

COHERENT INC  
Form 10-K/A  
February 03, 2003

[QuickLinks](#) -- Click here to rapidly navigate through this document

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-K/A  
AMENDMENT NO. 1**

(Mark One)

**Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended: September 28, 2002

OR

**Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 0-5255

**COHERENT, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**94-1622541**  
(I.R.S. Employer  
Identification No.)

**5100 Patrick Henry Drive, Santa Clara, California 95054**  
(Address of principal executive offices, including zip code)

**(408) 764-4000**  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$.01 par value per share**  
**Common Stock Purchase Rights**  
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No \*

## Edgar Filing: COHERENT INC - Form 10-K/A

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of January 30, 2003, 29,245,480 shares of Common Stock were outstanding. The aggregate market value of the voting shares (based upon the closing price reported by the Nasdaq National Market on January 30, 2003) of Coherent, Inc., held by nonaffiliates was \$416,811,155. For purposes of this disclosure, shares of Common Stock held by persons who own 5% or more of the outstanding Common Stock and shares of Common Stock held by each officer and director have been excluded in that such persons may be deemed to be "affiliates" as that term is defined under the Rules and Regulations of the Act. This determination of affiliate status is not necessarily conclusive.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes  No

### DOCUMENTS INCORPORATED BY REFERENCE

None.

\* Please see the Explanatory Note below.

### EXPLANATORY NOTE

This Annual Report on Form 10-K/A ("Form 10-K/A") is being filed as Amendment No. 1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 28, 2002. This Form 10-K/A is filed with the Securities and Exchange Commission (the "Commission") solely for the purpose of including information that was to be incorporated by reference from the Registrant's definitive proxy statement pursuant to Regulation 14A of the Securities and Exchange Act of 1934. The Registrant did not file its proxy statement within 120 days of its fiscal year ended September 28, 2002 and is therefore amending and restating the following items contained herein in their entirety.

### PART III

#### Item 10. Directors and Executive Officers of the Company

##### Directors

The names of the directors of the Company and certain information about them are set forth below.

Name of Director	Age	Director Since	Principal Occupation
John R. Ambroseo, PhD	41	2002	President and Chief Executive Officer of the Company
Bernard J. Couillaud, PhD	58	1996	Chairman of the Board of Directors
Henry E. Gauthier (1)(3)	62	1983	Vice Chairman of the Board of Directors
Charles W. Cantoni (2)(3)	67	1983	Owner, Cantoni Consulting
Frank P. Carrubba, PhD (2)(3)	65	1989	Retired Chief Technical Officer, Phillips Electronics N.V.
John H. Hart (1)(2)	56	2000	Retired Sr. Vice President and Chief Technical Officer, 3Com Corporation
Jerry E. Robertson, PhD (1)(2)	70	1994	Retired Executive Vice President, Life Sciences Sector and Corporate Services Division, 3M

## Edgar Filing: COHERENT INC - Form 10-K/A

Name of Director	Age	Director Since	Principal Occupation
Robert J. Quillinan	55	2001	Executive Vice President, Mergers and Acquisitions of the Company

- (1) Member of the Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Nominating Committee

Except as set forth below, each of the nominees has been engaged in his principal occupation set forth above during the past five years. There is no family relationship between any director or executive officer of the Company. Refer to "Officers" for information relating to Dr. Ambroseo and Mr. Quillinan.

Dr. Couillaud has served as Chairman of the Board of Directors since October 2002. He served as Coherent Inc.'s President and Chief Executive Officer, and as a member of the Board of Directors from July 1996 through September 2002. He served as Vice President and General Manager of Coherent Laser Group from March 1992 to July 1996. From July 1990 to March 30, 1992, he served as Manager of the Advanced Systems Business Unit, and from September 1987 to 1990, he served as Director of Research and Development for the Coherent Laser Group. From November 1983, when he joined Coherent, to September 1987, Dr. Couillaud held various managerial positions. Dr. Couillaud received his PhD in Chemistry from Bordeaux University, Bordeaux, France.

Mr. Gauthier has served as Vice Chairman of the Board of Directors since October 2002. He served as Chairman of the Board of Directors from 1997 to October 2002.

