

BOISE INC.
Form DEF 14A
March 19, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

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

BOISE INC.

(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):

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2010 Annual Shareholders Meeting
and Proxy Statement**

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CHAIR S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders:

The global economic recession dominated 2009 and touched nearly every company and industry, both domestic and abroad. Boise Inc. and the paper products industry were no exception. We faced some of the most challenging markets in decades. Despite this, we were very successful in 2009 as we demonstrated our ability to deliver results and improve our competitiveness in a difficult environment.

Through the outstanding efforts of our management team and employees in 2009:

- ; We continued to execute on our strategy to shift production capacity to packaging demand-driven and office paper products.
- ; We lowered our structural costs through difficult, but necessary, asset restructurings and capacity closures at our mills in St. Helens, Oregon, and DeRidder, Louisiana.
- ; We continued to run our assets efficiently and safely, with no notices of violations and no environmental penalties, continuing the exceptional performance of 2008.

These accomplishments, combined with the alternative fuel mixture credits derived from our use of renewable biomass fuels, helped to drive solid financial results:

- ; We delivered strong earnings, improved margins, and generated exceptional free cash flow.
- ; We strengthened our balance sheet and paid down debt, reducing our net total debt by \$345 million during 2009, a 32% reduction from year-end 2008.

Our share price grew more than 1,100% in 2009, reflecting these achievements. While we are pleased with our performance, we continue to look ahead to opportunities in 2010 and beyond. Our goal remains producing a superior return on capital and generating value for our shareholders.

I would like to welcome Rudi Lenz to the board and thank Stan Bell, Matt Norton, Tom Souleles, and Tom Stephens for their contributions. On behalf of the board of directors, I thank all Boise employees for their dedication and hard work, and I thank you, the shareholders, for your support.

Cordially,

Carl A. Albert

Chair of the Board of Directors

March 19, 2010

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NOTICE OF 2010 ANNUAL SHAREHOLDERS MEETING

To Boise Inc. Shareholders:

Boise Inc. will hold its 2010 Annual Shareholders Meeting on Thursday, April 29, 2010, at 10:00 a.m. Mountain Daylight Time at the company's headquarters in the Boise Plaza Building, 1111 West Jefferson Street, Suite 200, Boise, Idaho 83702-5388. The meeting will be held in the 1-West A.V. Conference Room. At the meeting, shareholders will be asked to:

1. Elect two directors;
2. Approve amendments to the Boise Inc. Incentive and Performance Plan to expand the list of available performance measures and clarify how shares withheld to pay the exercise price of an award or withholding taxes are administered;
3. Approve an amendment to the Boise Inc. Incentive and Performance Plan to establish a bonus pool for annual incentive awards under the plan;
4. Ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2010; and
5. Transact other business properly presented at the meeting.

Your board of directors recommends you vote FOR the election of both director nominees, FOR the approval of both proposals to amend the Boise Inc. Incentive and Performance Plan, and FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2010. Your vote is important.

Please consider the issues presented in this Proxy Statement, and vote your shares as promptly as possible.

Thank you.

By order of the board of directors,

Karen E. Gowland

Vice President, General Counsel, and Corporate Secretary

Boise, Idaho

March 19, 2010

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SOLICITATION OF PROXIES AND VOTING

Internet Availability of Proxy Materials, Annual Reports on

Form 10-K, and Other Reports and Policies

You may view a complete copy of our Proxy Statement and 2009 Annual Report on Form 10-K by visiting our website at www.boiseinc.com and selecting *Investors* and then *Annual Meeting and Proxy Materials*. We will begin mailing our Proxy Statement, 2009 Annual Report on Form 10-K, and a proxy card to shareholders of record on or about March 22, 2010.

You may view complete copies of all of our filings with the Securities and Exchange Commission (SEC), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, financial information, and other reports and policies, by visiting our website at www.boiseinc.com and selecting *Investors* and then *SEC Filings*.

Record Date and Voting at Our 2010 Annual Shareholders Meeting

Shareholders owning our common stock at the close of business on March 12, 2010 (the Record Date) may vote at our 2010 Annual Shareholders Meeting. On the Record Date, 84,414,449 shares of our common stock were outstanding. Each share is entitled to one vote on each matter to be voted upon at our 2010 Annual Shareholders Meeting.

All valid proxies properly executed and received by us prior to our 2010 Annual Shareholders Meeting will be voted as you direct. If you do not specify how you want your shares voted, they will be voted **FOR** the election of both director nominees; **FOR** the approval of both proposals to amend the Boise Inc. Incentive and Performance Plan; and **FOR** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2010. Your shares will also be voted on any other matters presented for a

vote at the meeting in accordance with the judgment of the persons acting under the proxies. You may revoke your proxy and change your vote at any time before our 2010 Annual Shareholders Meeting by submitting a written notice to our corporate secretary, by mailing a later-dated and properly executed proxy, or by voting in person at our 2010 Annual Shareholders Meeting.

We have appointed Continental Stock Transfer & Trust Company (Continental Stock) as our independent inspector of election. Continental Stock will tabulate all votes cast at our 2010 Annual Shareholders Meeting and determine whether a quorum is present.

A quorum is necessary to hold a valid meeting. A quorum will exist if shareholders holding a majority of the shares of our stock issued and outstanding and entitled to vote at the meeting are present in person or by proxy. The inspector of election will treat abstentions and broker nonvotes as shares of stock that are present and entitled to vote for purposes of determining the presence of a quorum. A broker nonvote occurs when a broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Brokers will not have discretionary power with respect to the election of the two director nominees or the two proposals to amend the Boise Inc. Incentive and Performance Plan. Brokers will have discretionary power with respect to the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for 2010.

The two director nominees who receive the greatest number of votes at the annual meeting will be elected as directors. Abstentions and broker nonvotes will have no effect on the outcome of this proposal.

The two proposals to amend the Boise Inc. Incentive and Performance Plan will be approved if a majority of shares present at the

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meeting vote in favor of the proposal. Abstentions will have the same effect as voting against these proposals. Broker nonvotes will have no effect on the outcome of these proposals.

The proposal to appoint KPMG LLP as our independent registered public accounting firm for 2010 will be ratified if a majority of shares present at the meeting vote in favor of ratification. Abstentions will have the same effect as voting against this proposal. Broker nonvotes will have no effect on the outcome of this proposal.

Proxy Solicitation

Our board of directors is soliciting your proxy. We will not retain a proxy solicitor; however, our employees and directors may solicit proxies by mail, telephone, facsimile, email, or in person. Our employees and directors will not receive additional compensation for these activities and the entire cost of this solicitation will be borne by us.

Householding of Annual Meeting Materials

Some banks, brokers, and other record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our Proxy Statement and 2009 Annual Report on Form 10-K may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of these documents to you if you contact the Broadridge Householding Department at the following address:

Broadridge Householding Department

51 Mercedes Way

Edgewood, NY 11717

Toll-Free Number: 1-800-542-1061

If you want to receive separate copies of our proxy statements and annual reports on Form 10-K in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other record holder, or you may contact Broadridge at the address and phone number shown.

