last FY	Last FY	Distributions	at Last
	(\$) <sup>(1)</sup>	(\$)	(\$)	(\$)	(\$)	FYE (\$) <sup>(2)</sup>
John Ambroseo	289,632	—	—	941,415	—	6,090,306
SRP <sup>(3)</sup>	—	—	—	194,958	—	1,223,679
Helene Simonet	101,937	—	—	37,750	—	885,153
SRP <sup>(3)</sup>	—	—	—	9,764	—	127,089
Paul Sechrist	116,854	—	—	79,776	—	540,938
SRP <sup>(3)</sup>	—	—	—	30,695	—	147,053
Mark Sobey	11,077	—	—	3,888	—	30,341
Bret DiMarco	24,090	—	—	7,900	—	57,828

(1)

Amounts in this column consist of salary and/or bonus earned by the individual during fiscal year 2012, which is also reported in the Summary Compensation Table.

(2)

The deferred compensation in a participant’s account is fully vested and is credited with positive or negative investment results based upon plan investment options selected by the participant.

(3)

Amounts represent account balances and earnings from the Supplementary Retirement Plan (SRP) which was suspended on December 31, 2004. Deferrals (both executive and company) into this plan have been suspended. The Deferred Compensation Plan is the only non-qualified deferred compensation plan available for executive management.

## Potential Payments upon Termination or Change of Control

Explanation of Responses:

Our Change of Control Plan provides for the payment of specified compensation and benefits upon certain terminations of the employment of the participants following a change of control of the Company. The Board has evaluated the economic and social impact of an acquisition or other change of control on its key employees. The Board recognizes that the potential of such an acquisition or change of control can be a distraction to its key employees and can cause them to consider alternative employment opportunities. The Board has determined that it is in the best interests of Coherent and its stockholders to assure that Coherent will have the continued dedication and objectivity of its key employees. The Board believes that the change of control plan will enhance the ability of our key employees to assist the Board in objectively evaluating potential acquisitions or other changes of control.

The Change of Control Plan provides that if within 24 months after (or two months prior to) a change of control the executive's employment is terminated other than by reason of his or her death, disability, retirement or for cause, or the executive officer terminates his or her employment for "good reason," the executive will receive a lump sum severance payment equal to 2.99 (in the case of Mr. Ambroseo) or 2.0 (in the case of Ms. Simonet and Messrs. DiMarco, Sechrist and Sobey) times the executive's annual base salary and annual bonus (assuming achievement of all performance requirements thereof). "Good reason" is defined under the Change of Control Plan as any of the following that occurs after a change of control of the Company: a material reduction in cash and equity incentive opportunities, taken as a whole; a change in the site of employment by more than 25 miles; material reduction in the executive's duties and responsibilities; the Company's failure to obtain the written assumption by its successor of the obligations set forth in the Agreement; attempted termination of employment on grounds insufficient to constitute a basis of termination for cause under the terms of the change of control plan; or the Company's breach of any of the provisions of the Change of Control Plan. Under the terms of the plan, the executives will also have acceleration of all vesting conditions for equity grants and a payment in lieu of health care for the executive (and his or her covered family members) will be provided on the same terms for two years and, in the case of Mr. Ambroseo, three years.

The following table shows the potential payments and benefits that we (or our successor) would be obligated to make or provide upon termination of employment of each our Named Executive Officers pursuant to the terms of the Change of Control Plan. Other than this plan, there are no other employment agreements or other contractual obligations triggered upon a change of control. For purposes of this table, it is assumed that each Named Executive Officer's employment terminated at the close of business on September 28, 2012 (the last business day before the end of our fiscal year end on September 29, 2012). These payments are conditioned upon the execution of a form release of claims by the Named Executive Officer in favor of us. The amounts reported below do not include the nonqualified deferred compensation distributions that would be made to the Named Executive Officers following a termination of employment (for those amounts and descriptions, see the prior table). 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. Due to the number of factors that affect the nature and amount of any potential payments or benefits, any actual payments and benefits may be different. The total benefit per individual in the table below does not add to the total of the individual components due to rounding within each component.