Mr. Cantoni has been the owner of Cantoni Consulting, a company providing management and medical marketing consulting services, since June 1998. Prior to founding Cantoni Consulting, Mr. Cantoni was Vice President, Quinton Instruments, Inc., a manufacturer of medical instrumentation products, a position he held from October 1994 until June 1998. From August 1988 until

1

September 1994, he was President of ImageComm Systems, Inc., a value added reseller of medical image processing systems.

Dr. Carrubba retired from Phillips Electronics, N.V. in 1997. Mr. Carrubba serves as a member of the Board of Directors of Exar Corporation.

Mr. Hart retired from 3Com Corporation in September 2000. From September 2000 until September 2001 he was a Fellow at 3Com. Mr. Hart serves on the Board of Directors of PLX Technologies, Inc.

Dr. Robertson retired from 3M in 1994. He is a member of the Board of Directors of Steris Corporation and Choice Hotels International.

### Officers

The names, ages and office of all of the executive officers of the Company are set forth below.

Name of Officer	Age	Office Held
John R. Ambroseo, PhD	41	President and Chief Executive Officer
Helene Simonet	50	Executive Vice President and Chief Financial Officer

## Edgar Filing: COHERENT INC - Form 10-K/A

Name of Officer	Age	Office Held
Robert J. Quillinan	55	Executive Vice President, Mergers and Acquisitions
Vittorio Fossati-Bellani, PhD	55	Executive Vice President and Chief Marketing Officer
Kevin McCarthy	46	Executive Vice President and Chief Information Officer
Ronald A. Victor	57	Executive Vice President, Human Resources
Scott H. Miller	48	Senior Vice President and General Counsel

There are no family relationships between any of the executive officers and directors.

Dr. Ambroseo has served as our President and Chief Executive Officer and as a Director since October 2002. Dr. Ambroseo served as our Chief Operating Officer from June 2001 through September 2002. Dr. Ambroseo has served as our Executive Vice President and as President and General Manager of the Coherent Photonics Group since September 2000. From September 1997 to September 2000, Dr. Ambroseo served as our Executive Vice President and as President and General Manager of the Coherent Laser Group. From March 1997 to September 1997, Dr. Ambroseo served as our Scientific Business Unit Manager. From August 1988, when Dr. Ambroseo joined us, until March 1997, he served as a Sales Engineer, Product Marketing Manager, National Sales Manager and Director of European Operations. Dr. Ambroseo received his PhD in Chemistry from the University of Pennsylvania.

Ms. Simonet has served as our Executive Vice President and Chief Financial Officer since April 2002. Ms. Simonet served as Vice President of Finance of our Medical Group and Vice President of Finance, Photonics Division from December 1999 to April 2002. Prior to joining Coherent, she spent over twenty years in senior finance positions at Raychem Corporations' Division and Corporate organizations, including Vice President of Finance of the Raynet Corporation. Her last assignment was that of Chief Information Officer for Raychem. Ms. Simonet has both a Master's and Bachelor degree from the University of Leuven, Belgium.

Mr. Quillinan has served as our Executive Vice President, Mergers and Acquisitions since April 2002 and as a member of our Board of Directors since June 2001. Mr. Quillinan served as our Executive Vice President and Chief Financial Officer from July 1984 through March 2002. Mr. Quillinan served as Vice President and Treasurer from March 1982 to July 1984 and as Corporate

2

Controller from May 1980 to March 1982. Mr. Quillinan received his MS degree in Accounting from Clarkson University and is a certified public accountant.

Dr. Fossati-Bellani has served as our Executive Vice President and Chief Marketing Officer since November 2002. Dr. Fossati-Bellani served as our Executive Vice President and as President and General Manager of the Coherent Telecom-Actives Group from September 2000 through November 2002. From September 1997 to September 2000, Dr. Fossati-Bellani served as our Executive Vice President and as President and General Manager of the Coherent Semiconductor Group. From May 1992 to September 1997, Dr. Fossati-Bellani served as our Diode Laser Business Unit Manager. From December 1979, when he joined our Italian office, to May 1992, Dr. Fossati-Bellani served in the capacity of Scientific Sales Engineer, Product Manager, Director of Marketing, Director of Business Development, Scientific Business Unit Manager and Diode Laser Business Unit Manager for the Coherent Laser Group. Dr. Fossati-Bellani received his PhD degree in Physics from the University of Milano, Italy.