Shareholder Proposals for Inclusion in Next Year's Proxy Statement

According to SEC rules, to be considered for inclusion in next year's Proxy Statement, our corporate secretary must receive shareholder proposals at the address shown below not later than November 19, 2010.

Boise Inc.

Attention: Corporate Secretary

PO Box 990050

Boise, ID 83799-0050

Additionally, our Bylaws require that our corporate secretary must receive notice of any nominations for director or other business a shareholder proposes to bring before our next annual meeting not less than 120 nor more than 150 days prior to our 2011 annual meeting of shareholders.

Please refer to Article II, Section 4 of our Bylaws for an outline of the information a shareholder's notice must include regarding director nominees and other business to be brought before a shareholders' meeting.

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You may view a complete copy of our Bylaws by visiting our website at www.boiseinc.com and selecting *Investors, Corporate Governance*, and then *Bylaws*.

Table of Contents**PROPOSALS TO BE VOTED ON****Proposal No. 1 Election of****Directors**

Our board of directors consists of three staggered classes of directors, designated as Class I, Class II, and Class III. The director members of, and the termination dates for, each class are:

| Class | Director Members | Termination Date |
|--------------|---|---|
| II | Jonathan W. Berger Jack Goldman W. Thomas Stephens | Date of 2010 Annual Shareholders Meeting |
| III | Stanley R. Bell Nathan D. Leight Alexander Toeldte | Date of 2011 Annual Shareholders Meeting |
| I | Carl A. Albert Heinrich R. (Rudi) Lenz Jason G. Weiss | Date of 2012 Annual Shareholders Meeting |

At each succeeding annual shareholders meeting, successors to the class of directors whose term expires at that annual meeting will be elected for a three-year term. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualified or until his or her earlier death, disqualification, resignation, or removal.

Nominees

Two nominees, Messrs. Berger and Goldman, are standing for election as directors at our 2010 Annual Shareholders Meeting to hold office for three-year terms expiring in 2013.

On March 3, 2010, Boise Cascade Holdings, L.L.C. (Boise Cascade), our then-largest shareholder, sold all of its remaining shares of Boise Inc. common stock. Prior to this sale, Mr. Stephens was one of two Boise Board Representatives (as defined in the Investor Rights Agreement) designated by Boise Cascade.

Following the sale, Boise Cascade no longer has the ability to designate any Boise Board Representatives to our board. Accordingly, Mr. Stephens, who was to stand for election to our board at this year's Annual Shareholders Meeting, will not stand for election. For further information about the Investor Rights Agreement, please refer to the section of this Proxy Statement entitled *TRANSACTIONS WITH RELATED PERSONS, PROMOTERS, AND CERTAIN CONTROL PERSONS, Related-Person Transactions, Investor Rights Agreement*.

Your shares will be voted according to your instructions. If you return your signed proxy card but do not provide voting instructions, your shares will be voted **FOR** the election of the two director nominees. To be elected to our board of directors, the director nominees must receive a plurality of the votes cast by our shareholders present in person or by proxy and entitled to vote. If a director nominee who is a continuing director is not reelected, he will remain in office until a successor is elected or until his earlier resignation or removal.

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The two director nominees have confirmed their availability for election. If either of the director nominees becomes unavailable to serve as a director for any reason prior to our 2010 Annual Shareholders Meeting, our board of directors may substitute another person as a director nominee. In that case, your shares will be voted **FOR** the substitute director nominee.

Additional information follows for the two director nominees and for the directors continuing in office, particularly concerning their business experience and qualifications, as well as attributes and skills that led our board to conclude that person should serve as a director for the company. During the past ten years, none of our directors have been a party to any legal or bankruptcy proceedings reportable under SEC rules.

Our board of directors recommends shareholders vote FOR the two director nominees.

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Carl A. Albert, 68

Mr. Albert serves as our board chair. He has served as a director of the company since its inception in 2007.

Business Experience

Since April 2000, Mr. Albert has served as the chair of the board and chief executive officer of Fairchild Venture Capital Corporation, a private investment firm. From 1990 to 2000, he was the majority owner, chair of the board, and chief executive officer of Fairchild Aerospace Corporation and Fairchild Dornier Corporation and chair of the supervisory board of Dornier Luftfahrt, GmbH, all aircraft manufacturing companies. From 1989 to 1990, Mr. Albert was a private investor. After providing start-up venture capital, he served from 1981 to 1988 as chair of the board and chief executive officer of Wings West Airlines, a regional airline that was acquired by AMR Corporation, parent of American Airlines, in 1988. Following the acquisition, Mr. Albert served as president until 1989. Prior to this, he was an attorney practicing business, real estate, and corporate law.

Education

- ; B.A., University of California at Los Angeles

- ; L.L.B., University of California at Los Angeles, School of Law

Current public company directorships, other than Boise Inc.

None

Prior directorships held during past five years at any public company or registered investment company

None

Attributes and Skills

- ; Extensive experience as a former chief executive officer and board chair of a capital intensive industry

- ; International business experience

- ; Legal expertise

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Stanley R. Bell, 63

Mr. Bell has served as a director of the company since January 2010. On March 3, 2010, Boise Cascade sold all of its remaining shares of Boise Inc. common stock. Prior to this sale, Mr. Bell was one of two Boise Board Representatives (as defined in the Investor Rights Agreement) designated by Boise Cascade. Following the sale, Boise Cascade no longer has the ability to designate any Boise Board Representatives to our board. Accordingly, Mr. Bell will resign from our board effective April 29, 2010, the date of our 2010 Annual Shareholders Meeting.

Business Experience

Since February 2008, Mr. Bell has been the president, Building Materials Distribution, of Boise Cascade Holdings, L.L.C., a manufacturer of wood products and nationwide provider of building materials. From October 2004 to January 2008, he served as senior vice president of Boise Cascade Holdings, L.L.C., Building Materials Distribution. From 2000 to October 2004, Mr. Bell served as senior vice president and general manager, Boise Building Solutions Distribution, of Boise Cascade Corporation (now OfficeMax Incorporated).

Education

- ; B.A. (Economics) and M.B.A., University of Utah

Current public company directorships, other than Boise Inc.

None

Prior directorships held during past five years at any public company or registered investment company

None

Attributes and Skills

- ; Extensive experience in a nationwide building materials distribution business

- ; Familiarity with assets and operations of Boise Inc.

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Jonathan W. Berger, 51

Nominee

Mr. Berger has served as a director of the company since its inception in 2007. Mr. Berger is the cousin of Nathan D. Leight, one of our directors.

Business Experience

Mr. Berger has been the managing partner of Tellurian Partners, LLC since August 2009. Tellurian Partners, LLC is a consulting and financial advisory business. From December 2001 to July 2009, Mr. Berger was associated with Navigant Consulting, Inc., an NYSE-listed consulting firm, and was the managing director and co-leader of that firm's corporate finance practice. He was also president of Navigant Capital Advisors, L.L.C., Navigant Consulting, Inc.'s registered broker-dealer, from October 2003 to July 2009. From 2000 to 2001, Mr. Berger was president of DotPlanet.com, an Internet services provider. From 1983 to 1999, Mr. Berger was employed by KPMG LLP, an independent public accounting firm, and served as a partner from 1991 to 1999, where he led the corporate finance practice for three of those years.