[Back to Contents](#)

Named Executive Officer	Multiplier for Base Salary and Bonus	Nature of Benefit	Termination	Any Other
			for Cause	Termination
John Ambroseo	2.99X	Salary Severance	—\$	1,868,750
		Bonus Severance	—\$	1,868,750
		Equity Compensation Acceleration <sup>(1)</sup>	—\$	8,219,864
		Aggregate Healthcare Related Monthly Payment <sup>(2)</sup>	—\$	99,000
		<b>TOTAL BENEFIT</b>	\$	<b>12,056,364</b>
Helene Simonet	2X	Salary Severance	—\$	810,000
		Bonus Severance	—\$	567,000
		Equity Compensation Acceleration <sup>(1)</sup>	—\$	2,000,670
		Aggregate Healthcare Related Monthly Payment <sup>(2)</sup>	—\$	66,000
		<b>TOTAL BENEFIT</b>	\$	<b>3,443,670</b>
Mark Sobey	2X	Salary Severance	—\$	720,000
		Bonus Severance	—\$	432,000
		Equity Compensation Acceleration <sup>(1)</sup>	—\$	1,836,901
		Aggregate Healthcare Related Monthly Payment <sup>(2)</sup>	—\$	66,000
		<b>TOTAL BENEFIT</b>	\$	<b>3,054,901</b>
Paul Sechrist	2X	Salary Severance	—\$	650,000
		Bonus Severance	—\$	325,000
		Equity Compensation Acceleration <sup>(1)</sup>	—\$	1,492,074
		Aggregate Healthcare Related Monthly Payment <sup>(2)</sup>	—\$	66,000
		<b>TOTAL BENEFIT</b>	\$	<b>2,533,074</b>
Bret DiMarco	2X	Salary Severance	—\$	670,000
		Bonus Severance	—\$	335,000
		Equity Compensation Acceleration <sup>(1)</sup>	—\$	1,366,902
		Aggregate Healthcare Related Monthly Payment <sup>(2)</sup>	—\$	66,000
		<b>TOTAL BENEFIT</b>	\$	<b>2,437,902</b>

Explanation of Responses:



(1)

Equity Compensation Acceleration is the in-the-money value of unvested stock options, time-based RSUs and performance-based RSUs, in each case as of September 28, 2012 at the closing stock price on that date (\$45.86). The value of accelerated stock options are thus calculated by multiplying the number of unvested shares subject to acceleration by the difference between the exercise price and the closing stock price on September 28, 2012; the value of accelerated RSUs is calculated by multiplying the number of unvested shares subject to acceleration by the closing stock price on September 28, 2012. For purposes of the table we have assumed the immediate release and vesting of the performance-based RSUs at the maximum, or 200% of target, achievement. In the event of a change of control, however, the performance-based RSUs would be measured for achievement prior to the effective date of the change of control and converted to time-based awards subject to the terms of the plan. The amounts reflected for Equity Compensation Acceleration do not reflect any applicable taxes, just gross proceeds. Since the table assumes a triggering event on September 28, 2012, only those stock options and RSU grants outstanding as of that date are included in the table.

(2)

Aggregate Monthly Payment is a monthly payment of \$2,750 in lieu of receiving company subsidized COBRA benefits, life insurance premiums and/or other welfare benefits, 36 months for the Chief Executive Officer and 24 months for the other named executive officers.

[Back to Contents](#)**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information as of September 29, 2012 about the Company's equity compensation plans under which shares of our common stock may be issued to employees, consultants or members of our Board:

<b>Plan category</b>	<b>(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>(b) Weighted-average exercise price of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	Equity compensation plans approved by security holders	1,233,304 <sup>(2)</sup>	\$ 27.86
Equity compensation plans not approved by security holders	—	—	—
<b>TOTAL</b>	<b>1,233,304</b>	<b>\$ 27.86</b>	<b>7,384,974</b>

(1)

These weighted average exercise prices do not reflect the shares that will be issued upon the payment of outstanding awards of RSUs.

(2)

This number does not include any options which may be assumed by us through mergers or acquisitions, however, we do have the authority, if necessary, to reserve additional shares of common stock under these plans to the extent necessary for assuming such options.

(3)

This number of shares includes 1,013,543 shares of common stock reserved for future issuance under the Employee Stock Purchase Plan and 6,371,431 shares reserved for future issuance under the 2011 Plan.

**CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS****Review, Approval or Ratification of Related Person Transactions**

In accordance with the charter for the Audit Committee of the Board, the members of the Audit Committee, all of whom are independent directors, review and approve in advance any proposed related person transactions. Additionally, from time to time the Board may directly consider these transactions. For purposes of these procedures,

Explanation of Responses:

the individuals and entities that are considered “related persons” include:

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Any of our directors, nominees for director and executive officers;

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Any person known to be the beneficial owner of five percent or more of our common stock (a “5% Stockholder”); and

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Any immediate family member, as defined in Item 404(a) of Regulation S-K, of a director, nominee for director, executive officer and 5% Stockholder. We will report all such material related person transactions under applicable accounting rules, federal securities laws and SEC rules and regulations.

#### Related Person Transactions

We have entered into indemnification agreements with each of our executive officers and directors. Such indemnification agreements require us to indemnify these individuals to the fullest extent permitted by law. We also intend to execute these agreements with our future directors and officers.

**COHERENT, INC.** – 2012 Proxy Statement 32

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[Back to Contents](#)

## REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee is responsible for overseeing our accounting and financial reporting processes and audits of our financial statements. As set forth in its charter, the Audit Committee acts only in an oversight capacity and relies on the work and assurances of both management, which has primary responsibilities for our financial statements and reports, as well as the independent registered public accounting firm that is responsible for expressing an opinion on the conformity of our audited financial statements to generally accepted accounting principles.

The Audit Committee met eleven (11) times either in person or by telephone during fiscal 2012. In the course of these meetings, the Audit Committee met with management, the internal auditors and our independent registered public accounting firm and reviewed the results of the internal and external audit examinations, evaluations of our internal controls and the overall quality of our financial reporting.

The Audit Committee believes that a candid, substantive and focused dialogue with the internal auditors and the independent registered public accounting firm is fundamental to the Audit Committee's oversight responsibilities. To support this belief, the Audit Committee periodically meets separately with the internal auditors and the independent auditors, without management present. In the course of its discussions in these meetings, the Audit Committee asked a number of questions intended to bring to light any areas of potential concern related to our financial reporting and internal controls. These questions include:

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Are there any significant accounting judgments, estimates or adjustments made by management in preparing the financial statements that would have been made differently had the auditors themselves prepared and been responsible for the financial statements;

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Based on the auditors' experience, and their knowledge of our business, do our financial statements fairly present to investors, with clarity and completeness, our financial position and performance for the reporting period in accordance with generally accepted accounting principles and SEC disclosure requirements;

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Based on the auditors' experience, and their knowledge of our business, have we implemented internal controls and internal audit procedures that are appropriate for our business.

The Audit Committee approved the engagement of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2012 and reviewed with the internal auditors and independent registered public accounting firm their respective overall audit scope and plans. In approving Deloitte & Touche LLP, the Audit Committee considered the qualifications of Deloitte & Touche LLP and discussed with Deloitte & Touche LLP their independence, including a review of the audit and non-audit services provided by them to us. The Audit Committee also discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, (AICPA, *Professional Standards*, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and it received the written disclosures and the letter from Deloitte & Touche LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with Audit Committee concerning independence and has discussed Deloitte & Touche LLP's independence with Deloitte & Touche LLP.

Explanation of Responses:

Management has reviewed and discussed the audited financial statements for fiscal 2012 with the Audit Committee, including a discussion of the quality and acceptability of the financial reporting, the reasonableness of significant accounting judgments and estimates and the clarity of disclosures in the financial statements. In connection with this review and discussion, the Audit Committee asked a number of follow-up questions of management and the independent registered public accounting firm to help give the Audit Committee comfort in connection with its review.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in the annual report on Form 10-K for the fiscal year ended September 29, 2012, for filing with the SEC.

Respectively submitted by  
**The Audit Committee**

Susan James, *Chair*  
Garry Rogerson  
Lawrence Tomlinson

**COHERENT, INC.** – 2012 Proxy Statement 33

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[Back to Contents](#)

## OTHER MATTERS

We know of no other matters to be submitted to the meeting. If any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form Proxy to vote the shares they represent as the Board may recommend.

Dated: January 25,  
2013

By Order of the Board  
of Directors

/s/ John R. Ambroseo

**John R. Ambroseo**

*President and Chief  
Executive Officer*

COHERENT, INC. – 2012 Proxy Statement 34

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[Back to Contents](#)

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[Back to Contents](#)