Mr. McCarthy has served as our Executive Vice President and Chief Information Officer since May 2000. From August 1999 to May 2000, he was Chief Information Officer for Unisphere Solutions, Inc., a subsidiary of Siemens AG, a large diversified industrial company. From September 1993 to July 1999, he was Vice President Information Technology for General Instrument, Inc., a company that develops and sells interactive video, voice and data products. Mr. McCarthy received a BS degree from Lafayette College and an MBA from the Wharton School of Business.

Mr. Victor has served as our Executive Vice President of Human Resources since May 2000. From August 1999 to May 2000, he was our Corporate Vice President of Human Resources. He was Vice President of Human Resources for the Coherent Medical Group from September 1997 to August 1999. Between November 1996 and September 1997, he was Vice President Human Resources for Netsource Communication, Inc., an internet advertisement and communication company. From November 1995 to November 1996, Mr. Victor served as Vice President of Human Resources for Micronics Computers, Inc., a manufacturer of computer components. Between January 1982 and September 1995 he was a Vice President of Human Resources at Syntex, a pharmaceutical company. Mr. Victor received a BA degree from American International College and a MA degree from Springfield College.

## Edgar Filing: COHERENT INC - Form 10-K/A

Mr. Miller has served as our General Counsel since October 1988 and as Senior Vice President since March 1994. Mr. Miller received a BA degree in Economics from UCLA and a JD from Stanford Law School.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers. Such officers, directors and ten-percent stockholders are also required by SEC rules to furnish the Company with copies of all forms that they file pursuant to Section 16(a). Based solely on its review of the copies of such forms received by the Company, or on written representations from certain reporting persons that no other reports were required for such persons, the Company believes that, during fiscal 2002, its officers, directors and ten-percent stockholders complied with all applicable Section 16(a) filing requirements.

3

### Item 11. Executive Compensation

#### Summary Compensation

The following table shows, as to the Chief Executive Officer and each of the other four most highly compensated executive officers whose salary plus bonus exceeded \$100,000, information concerning compensation awarded to, earned by or paid for services to the Company in all capacities during the last three fiscal years (to the extent that such person was the Chief Executive Officer and/or executive officer, as the case may be, during any part of such fiscal year):

**Summary Compensation Table**

Name	Year	Salary (\$)	Bonus (\$)	Awards Options (#)	All Other Compensation (\$)
Bernard J. Couillaud, PhD President and Chief Executive Officer	2002	\$ 520,000	\$ 197,949	50,000	\$ 36,720(1)
	2001	495,078	658,432	200,000	31,738
	2000	422,503	519,459	110,000	30,064
John R. Ambroseo, PhD Executive Vice President and Chief Operating Officer	2002	\$ 380,016	\$ 117,781	257,500	\$ 22,191(2)
	2001	335,400	390,682	150,000	16,683
	2000	267,887	350,074	58,000	12,461
Robert J. Quillinan Executive Vice President, Mergers and Acquisitions	2002	\$ 286,571	\$ 109,362	25,000	\$ 20,213(3)
	2001	284,634	233,666	70,000	15,920
	2000	243,279	202,731	36,000	15,290
Vittorio Fossati-Bellani, PhD Executive Vice President, President and General Manager Coherent Telecom-Actives Group	2002	\$ 280,010	\$ 60,479	50,000	\$ 19,481(4)
	2001	266,547	228,835	75,000	15,004
	2000	223,275	217,498	41,000	13,455
Kevin McCarthy Executive Vice President and Chief Information Officer	2002	\$ 223,864	\$ 45,342	25,000	\$ 10,319(5)
	2001	235,690(6)	161,089	15,000	2,328
	2000	120,993	31,312	40,000	199

(1) Includes \$31,612 contributed by the Company under defined contribution plans and \$5,108 in life insurance benefits.

- (2) Includes \$21,924 contributed by the Company under defined contribution plans and \$267 in life insurance benefits.
- (3) Includes \$18,001 contributed by the Company under defined contribution plans and \$2,212 in life insurance benefits.
- (4) Includes \$17,127 contributed by the Company under defined contribution plans and \$2,354 in life insurance benefits.
- (5) Includes \$9,576 contributed by the Company under defined contribution plans and \$743 in life insurance benefits.
- (6) Includes \$8,786 compensation related to relocation.