Education

• B.S., Cornell University

• M.B.A., Emory University

Current public company directorships, other than Boise Inc.

• Great Lakes Dredge & Dock Company Global provider of dredging services (Mr. Berger serves as chair of Great Lakes Audit Committee)

Prior directorships held during past five years at any public company or registered investment company

None

Attributes and Skills

• Extensive accounting background, with over 25 years of accounting experience

• Certified public accountant

• Holds a masters of business administration

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Jack Goldman, 69

Nominee

Mr. Goldman has served as a director of the company since February 2008.

Business Experience

From January 2006 through 2009, Mr. Goldman was a senior attorney in the law firm of Theodora, Oringer, Miller & Richman PC in Los Angeles and in January 2010 became of counsel to the firm. From May 2002 until January 2006, Mr. Goldman was of counsel to the law firm of Miller & Holguin, at which time it merged with his current firm. Mr. Goldman was a partner in the law firm of Arter & Hadden from 1994 through 2000 and thereafter was of counsel to that firm until 2002. During the period of April 2001 through December 2007, Mr. Goldman also served as chair and chief executive officer of Business Protection Systems International, Inc., a privately held provider of proprietary software solutions for business continuity and risk management programs for business and public sector clients. He continued to serve as a director through March 2009 when he was elected again as board chair, the position he currently holds. From 1989 until 1994, he was a partner in the law firm of Keck, Mahin & Cate. Mr. Goldman engaged in private practice through his own law firm from 1980 through 1989. Mr. Goldman was general counsel of Superscope, Inc., a multinational manufacturer and distributor of brand name consumer audio products from 1975 through 1980. While at Superscope, he also served as treasurer and vice president of administration. Mr. Goldman was admitted to practice law in California in 1966 and engaged in private practice until 1975.

Education

• B.A., Lafayette College

• J.D., University of California at Los Angeles, School of Law

Current public company directorships, other than Boise Inc.

None

Prior directorships held during past five years at any public company or registered investment company

None

Attributes and Skills

• Expertise in business continuity and risk management programs

• Extensive experience with corporate governance matters

• Legal expertise

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Nathan D. Leight, 50

Mr. Leight has served as a director of the company since its inception in 2007. Mr. Leight is the cousin of Jonathan W. Berger, one of our directors. Mr. Leight serves on our board as a designee of the Aldabra Majority Holders (as defined in the Investor Rights Agreement).

Business Experience

Mr. Leight has been the senior managing member of Terrapin Partners, LLC since 1998 and the managing member and chief investment officer of Terrapin Asset Management, LLC since 2002. Terrapin Partners, LLC is a private investment management firm focused on private equity investing and recapitalization of public and private companies. Terrapin Asset Management, LLC focuses on the management of alternative investment vehicles, including hedge funds and multi-manager hedge fund portfolios. Mr. Leight was chair of the board of Aldabra Acquisition Corporation, a publicly traded blank check company, from its inception in 2004 until it merged with Great Lakes Dredge & Dock Company in 2006. From 2000 to 2002, Mr. Leight served as the interim chief executive officer of VastVideo, Inc., and from 1998 to 1999, he served as the interim chief executive officer of e-STEEL L.L.C. From 1995 to 1998, Mr. Leight was employed by hedge fund Gabriel Capital LP, where he served as chief investment officer. From 1991 to 1995, Mr. Leight served as a managing director of Dillon Read & Co., overseeing the firm's proprietary trading department.

Education

- ; A.B., Harvard College (cum laude)

Current public company directorships, other than Boise Inc.

- ; Great Lakes Dredge & Dock Company Global provider of dredging services
- ; TradeStation Group, Inc. Online brokerage firm serving active trader and certain institutional trader markets

Prior directorships held during past five years at any public company or registered investment company

- ; Aldabra Acquisition Corporation Publicly traded blank check company (merged with Great Lakes Dredge and Dock Company in 2006)

Attributes and Skills

- ; Over 25 years of experience in asset and hedge fund management, venture capital, and private equity investing
- ; Expertise in capital markets

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Heinrich R. (Rudi) Lenz, 54

Mr. Lenz has served as a director of the company since February 2010.

Business Experience

Mr. Lenz has served as president and chief executive officer of Sun Chemical Corporation, a producer of printing inks and pigments, since January 2008. From 2002 to 2007, Mr. Lenz served as Sun Chemical's senior vice president and chief financial officer/president, Latin America. From 1997 to 2002, Mr. Lenz was employed by Fairchild Aerospace, a manufacturer of corporate jets and aircraft for regional airlines, serving first as executive vice president and chief financial officer and then as president and chief executive officer of Fairchild Aircraft Inc. From 1980 to 1997, Mr. Lenz was employed by Allied Signal Aerospace in its aerospace, automotive, specialty chemicals, plastics, and engineered materials businesses, ultimately being promoted to vice president, Finance. From 1976 to 1980, Mr. Lenz was employed by the German Internal Revenue Service.

Education

- B.S. (Finance and Taxes), University of Edenkoben, Germany

- M.S. (Business and Administration), University of Wiesbaden, Germany

Current public company directorships, other than Boise Inc.

None

Prior directorships held during past five years at any public company or registered investment company

None

Attributes and Skills

- Extensive international business experience

- Extensive financial background, with over 30 years of accounting experience

- Experience as chief executive officer of a capital intensive, global company

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W. Thomas Stephens, 67

Mr. Stephens has served as a director of the company since February 2008. On March 3, 2010, Boise Cascade sold all of its remaining shares of Boise Inc. common stock. Prior to this sale, Mr. Stephens was one of two Boise Board Representatives (as defined in the Investor Rights Agreement) designated by Boise Cascade. Following the sale, Boise Cascade no longer has the ability to designate any Boise Board Representatives to our board. Accordingly, Mr. Stephens, who was to stand for election to our board at this year's Annual Shareholders Meeting, will not stand for election.

Business Experience

From October 2004 until his retirement in November 2008, Mr. Stephens served as chief executive officer and chairman and a director of Boise Cascade Holdings, L.L.C., a manufacturer of wood products and nationwide provider of building materials. Mr. Stephens served as president and chief executive officer of MacMillan Bloedel, a Canadian forest products company, from 1997 until his retirement in 1999. From 1986 to 1996, Mr. Stephens served as the president and chief executive officer of Manville Corporation, a fiberglass and forest products company. From 1982 to 1985, he served as the chief executive officer of Riverwood Corporation, a forest products company.

Education

- B.S. and M.S.I.E., University of Arkansas

Current public company directorships, other than Boise Inc.