4

### Stock Option Grants and Exercises

The following table shows, as to the individuals named in the Summary Compensation Table above, information concerning stock options granted during the fiscal year ended September 28, 2002.

#### Option Grants in Last Fiscal Year

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)	
	Number of Securities Underlying Options Granted (#)(1)	% of Total Options Granted to Employees In Fiscal Year(2)	Exercise Price (\$/sh)	Expiration Date	5% (\$)	10% (\$)
Bernard J. Couillaud, PhD	50,000	4.03	\$ 30.92	4/25/08	\$ 525,788	\$ 1,192,833
John R. Ambroseo, PhD	257,500	20.73	\$ 30.92	4/25/08	\$ 2,707,807	\$ 6,143,092
Robert J. Quillinan	25,000	2.01	\$ 30.92	4/25/08	\$ 262,894	\$ 596,417
Vittorio Fossati-Bellani, PhD	50,000	4.03	\$ 30.92	4/25/08	\$ 525,788	\$ 1,192,833
Kevin McCarthy	25,000	2.01	\$ 30.92	4/25/08	\$ 262,894	\$ 596,417

During the past fiscal year, the Company entered into management transition agreements with Bernard Couillaud and Robert Quillinan that amended the terms of certain stock options. (Please see Exhibits 10.13 and 10.14, respectively, to the Company's Report on Form 10-K for the year ended September 28, 2002, filed with the Securities and Exchange Commission).

Under the terms of Dr. Couillaud's agreement, he was granted the right to exercise his stock options vesting on February 1, 2003 (72,000 shares exercisable at \$49.875 per share) until February 1, 2006 even if his employment with the Company is terminated prior to that date, provided that this period shall be reduced to 90 days from the date (i) the Company determines Dr. Couillaud has engaged in activities constituting "Cause" under Section 4(b) of his agreement prior to February 1, 2006 or (ii) Dr. Couillaud voluntarily terminates his employment with the Company if such date is prior to September 30, 2003. With respect to his stock options vesting on February 1, 2004 (38,000 shares exercisable at \$49.875 per share) and April 1, 2004 (200,000 shares at \$32.50 per share) he was granted the right to exercise the options until March 5, 2005, even if Dr. Couillaud's employment with the Company is terminated prior to that date, provided that the Company shall be entitled to cancel these options, repurchase the stock issued upon their exercise for the exercise price, or recapture the net proceeds received upon their exercise and sale if (i) the Company determines Dr. Couillaud has engaged in activities constituting "Cause" under Section 4(b) of his agreement prior to March 5, 2005 or (ii) Dr. Couillaud voluntarily terminates his employment with the Company prior to September 30, 2003.

Under the terms of Mr. Quillinan's agreement, he was granted the right to exercise his stock options vesting on February 1, 2003 (25,000 shares exercisable at \$49.875 per share) until February 1, 2006 even if his employment with the Company is terminated prior to that date, provided that this period shall be reduced to 90 days from the date (i) the Company determines Mr. Quillinan has engaged in activities constituting "Cause" under Section 4(b) of his agreement prior to February 1, 2006 or (ii) Mr. Quillinan voluntarily terminates his employment with the Company if such date is prior to April 30, 2003. With respect to his stock options vesting on February 1, 2004 (10,000 shares exercisable at \$49.875 per share) and April 1, 2004 (70,000 shares at \$32.50 per share) he was granted the right to exercise the options until March 5, 2005, even if Mr. Quillinan's employment with the Company is terminated prior to that date, provided that the Company shall be

## Edgar Filing: COHERENT INC - Form 10-K/A

entitled to cancel these options, repurchase the stock issued upon their exercise for the exercise price, or recapture the net proceeds received upon their exercise and sale if (i) the Company determines Mr. Quillinan has engaged in activities constituting "Cause" under Section 4(b) of his agreement prior to March 5, 2005 or (ii) Mr. Quillinan voluntarily terminates his employment with the Company prior to April 30, 2003.

5

Except as set forth above, Dr. Couillaud's and Mr. Quillinan's stock options to purchase Coherent stock are governed by the provisions of the applicable option agreements by and between Dr. Couillaud, Mr. Quillinan and Coherent, respectively.

- (1) The Company's 1987 Stock Option Plan, 1995 Stock Plan and 2001 Stock Plan (collectively the "Option Plans") provide for the grant of options and stock purchase rights to officers, employees and consultants of the Company. Options granted under the Option Plans may be either "nonstatutory options" or "incentive stock options." The exercise price is determined by the Board of Directors or its Compensation Committee and, in the case of incentive stock options, may not be less than 100% of the fair market value of the Common Stock on the date of grant (110% in the case of grants to 10% shareholders). The options expire not more than six years from the date of grant and may be exercised only while the optionee is employed by the Company or within such period of time after termination of employment as is determined by the Board or its Committee at the time of grant. The Board of Directors may determine when options granted may be exercisable.
- (2) The Company granted options to purchase an aggregate of 694,675 to all employees other than executive officers and granted options to purchase an aggregate of 547,500 shares to all executive officers as a group (8 persons), during fiscal 2002.
- (3) This column sets forth hypothetical gains or "option spreads" for the options at the end of their respective ten-year terms, as calculated in accordance with the rules of the Securities and Exchange Commission. Each gain is based on an arbitrarily assumed annualized rate of compound appreciation of the market price at the date of grant of 5% and 10% from the date the option was granted to the end of the option term. The 5% and 10% rates of appreciation are specified by the rules of the Securities and Exchange Commission and do not represent the Company's estimate or projection of future Common Stock prices. The Company does not necessarily agree that this method properly values an option. Actual gains, if any, on option exercises are dependent on the future performance of the Company's Common Stock and overall market conditions.

The following table shows, as to the individuals named in the Summary Compensation Table above, information concerning stock options exercised during the fiscal year ended September 28, 2002 and the value of unexercised options at such date.

### Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized \$(1)	Number of Securities Underlying Unexercised Options/SARs at September 28, 2002 (#)(2)		Value of Unexercised In-the-Money Options at September 28, 2002 \$(3)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Bernard J. Couillaud, PhD	30,000	\$ 140,310	460,000	122,000	\$ 1,560,285	\$ 0
John R. Ambroseo, PhD	35,000	\$ 747,488	41,230	450,500	\$ 66,990	\$ 0
Robert J. Quillinan	7,016	\$ 63,126	150,000	51,000	\$ 406,395	\$ 0
Vittorio Fossati-Bellani, PhD	0		18,000	166,000	\$ 54,810	\$ 0
Kevin McCarthy	0		20,000	60,000	\$ 0	\$ 0

(1)

## Edgar Filing: COHERENT INC - Form 10-K/A

The value realized is calculated based on the sale price of the Company's Common Stock as reported by the Nasdaq National Market on the date of exercise minus the exercise price of the option, and does not necessarily indicate that the optionee sold such stock.

- (2) The Company has not granted any stock appreciation rights and its stock plans do not provide for the granting of such rights.

6

---

- (3) The market value of underlying securities is based on the difference between the closing price of the Company's Common Stock on September 28, 2002 of \$18.92 (as reported by Nasdaq National Market) and the exercise price.

### Director Compensation

In fiscal year 2002, members of the Board of Directors who were not employees of the Company received \$16,000 plus \$1,500 per meeting attended plus \$750 per committee meeting attended. Effective April 1, 2002, the Chairman of the Audit Committee is paid \$1,500 per committee meeting attended. All members of the Board of Directors who were not employees of the Company were reimbursed for their expenses incurred in attending such meetings.

The Company's 1990 Directors' Stock Option Plan (the "Directors' Option Plan") was adopted by the Board of Directors on December 8, 1989 and was approved by the stockholders on March 29, 1990. The Directors' Option Plan was amended by the Board of Directors on January 25, 1996, and the amendment was approved by the stockholders on March 20, 1996. The Directors' Option Plan terminated on December 8, 1999 and no further options will be granted under this plan. The Directors' Option Plan provided for the automatic and non-discretionary grant of a non-statutory stock options to purchase 20,000 shares of the Company's Common Stock to each non-employee director on the later of the effective date of the Directors' Option Plan or the date on which such person became a director. Thereafter, during the term of the Directors' Option Plan, each non-employee director was automatically granted a non-statutory stock option to purchase 5,000 shares of Common Stock on the date of and immediately following each Annual Meeting of Stockholders at which such non-employee director was reelected to serve on the Board of Directors, if, on such date, he or she had served on the Board of Directors for at least three months. Such plan provided that the exercise price shall be equal to the fair market value of the Common Stock on the date of grant of the options.