- TransCanada Pipelines Limited Publicly traded Canadian company providing natural gas transmission and power services

- Putnam Funds Mr. Stephens rejoined the board of the Putnam Funds as a trustee in 2009

Prior directorships held during past five years at any public company or registered investment company

- Putnam Funds Mr. Stephens served as a trustee from 1997 to 2008

Attributes and Skills

- Extensive experience as a former chief executive officer in the capital intensive wood products industry
- Familiarity with assets and operations of Boise Inc.

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Alexander Toeldte, 50

Mr. Toeldte has served as the company's president and chief executive officer and a director since February 2008.

Business Experience

Mr. Toeldte joined Boise Cascade Holdings, L.L.C. in early October 2005 as president of the company's Packaging and Newsprint segment and, in late October 2005, became its executive vice president, Paper and Packaging and Newsprint segments. From 2004 to 2006, Mr. Toeldte was chair of Algonac Limited, a private management and consulting firm based in Auckland, New Zealand. Mr. Toeldte's previous experience includes: serving as executive vice president of Fonterra Co-operative Group, Ltd., and chief executive officer of Fonterra Enterprises (Fonterra, based in New Zealand, is a global dairy company); previously, Mr. Toeldte served in various capacities with Fletcher Challenge Limited Group (formerly one of the largest companies in New Zealand with holdings in paper, forestry, building materials, and energy), including as chief executive officer of Fletcher Challenge Building and as chief executive officer of Fletcher Challenge Paper, both of which were publicly traded units of the Fletcher Challenge Limited Group; and Mr. Toeldte also served as a partner at McKinsey & Company in Toronto, Brussels, Montreal, and Stockholm.

Education

• Economics, Albert-Ludwigs-Universität, Freiburg, Germany

• M.B.A., McGill University, Montreal, Canada

Current public company directorships, other than Boise Inc.

None

Prior directorships held during past five years at any public company or registered investment company

None

Attributes and Skills

• Previous experience as chief executive officer of a publicly traded company

• Previous experience as board chair of a publicly traded company

• Extensive international business experience across a wide variety of industries

• Extensive experience in the capital intensive wood products industry

• Management consulting experience

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Jason G. Weiss, 40

Mr. Weiss has served as a director of the company since its inception in 2007. Mr. Weiss serves on our board as a designee of the Aldabra Majority Holders (as defined in the Investor Rights Agreement).

Business Experience

Mr. Weiss has been the managing member and sole owner of Terrapin Palisades Ventures, LLC since June 2009. Terrapin Palisades Ventures, LLC is a private investment company and is also a general partner of the Terrapin-Fabbri Management Company LLC, which serves as the general partner of several almond farm-related investment partnerships. In June 2009, Mr. Weiss sold his interest in Terrapin Partners, LLC, Terrapin Asset Management, LLC, and TWF Management Company LLC, all private equity and asset management companies in which he had been a managing member and the co-founder since 1998. From 2004 to 2006, he was chief executive officer of Aldabra Acquisition Corporation, a previously publicly traded blank check company (in December 2006, Aldabra merged with Great Lakes Dredge & Dock Company). During 2004, Mr. Weiss served as a managing member of American Classic Sanitation LLC. From 1999 to 2000, he served as the chief executive officer and executive vice president of strategy of PaperExchange.com. During 1998 and 2000, Mr. Weiss served as a managing member of e-STEEL LLC.

Education

- ; B.A., University of Michigan (with Highest Distinction)

- ; J.D., Harvard Law School (cum laude)

Current public company directorships, other than Boise Inc.

- ; Great Lakes Dredge & Dock Company Global provider of dredging services (Mr. Weiss serves on Great Lakes Compensation Committee)

Prior directorships held during past five years at any public company or registered investment company

None

Attributes and Skills

- ; Extensive experience with private equity and asset management companies

- ; Previous experience as chief executive officer in a variety of industries

- ; Legal expertise

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Proposal No. 2 Approval of amendments to the Boise Inc. Incentive and Performance Plan to expand the list of available performance measures and clarify how shares withheld to pay the exercise price of an award or withholding taxes are administered

We ask you to consider and approve amendments to the Boise Inc. Incentive and Performance Plan (the BIPP). These amendments, subject to your approval, would (1) expand the list of performance measures available under the BIPP and (2) clarify that shares withheld to pay the exercise price of an award or withholding taxes are not considered issued and are to be returned to the pool of shares available under the BIPP for future awards. A description of the BIPP, as proposed to be amended, follows and a copy is attached to this Proxy Statement as Appendix A.

History and Operation of the BIPP

We use the BIPP to tie a portion of our key employees' total compensation to shareholder value. The BIPP also supports our ability to attract and retain highly qualified managers in key positions.

The BIPP permits grants of annual incentive awards, stock bonuses, restricted stock, restricted stock units, performance stock, performance units, stock appreciation rights (SARs), and stock options (including performance-based or indexed stock options) to our officers, key employees, and nonemployee directors who are selected as participants. The Compensation Committee of our board of directors will generally select BIPP participants.

Awards will become exercisable or otherwise vest at the times and upon the conditions that the Compensation Committee may determine at the time of grant, as reflected in the applicable award agreement. The Compensation Committee may also make any or all awards performance based. This means the awards will be paid out based on the attainment of specified performance goals, in

addition to any other conditions the Compensation Committee may establish. Awards under the BIPP are discretionary.

The BIPP restricts the number of stock options, SARs, restricted stock shares, restricted stock units, and performance shares that can be granted during any fiscal year to any participant covered by Section 162(m) of the Internal Revenue Code. In addition, the BIPP also limits the amount that may be paid to such participants for both annual incentive awards and performance units granted in a single fiscal year.

Stock Options. Stock options entitle the holder to purchase shares of our common stock during a specified period at a purchase price set by the Compensation Committee (not less than 100% of the fair market value of our common stock on the grant date). Each option granted under the BIPP will be exercisable for a maximum period of ten years from the date of grant (or for a lesser period if the Compensation Committee so determines). Participants exercising an option may pay the exercise price by any lawful method permitted by the Compensation Committee.

Stock Appreciation Rights (SARs). A SAR is the right, denominated in shares, to receive upon exercise, without payment to the company, an amount equal to the excess of the fair market value of a share of our common stock on the exercise date over the fair market value of a share of our common stock on the grant date, multiplied by the number of shares with respect to which the SAR is being exercised. Payment will be made in stock or cash, at the company's option. The Compensation Committee may grant SARs to participants as either free-standing awards or awards related to stock options. For SARs related to an option, the terms and conditions of the grant will be substantially the same as the terms and conditions applicable to the related option, and exercise of either the SAR or the option will cause the cancellation of the other, unless otherwise determined by the Compensation Committee. The Compensation Committee will determine the terms and conditions applicable to awards of free-standing SARs or for awards related to stock options.

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Restricted Stock. Restricted stock is common stock the company transfers or sells to a participant that is subject to a substantial risk of forfeiture and restrictions on sale or transfer for a period of time. The Compensation Committee will determine the amounts, terms, and conditions (including the attainment of performance goals) of any restricted stock grant. Except for restrictions on transfer (and any other restrictions the Compensation Committee may impose), participants will have all the rights of a shareholder with respect to the restricted stock. Unless the Compensation Committee determines otherwise, a participant's termination of employment during the restricted period will result in forfeiture of all shares subject to restrictions.