Two non-employee directors each have been granted options to purchase 65,000 shares of the Company's Common Stock under the Directors' Option Plan at a weighted average exercise price of \$11.62 per share. One non-employee director has been granted options to purchase 45,000 shares of the Company's Common Stock under such plan at a weighted average exercise price of \$13.73 per share. One non-employee director has been granted options to purchase 30,000 shares of the Company's Common Stock under such plan at a weighted average exercise price of \$21.33 per share. As of the fiscal year ended September 28, 2002, options have been granted to purchase 295,000 shares under the Directors' Option Plan.

The Company's 1998 Directors' Stock Option Plan (the "1998 Directors' Plan") was adopted by the Board of Directors on November 24, 1998 and was approved by the stockholders on March 17, 1999. 100,000 shares of Common Stock were reserved for issuance thereunder. Under the terms of the 1998 Directors' Plan, the number of shares reserved for issuance thereunder is increased each year by the number of shares necessary to restore the total number of shares reserved to 100,000 shares. The 1998 Director's Plan replaced the Directors' Option Plan which expired on December 8, 1999. Like its predecessor, the 1998 Directors' Plan provides for the automatic and non-discretionary grant of a non-statutory stock options to purchase 20,000 shares of the Company's Common Stock to each non-employee director on the date on which such person becomes a director. Thereafter, each non-employee director will be automatically granted a non-statutory stock option to purchase 5,000 shares of Common Stock on the date of and immediately following each Annual Meeting of Stockholders at which such non-employee director is reelected to serve on the Board of Directors, if, on such date, he or she has served on the Board for at least three months. Such plan provides that the exercise price shall be equal to the fair market value of the Common Stock on the date of grant of the options.

7

---

Four non-employee directors have each been granted options to purchase 15,000 shares of the Company's Common Stock under such plan at a weighted average exercise price of \$49.22. One non-employee director has been granted options to purchase 30,000 shares of the Company's Common Stock under such plan at a weighted average exercise price of \$48.82 per share. As of the fiscal year ended September 28, 2002, options have been granted to purchase 95,000 shares under the 1998 Directors' Plan.



## Edgar Filing: COHERENT INC - Form 10-K/A

The following table shows options granted to each director of the Company during the last fiscal year. All options were granted under the 1998 Directors' Plan, except for the options granted to Dr. Couillaud and Mr. Quillinan, which were granted under the Company's 1995 Stock Plan.

### Option Grants to Directors During Last Fiscal Year

Name	Number of Options
Bernard J. Couillaud, PhD	50,000
Robert J. Quillinan	25,000
Henry E. Gauthier	5,000
Charles W. Cantoni	5,000
Frank P. Carrubba, PhD	5,000
John H. Hart	5,000
Jerry E. Robertson, PhD	5,000

As of January 6, 2003, 190,000 shares of the Company's Common Stock had been issued on exercise of such options by non-employee directors. The following table shows, as to each non-employee director, information concerning options exercised under the Directors' Option Plan during the last fiscal year:

### Option Exercises in Last Fiscal Year by Directors

Name	Shares Acquired On Exercise	Value Realized(1)
Charles W. Cantoni	2,000	\$ 13,750
Frank P. Carrubba, PhD	5,000	\$ 62,363
Henry E. Gauthier (2)	22,000	\$ 304,425
John H. Hart		\$ 0
Jerry E. Robertson, PhD		\$ 0

(1) The value realized is calculated based on closing price of the Company's Common stock as reported by the Nasdaq National Market on the date of exercise minus the exercise price and does not necessarily indicate that the optionee sold such stock.

(2) Represents shares exercised under the Company's 1995 Stock Option Plan.

### Other Employee Benefit Plans

#### *Employee Retirement and Investment Plan and Supplementary Retirement Plan*

Effective January 1, 1979, the Company adopted the Coherent Employee Retirement and Investment Plan. Employees become eligible to participate upon their being hired by the Company. Under this plan, the Company will match employee contributions to the plan up to a maximum of 6% of the individual's employee earnings after one (1) year of service. The vesting schedule for the Company matching funds is as follows: employees with two (2) years but less than three (3) years of service are 20% vested, employees with three (3) years but less than four (4) years of service are 40% vested, employees with four (4) years but less than five (5) years of service are 80% vested, and

employees with five (5) years or more of service are 100% vested. Effective as of 1985, the plan was amended and restated to conform the plan to new regulations and to qualify under Section 401(k) of the Internal Revenue Code of 1986, as amended to permit employees to make contributions to the plan from their pre-tax earnings.

## Edgar Filing: COHERENT INC - Form 10-K/A

Effective January 1, 1990, the Company adopted the Supplementary Retirement Plan, which provides that certain senior management, may contribute income to a trust fund. The Company will match such contributions up to 6% of the participant's income. Such contributions are subject to the same vesting requirements as contributions made under the Employment Retirement and Investment Plan.

### *Variable Compensation Plan*

The Company's Variable Compensation Plan was designed to promote the growth and profitability of the Company by providing incentive compensation in keeping with targeted marketplace incentive rates to key employees who are critical to the attainment of the Company's business objectives. The plan provides for the payment of quarterly cash bonuses to participants based upon performance against pre-established goals for pre-tax profits, revenue and the management of the Company's assets. Minimal performance thresholds are established at the beginning of each fiscal year for the Company in general and for each business unit.

### *Productivity Incentive Plan*

Under the Company's Productivity Incentive Plan (the "Incentive Plan"), 450,000 shares of Common Stock were initially reserved, and as of the fiscal year ended September 28, 2002, 83,148 shares of Common Stock were available for issuance to employees of the Company and its designated subsidiaries who are customarily employed for at least twenty hours per week. The purpose of the Incentive Plan is to enhance an employee's proprietary interest in the Company and to create an incentive for the Company's success.

The Incentive Plan provides for the quarterly distribution of cash or Common Stock, at the election of each participant, based upon the quarterly profitability of the Company. The amount of cash or number of shares of Common Stock distributed to each participant is determined by dividing a participant's "incentive compensation" by the fair market value of the Company's Common Stock at the end of each three-month period.

### *Employee Stock Purchase Plan*

The Company's Employee Stock Purchase Plan (the "Purchase Plan") was adopted by the Board of Directors and approved by the stockholders in 1980. A total of 4,575,000 shares of Common Stock have been reserved under the Purchase Plan, and as of the end of fiscal year 2002, 1,187,424 shares of Common Stock remained available for issuance thereunder. The Purchase Plan permits employees who are employed for at least twenty hours per to purchase Common Stock of the Company, through payroll deductions at the lower of 85% of the fair market value of the Common Stock at the beginning or at the end of each six-month period. Payroll deductions may not exceed 10% of an employee's compensation. The Purchase Plan provides for two offerings during each fiscal year, each having a duration of six months.

9

---

## Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth as of January 30, 2003 certain information with respect to the beneficial ownership of the Company's Common Stock by (i) any person (including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) known by the Company to be the beneficial owner of more than 5% of the Company's voting securities, (ii) each director and each nominee for director to the Company, (iii) each of the executive officers named in the Summary Compensation Table appearing herein, and (iv) all executive officers and directors of the Company as a group.

<b>Name and Address</b>	<b>Number of Shares(1)</b>	<b>Percent of Total</b>
Oppenheimer Funds, Inc.(2) 777 Central Blvd. Carlstadt, NJ 07072	3,100,000	10.60%
PRIMECAP Management(3) 225 S. Lake Ave, #400 Pasadena, CA 91101	2,320,000	7.93%
Franklin Advisers, Inc.(4) 777 Mariners Blvd.	2,312,554	7.91%

Edgar Filing: COHERENT INC - Form 10-K/A

Name and Address	Number of Shares(1)	Percent of Total
San Mateo, CA 94404		
Bernard, J. Couillaud, PhD(5)	612,718	2.10
John Ambroseo, PhD(6)	116,560	*
Robert J. Quillinan(7)	166,079	*
Vittorio Fossati-Bellani, PhD(8)	58,532	*
Kevin McCarthy(9)	21,188	*
Charles W. Cantoni(10)	15,000	*
Frank Carrubba(11)	30,000	*
Henry E. Gauthier(12)	88,330	*
John H. Hart(13)	10,000	*
Jerry Robertson(14)	36,500	*
All directors and executive officers as a group (13 persons)(15)	1,289,260	4.27%

\*

Represents less than 1%.