Restricted Stock Units. Restricted stock units are similar to restricted stock, except (1) the shares of stock are not issued to the participant until after the end of the restriction period and any other applicable conditions are satisfied and (2) the participant does not have rights of a shareholder with respect to the restricted stock units. Restricted stock units may also be paid in cash rather than stock, or in a combination of cash and stock, at the Compensation Committee's discretion.

Performance Units. The Compensation Committee may also award performance units, which are the right to receive a payment upon the attainment of specified performance goals. The Compensation Committee will establish the applicable performance goals at the time the units are awarded. Payment may be made in cash, stock, or a combination of cash and stock, at the Compensation Committee's discretion.

Performance Shares. Performance shares represent the right to receive a payment at a future date based on the value of the common stock in accordance with the terms of the grant and upon the attainment of specified performance goals. The Compensation Committee will establish the performance goals and all other terms applicable to the grant. Payment may be made in cash, stock, or a combination of cash and stock, at the Compensation Committee's discretion.

Annual Incentive Awards. Annual incentive awards are payments based on the attainment of performance goals specified by the Compensation Committee. Awards are calculated as a percentage of salary, based on the extent to which the performance goals are met during the year, as determined by the Compensation Committee. Awards are paid in cash, stock, or a combination of cash and stock, at the Compensation Committee's discretion.

Stock Bonuses. Stock bonus awards, consisting of common stock, may be made at the Compensation Committee's discretion upon the terms and conditions (if any) determined by the Compensation Committee.

Performance Goals. Awards of restricted stock, performance units, performance shares, annual incentive awards, and other awards under the BIPP may be subject to the attainment of performance goals relating to one or more business criteria within the meaning of Section 162(m) of the Internal Revenue Code. These goals may include or be based upon, without limitation:

- ¡ Net earnings;
- ¡ Sales or revenue;
- ¡ Income or net income;
- ¡ Operating income or net operating income;
- ¡ Operating profit or net operating profit;
- ¡ Cash flow;
- ¡ Economic profit;
- ¡ Return on assets, capital, investment, and/or operating revenue;
- ¡ Return on equity or average shareholders' equity;
- ¡ Total shareholder return;
- ¡ Growth in sales or return on sales;
- ¡ Gross, operating, or net profit margin;
- ¡ Working capital;
- ¡ Earnings per share;
- ¡ Growth in earnings or earnings per share;
- ¡ Price per share of stock;
- ¡ Market share;
- ¡ Overhead or other expense reduction; and
- ¡ Growth in shareholder value relative to various indices.

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Performance goals may (1) be used to measure our performance as a whole or any Boise Inc. subsidiary, business unit, or segment, (2) be adjusted to include or exclude extraordinary items, and (3) reflect absolute entity performance or a relative comparison of entity performance to the performance of a peer group, index, or other external measure, in each case as determined by the Compensation Committee in its discretion.

Shares of common stock issued under the BIPP will again be available for issuance in the following instances:

- i Shares subject to an incentive award that is canceled, expired, terminated, forfeited, surrendered, or otherwise settled without the issuance of any stock;

- i Shares of stock related to an incentive award that is settled in cash in lieu of stock; and

- i Shares withheld from an incentive award for payment of the exercise price or purchase price and shares withheld from an award for payment of applicable tax withholding obligations.

Change in Control

The BIPP provides that in the event of a change in control (as defined in the BIPP), unless otherwise determined by the Compensation Committee, all then-outstanding stock options and SARs will become fully vested and exercisable, and all other then-outstanding awards that are subject to time-based vesting will vest in full and be free of restrictions, except to the extent another award meeting the requirements set forth in the BIPP is provided to the participant to replace such award. The BIPP provides that such a replacement award may take the form of a continuation of the award outstanding prior to the change in control.

Administration of the BIPP

The Compensation Committee administers the BIPP. The Compensation Committee (or any permitted delegee) has the discretion and responsibility to:

- i Grant incentive awards;

- i Determine the participants to whom incentive awards will be granted; and

- i Establish and administer performance goals, among other things.

Our board of directors may amend the BIPP at any time and may make adjustments to the BIPP and outstanding options, without shareholder approval, to reflect a stock split, stock dividend, recapitalization, merger, consolidation, or other corporate events. Shareholders must approve amendments that:

- i Increase the number of shares subject to the BIPP;

- i Decrease the grant or exercise price of any stock-based award to less than the fair market value of a share of Boise Inc. common stock on the grant date;

- i Materially increase the benefits to participants; or

i Are required by applicable law to be approved by shareholders.

The BIPP became effective on February 22, 2008, upon the closing of the Acquisition. It will expire on February 22, 2018, unless terminated earlier. Our board of directors may terminate the BIPP at any time before that date. Awards outstanding at the expiration or termination of the BIPP shall remain in effect according to their terms and the provisions of the BIPP.

U.S. Federal Income Tax Consequences

The following is a brief description of the principal U.S. federal income tax consequences, based on current law, of awards under the BIPP.

Incentive Stock Options. An incentive stock option results in no taxable income to the optionee and no deduction to the company at the time it is granted or exercised. The excess of the fair market value of the shares acquired over the option price, however, is an item of adjustment in computing the alternative

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minimum taxable income of the optionee. If the optionee holds the stock received as a result of an exercise of an incentive stock option for at least two years from the date of the grant and one year from the date of exercise, then the gain realized on disposition of the stock is treated as a long-term capital gain. If the shares are disposed of during this period, however (e.g., a disqualifying disposition), then the optionee will include in income, as compensation for the year of the disposition, an amount equal to the excess, if any, of the fair market value of the shares upon exercise of the option over the option price (or, if less, the excess of the amount realized upon disposition over the option price). The excess, if any, of the sale price over the fair market value on the date of exercise will be a short-term capital gain. In such a case, the company will be entitled to a deduction in the year of the disposition for the amount includible in the optionee's income as compensation. The optionee's basis in the shares acquired upon exercise of an incentive stock option is equal to the option price paid, plus any amount includible in his or her income as a result of a disqualifying disposition.

Nonqualified Stock Options. A nonqualified stock option results in no taxable income to the optionee and no deduction to the company at the time it is granted. An optionee exercising such an option will, at that time, realize taxable compensation in the amount of the difference between the option exercise price and the then fair market value of the shares. Subject to the applicable provisions of the Internal Revenue Code, a deduction for federal income tax purposes will be allowable to the company in the year of exercise in an amount equal to the taxable compensation recognized by the optionee.

The optionee's basis in such shares is equal to the sum of the option price plus the amount includible in his or her income as compensation upon exercise. Any gain (or loss) upon subsequent disposition of the shares will be a long-term or short-term gain (or loss), depending upon the holding period of the shares.

If a nonqualified option is exercised by tendering previously owned shares of the company's common stock in payment of the option exercise price, then instead of the treatment described above, the following generally will apply: A number of new shares equal to the number of previously owned shares tendered will be considered to have been received in a tax-free exchange; the optionee's basis and holding period for such number of new shares will be equal to the basis and holding period of the previously owned shares exchanged. The optionee will have compensation income equal to the fair market value on the date of exercise of the number of new shares received in excess of the number of exchanged shares. The optionee's basis in the excess shares will be equal to the amount of the compensation income, and the holding period in the shares will begin on the date of exercise.

Stock Appreciation Rights (SARs). Generally, the recipient of a SAR will not recognize taxable income at the time the SAR is granted. If an employee receives the appreciation inherent in the SARs in cash, the cash will be taxed as ordinary income to the employee at the time it is received. If an employee receives the appreciation inherent in the SARs in stock, the value of the stock received will be taxed as ordinary income to the employee at the time it is received. In general, there will be no federal income tax deduction allowed to the company upon the grant or termination of SARs. Upon the settlement of a SAR, however, the company will be entitled to a deduction equal to the amount of ordinary income the recipient is required to recognize as a result of the settlement.

Restricted Stock. Restricted stock shares are generally subject to ordinary income tax at the time the restrictions lapse. The participant may, however, make an election to include in income, when the restricted stock is first transferred to him or her, an amount equal to the excess of the fair market value of the stock at that time over the amount, if any, paid for the stock. The result of this election is that appreciation in the value of the stock after the

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date of transfer is then taxable as a capital gain, rather than as ordinary income.

Restricted Stock Units. Provided the terms of the restricted stock units comply with the requirements of Internal Revenue Code Section 409A, the recipient will recognize taxable income and be subject to wage and employment tax withholding at the time a participant receives the shares or cash underlying the awards. The amount of ordinary income a participant will recognize will equal the fair market value of the shares and/or cash at the time it is received, less the amount, if any, a recipient paid for the restricted stock units.

Other Awards. Recipients of performance units and performance shares will not recognize taxable income at the time the performance unit or performance share is granted. They will, however, be subject to ordinary income tax at the time payment is made at the completion of the performance period, equal to the amount of cash or fair market value of stock received over the amount, if any, paid for the performance unit or performance share.

In each of the foregoing cases, the company will generally be entitled to a corresponding federal income tax deduction at the same time the participant recognizes ordinary income.

Tax Withholding. When a recipient realizes taxable compensation with respect to an award, a recipient must satisfy all applicable federal, state, or local taxes required by law to be withheld at that time. The company will, to the extent permitted by law, have the right to deduct any of the taxes from any payment of any kind otherwise due to the participant. With respect to incentive stock options, no income or employment taxes are currently required to be withheld upon the exercise of the option or upon the disposition of stock acquired upon the exercise of such option. The Internal Revenue Service, however, has issued notices indicating the withholding rules applicable to incentive stock options may be changed in the future.

Capital Gains Tax. A recipient's sale of any Boise Inc. common stock acquired under the BIPP may result in the recognition of capital gains or losses for the recipient. Under current law, the federal income tax rates that apply to net capital gains will depend in part upon the length of time the shares are held by the recipient following an exercise, with different tax rates applying for shares held for one year or less, for more than one year, and for more than five years. Net capital gains rates are generally lower for individuals upon satisfaction of longer holding periods. Net capital losses may generally be deducted against net capital gains and against ordinary income to a limited extent.

Tax Treatment of Awards to Nonemployee Directors and Employees Outside the United States. The grant and exercise of options and awards under the BIPP to nonemployee directors and employees outside the United States may be taxed on a different basis.

Other Tax Considerations. Section 162(m) of the Internal Revenue Code places a \$1 million annual limit on the compensation deductible by the company paid to covered employees. The limit, however, does not apply to qualified performance-based compensation. We believe awards of stock options, SARs, and other awards payable upon the attainment of performance goals under the BIPP will qualify as qualified performance-based compensation. Also, awards that are granted, accelerated, or enhanced upon the occurrence of a change in control may give rise, in whole or in part, to excess parachute payments within the meaning of Section 280G of the Internal Revenue Code and, to such extent, will be nondeductible by the company and subject to a 20% excise tax on the participant.

The foregoing summary of the income tax consequences with respect to the BIPP is for general information only. Interested parties should consult their own advisors as to specific tax consequences, including the application and effect of foreign, state, and local tax laws.

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IRS Circular 230 Disclosure. To ensure compliance with requirements imposed by the U.S. Internal Revenue Service, we inform you that any tax advice contained in this communication was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of (1) avoiding tax-related penalties under the Internal Revenue Code or (2) promoting, marketing, or recommending to another party any tax-related matters addressed in this communication.

Proposed Plan Amendments

The following amendments (1) expand the list of performance measures available under the BIPP and (2) clarify that shares withheld to pay the exercise price of an award or withholding taxes are not considered issued and are to be returned to the pool of shares available under the BIPP for future awards.

Internal Revenue Code Section 162(m) limits the compensation deductible with respect to a company's chief executive officer and other top officers to \$1 million, subject to listed exceptions. One of the exceptions is performance-based compensation. To qualify as performance-based compensation, payment must be based on the achievement of goals related to performance measures approved by shareholders. The BIPP meets the requirement of having performance measures approved by shareholders by listing a number of performance measures in the plan, from which the Compensation Committee can then choose as it designs incentive programs. This amendment expands the list of performance measures available under the BIPP to give the

Compensation Committee greater flexibility to adjust to business needs and goals in designing incentive programs. The list of performance measures available under the BIPP is being expanded to include safety and measurable objectives related to strategic plan development and implementation, tactical plans, sales plans, operating budget, cost control, products or projects, acquisitions or divestitures, or personnel.

The amendment also clarifies that shares withheld to pay the exercise price of an award or to pay withholding taxes are not considered issued under the BIPP and are returned to the pool of shares available under the BIPP for future awards.

Our board of directors believes these amendments are essential for keeping performance measures in alignment with company objectives and maximizing the shares approved for issuance under the BIPP.

These amendments will be approved if a majority of shares present at the meeting vote in favor of the proposal. A copy of the BIPP is on file with the SEC.

Our board of directors recommends shareholders vote FOR the approval of the amendments to the Boise Inc. Incentive and Performance Plan to expand the list of available performance measures and clarify how shares withheld to pay the exercise price of an award or withholding taxes are administered.

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Proposal No. 3 Approval of amendment to the Boise Inc. Incentive and Performance Plan to establish a bonus pool for annual incentive awards under the plan

We ask you to consider and approve an amendment to the Boise Inc. Incentive and Performance Plan (the BIPP). This amendment, subject to your approval, would establish a bonus pool feature under the BIPP for annual incentive awards to officers who are subject to (or who may become subject to) Internal Revenue Code Section 162(m). For a detailed description of the BIPP, please refer to the section of this Proxy Statement entitled *PROPOSALS TO BE VOTED ON, Proposal No. 2*. A description of the proposed amendment to the BIPP follows and a copy of the BIPP, as proposed to be amended, is attached to this Proxy Statement as Appendix A.