- (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the "SEC") and generally includes voting or investment power with respect to the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, each share of Coherent Common Stock subject to options held by that person that will be exercisable on or before March 31, 2003, are deemed outstanding. Such shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.
- (2) Based on Schedule 13F as filed with the SEC by Oppenheimer funds, Inc. as of September 30, 2002.
- (3) Based on Schedule 13F as filed with the SEC by PRIMECAP Management Company as of September 30, 2002.
- (4) Based on Schedule 13F as filed with the SEC by Franklin Advisors, Inc. as of as of September 30, 2002.

10

- (5) Includes 532,000 shares issuable upon exercise of options held by Dr. Couillaud which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (6) Includes 77,230 shares issuable upon exercise of options held by Dr. Ambroseo which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (7) Includes 154,000 shares issuable upon exercise of options held by Mr. Quillinan which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (8) Includes 44,000 shares issuable upon exercise of options held by Dr. Vittorio Fossati-Bellani which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (9) Includes 20,000 shares issuable upon exercise of options held by Mr. McCarthy which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (10)

## Edgar Filing: COHERENT INC - Form 10-K/A

Includes 10,000 shares issuable upon exercise of options held by Mr. Cantoni which are currently exercisable or will become exercisable within 60 days of January 30, 2003.

- (11) Includes 10,000 shares issuable upon exercise of options held by Dr. Carrubba which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (12) Includes 25,000 shares issuable upon exercise of options held by Mr. Gauthier which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (13) Includes 10,000 shares issuable upon exercise of options held by Mr. Hart which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (14) Includes 5,000 shares issuable upon exercise of options held by Dr. Robertson which are currently exercisable or will become exercisable within 60 days of January 30, 2003.
- (15) Includes an aggregate of 974,230 options which are currently exercisable or will become exercisable within 60 days of January 30, 2003.

11

### Item 13. Certain Relationships and Related Transactions

The following table sets forth information with respect to all executive officers of the Company who had indebtedness outstanding during the past fiscal year. This indebtedness arose as a result of the delivery of promissory notes in connection with the exercise of stock options.

Name	New Loans During 2002(1)	Interest Rates	Maturity Date(s)	Largest Amount Outstanding During 2002	Balance at September 28, 2002
John Ambroseo, PhD	\$ 541,017	4.75%	1/25/07	\$ 541,017	\$ 541,017
Bernard Couillaud, PhD	\$ 774,306	4.75-8.50%	3/1/04-4/26/07	\$ 1,118,755	\$ 1,118,755
Vittorio Fossati-Bellani, PhD	\$ 77,649	6.50%	8/31/06	\$ 77,649	\$ 77,649
Scott Miller		4.83-6.71%	3/1/04-5/24/05	\$ 608,609	\$ 608,609
Robert Quillinan	\$ 162,506	4.75%	2/27/07	\$ 162,506	\$ 162,506

- (1) These loans were entered into prior to the effective date of Section 402 of the Sarbanes-Oxley Act of 2002.

All promissory notes are full recourse and are secured by the shares of Common Stock of the Company issued upon exercise of the options. Interest is paid annually.

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND FORM 8-K REPORTS

**Exhibits.** Item 15 is amended to add the following exhibits:

#### Exhibit Numbers

- 99.3 Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.



Edgar Filing: COHERENT INC - Form 10-K/A

Signatures	Title
_____ _____ Robert J. Quillinan	
*	Director
_____ Jerry E. Robertson, PhD	
*By: /s/ HELENE SIMONET	
_____ Helene Simonet Attorney-in-Fact	

13

**CERTIFICATIONS**

I, John R. Ambroseo, certify that:

1. I have reviewed this annual report on Form 10-K, as amended, of Coherent, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. Coherent Inc.'s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for Coherent, Inc. and we have:
  - a. designed such disclosure controls and procedures to ensure that material information relating to Coherent, Inc., including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b. evaluated the effectiveness of Coherent, Inc.'s disclosure controls and procedures as of a date within 90 days prior to the filing date of the annual report (the "Evaluation Date"); and
  - c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluations as of the Evaluation Date;
5. Coherent, Inc.'s other certifying officer and I have disclosed, based on our most recent evaluation, to Coherent, Inc.'s auditors and the audit committee of Coherent Inc.'s board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for Coherent Inc.'s