Proposed Plan Amendment

In addition to enhancing our ability to attract and retain highly qualified employees, the BIPP is intended to satisfy the requirements for performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code. Specifically, under Internal Revenue Code Section 162(m), compensation payable to our chief executive officer and other senior officers specified under Internal Revenue Code Section 162(m) in excess of \$1 million is not deductible unless the compensation satisfies the Section 162(m) rules and regulations. There are several methods to comply with the Section 162(m) rules and regulations for performance-based compensation. This amendment employs the pool method, which allows the Compensation Committee to create an annual incentive pool each year, based on one or more performance measures specified in the BIPP, and to divide that pool among the officers subject to (or who may become subject to) Section 162(m). The

Compensation Committee retains negative discretion to reduce (but not increase) any officer's award below the amount that would otherwise be paid, based on any factors the Compensation Committee deems appropriate or applicable in its sole discretion.

If this amendment is approved, the description of annual incentive awards under the BIPP will change as follows:

Annual Incentive Awards. Annual incentive awards are payments based on the attainment of performance goals specified by the Compensation Committee. Awards are calculated as a percentage of a bonus pool, based on the extent to which the performance goals are met during the year, as determined by the Compensation Committee, subject to the Compensation Committee's right to reduce or eliminate the amount of any Award. Awards are paid in cash, stock, or a combination of cash and stock, at the Compensation Committee's discretion.

Our board of directors believes this amendment is essential because it preserves the tax deductibility of annual incentive awards under the BIPP while allowing the Compensation Committee flexibility to create annual incentive awards that appropriately motivate and encourage our management team under changing business scenarios.

This amendment will be approved if a majority of shares present at the meeting vote in favor of the proposal. A copy of the BIPP is on file with the SEC.

Our board of directors recommends shareholders vote FOR the approval of the amendment to the Boise Inc. Incentive and Performance Plan to establish a bonus pool for annual incentive awards.

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Proposal No. 4 Ratification of KPMG LLP as our independent registered public accounting firm for 2010

Our Audit Committee is responsible for the engagement of the company's independent auditor and appointed KPMG LLP (KPMG) in that capacity effective February 18, 2010.

Although ratification is not required by our Bylaws or otherwise, our board of directors is submitting the selection of KPMG to our shareholders for ratification because we value our shareholders' views on our independent registered public accounting firm and as a matter of good corporate practice. Our Audit Committee will consider the outcome of this vote in its decision to appoint an independent registered public accounting firm but is not bound by our shareholders' vote. Even if the selection of KPMG is ratified, our Audit Committee may change the appointment at any time during the year if it determines a change would be in the best interest of the company and our shareholders.

Representatives of KPMG will be present at the annual meeting to answer questions. They will also have the opportunity to make a statement if they desire to do so.

For information on the services KPMG has provided for us, please refer to the section of this Proxy Statement entitled *AUDIT COMMITTEE MATTERS, Auditor Fees and Services*.

KPMG will be ratified as our independent registered public accounting firm if a majority of shares present at the meeting vote in favor of ratification.

Our board of directors recommends shareholders vote FOR the ratification of KPMG LLP as our independent registered public accounting firm for 2010.

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Corporate Governance Guidelines

Our board of directors has adopted Corporate Governance Guidelines (the Guidelines) to assist the board in exercising its responsibilities. The Guidelines reflect our board's commitment to monitor the effectiveness of policy and decision making, both at the board and management levels. Our board of directors believes the Guidelines will enhance our ability to achieve our goals and long-term success and will assist us in increasing shareholder value. The Guidelines are in addition to and are not intended to change or interpret any federal or state law or regulation, including the Delaware General Corporation Law, or our Certificate of Incorporation or Bylaws. Our board of directors may modify the Guidelines from time to time on the recommendation of the Governance Committee and as deemed appropriate by our board of directors.

You may view a complete copy of the Guidelines by visiting our website at www.boiseinc.com and selecting *Investors, Corporate Governance*, and then *Governance Guidelines*.

Director Independence

Our directors believe board independence allows the board to provide appropriate oversight and maintain managerial accountability.

Since we list our common stock and other securities on the New York Stock Exchange (NYSE), the NYSE rules require that a majority of our board of directors must be composed of independent directors. This is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship that, in the opinion of the company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director.

Our board has determined that Messrs. Albert, Berger, Goldman, Leight, Lenz, Stephens, and Weiss are independent directors as defined under the NYSE's listing standards. These directors constitute a majority of our board of directors. In making their determination, our board considered the relationships disclosed in the section of this Proxy Statement entitled *TRANSACTIONS WITH RELATED PERSONS, PROMOTERS, AND CERTAIN CONTROL PERSONS, Related-Person Transactions*.

Our board of directors, as well as its committees, can retain independent financial, legal, compensation, or other advisors to represent the independent interests of our board of directors or its committees. The retention of independent advisors is at the board's or committee's sole discretion and is paid for by the company.

Board and Committee Matters

Communications With Our Board of Directors

You may contact our board of directors by writing to them in care of our corporate secretary at the address shown below, or by emailing them at the email address shown below. All correspondence will be referred to the chair of our board, who is not a member of management. While we do not screen these communications, copies of all complaints or concerns will be forwarded to our general counsel and corporate secretary.

Boise Inc.

Attention: Corporate Secretary

PO Box 990050

Boise, ID 83799-0050

Email: directors@BoiseInc.com

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2009 Overall Meeting Attendance Rates

During 2009, our board of directors met nine times, which included attendance at our annual shareholders meeting. In addition to meetings of the full board and attendance at our annual shareholders meeting, our directors also attended 17 meetings of board committees. Our directors had an overall attendance rate of 90%. All of our directors attended at least 75% of the meetings of the board and the committees on which they served, with the exception of Messrs. Goldman and Norton, whose overall attendance rates were 70% and 71%, respectively. Mr. Goldman's ability to attend was limited by health issues. Mr. Norton resigned from our board of directors effective January 22, 2010.

While we do not have a formal policy requiring them to do so, we encourage our directors to attend our annual shareholders meeting.

Board Leadership Structure

Since the company's inception, our Corporate Governance Guidelines have provided that our chief executive officer may not serve concurrently as the chair of our board of directors. Accordingly, we separate our board chair and chief executive officer positions. Mr. Albert, a nonemployee director, serves as our independent board chair, and Mr. Toeldte serves as our chief executive officer. We believe separating the roles of board chair and chief executive officer improves the board's oversight of the company's management and risk.

Role of Board of Directors in Our Risk Management Processes

We have well-developed processes and structures in place to manage our key strategic, operational, financial, and compliance risks. While our entire board of directors is responsible for monitoring and evaluating the risks we face and our risk management processes, our board has delegated the oversight of this responsibility to our Audit Committee. We utilize the following risk management processes:

- i ***Enterprise Risk Management Dashboard*** Our enterprise risk management effort includes a COSO-based framework for identifying and assessing key strategic, operational, financial, and compliance risks. We have assigned each key risk to an executive risk owner who is responsible for ongoing risk assessment and management. On a semi-annual basis, the management team completes a formal assessment of enterprise risk. This assessment includes identification of new risks facing the company, reassessment of known risks, and assessment of our risk response activities and controls. A product of this process is an enterprise risk management dashboard that is used to report the results to the board;
- i ***Management of Major Risks*** The most critical risk areas we face are reviewed in depth with our board;
- i ***Strategic Planning Processes*** Our annual strategic planning and budgeting process includes identification of risks and a sensitivity analysis, which is reviewed with our board;
- i ***Derivative Risk Management*** We maintain a derivative risk committee and processes, and we review derivative/hedging activity with our board several times each year;
- i ***Compliance Risk*** Risk factors required to be disclosed in our SEC filings are reviewed with our board; and
- i ***Internal Audit*** Our internal audit department annually develops a risk-based audit plan that is reviewed with our Audit Committee, along with the results of internal audit reviews and activities. The internal audit department maintains a high level assessment of risks and controls for key operations, functions, processes, applications, and systems within the company. Our Audit Committee meets a number of times each year with our senior internal auditing executive.

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We also have in place a number of independent assurance activities responsible for assessing whether our risk response activities are in place and working effectively. These assurance activities include, but are not limited to, corporate legal audits, corporate security, environmental audits, and safety audits.

Executive Sessions

Our board of directors and each of our committees regularly meet in executive sessions outside the presence of management. Mr. Albert, our board chair, presides over the executive sessions of our board of directors, and each committee chair presides over the executive sessions of their respective committee.

Committees

Our board of directors has established the following five standing committees:

Executive Committee

Audit Committee

Compensation Committee

Nominating Committee

Governance Committee

The composition, duties, and responsibilities of these committees are outlined in written charters adopted by our board of directors.

You may view copies of our committee charters by visiting our website at www.boiseinc.com and selecting *Investors, Corporate Governance*, and then *Committee Charters*.

Executive Committee

Current Committee Members:*

Carl A. Albert, *Committee Chair*

Jonathan W. Berger

Jack Goldman

Alexander Toeldte

* Mr. Souleles resigned from our board of directors and the Executive Committee effective February 18, 2010.

2009 Committee Meetings: None

2009 Committee Meeting Attendance Rate: N/A

The Executive Committee of our board of directors is responsible for:

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i Exercising all the powers and authority of our board of directors in the management of our business and affairs, subject to the direction of our board of directors and subject to the limitations under Section 141(c) of the Delaware General Corporation Law.

You may view a copy of our Executive Committee charter by visiting our website at www.boiseinc.com and selecting *Investors*, *Corporate Governance*, and then *Committee Charters*.

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Audit Committee

Current Committee Members:

Jonathan W. Berger, *Committee Chair*

Carl A. Albert

Jack Goldman

Heinrich R. (Rudi) Lenz

All members of the Audit Committee are independent as defined under the NYSE's listing standards. Our board of directors has determined that Mr. Berger is an Audit Committee Financial Expert under the SEC's definition.

2009 Committee Meetings: 4

2009 Committee Meeting Attendance Rate:

| | |
|--------------------------|------|
| Jonathan W. Berger | 100% |
| Carl A. Albert | 100% |
| Jack Goldman | 75% |
| Matthew W. Norton* | 75% |
| Heinrich R. (Rudi) Lenz* | N/A |

* Mr. Norton resigned from our board of directors and the Audit Committee effective January 22, 2010. Mr. Lenz was elected to our board of directors and was appointed to the Audit Committee effective February 18, 2010.

The Audit Committee of our board of directors is responsible for:

- i Selecting the independent auditor;
- i Approving the overall scope of the audit;
- i Annually reviewing the independent auditor's formal written statement describing its internal quality-control procedures, any material issues raised by such review and steps taken to deal with such issues, all relationships between the auditors and the company, and the independence of the auditors;
- i Establishing clear hiring policies for employees or former employees of the external auditors;
- i Preapproving all audit services and nonaudit services to be performed for us by the independent auditors;
- i Annually obtaining from the independent auditors a formal written statement of fees billed for audit and nonaudit services rendered by the independent auditors for the most recent fiscal year;

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- i Providing oversight of our accounting and financial reporting principles, policies, controls, procedures, and practices and reviewing significant changes as suggested by the independent auditors or management;
- i Discussing the annual audited financial statements and quarterly financial statements, including matters required to be reviewed under applicable legal and regulatory requirements, with management and the independent auditor;
- i Recommending to our board of directors the inclusion of our audited financial statements in our Annual Report on Form 10-K and ensuring the independent auditors have fulfilled their responsibilities under AICPA SAS 61 Communication with Audit Committees ;
- i Annually preparing a report to be included in our proxy statement, as required by SEC rules, and submitting such report to our board of directors for approval;
- i Discussing with management and the independent auditor, as appropriate, earnings press releases and other financial information provided to the public;
- i Discussing with management and/or our general counsel any legal matters that may have a material impact on our financial statements or that might require disclosure in our financial statements and any material reports or inquiries from regulatory or governmental agencies;
- i Reviewing with management the appointment and replacement of the senior internal auditing executive and annually evaluating his or her performance;

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- i Reviewing with the senior internal auditing executive the significant reports to management prepared by the internal auditing department and management's responses;
 - i Reviewing with the senior internal auditing executive, the independent auditor, and management the internal audit department responsibilities, budget, and staffing and the internal audit plan for the coming year;
 - i Establishing procedures for the receipt, retention, and treatment of complaints from our employees on accounting, internal controls, or auditing matters and for confidential, anonymous submissions by our employees of concerns regarding questionable accounting or reporting matters;
 - i Discussing with management our overall risk assessment and risk management policies and reviewing with our board of directors management's effectiveness in identifying and managing key business risks facing the company;
 - i Meeting separately with management, the corporate audit staff, and the independent auditor;
 - i Handling such other matters that are specifically delegated to the Audit Committee by our board of directors from time to time; and
 - i Reporting regularly to the full board of directors.

You may view a copy of our Audit Committee charter by visiting our website at www.boiseinc.com and selecting *Investors, Corporate Governance*, and then *Committee Charters*.

Compensation Committee

Current Committee Members:

Jonathan W. Berger, *Committee Chair*

Carl A. Albert

Jack Goldman

W. Thomas Stephens

All members of the Compensation Committee are independent as defined under the NYSE's listing standards.

2009 Committee Meetings: 4

2009 Committee Meeting Attendance Rate:

| | |
|---------------------|------|
| Thomas S. Souleles* | 100% |
| Jonathan W. Berger* | N/A |
| Carl A. Albert | 100% |
| Jack Goldman | 50% |

W. Thomas Stephens*

100%

* Mr. Souleles resigned from our board of directors and the Compensation Committee effective February 18, 2010. Mr. Berger was appointed as chair of the Compensation Committee effective February 18, 2010. Mr. Stephens is not standing for election at our 2010 Annual Shareholders Meeting.

The Compensation Committee of our board of directors is responsible for:

- i Reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer and annually evaluating the chief executive officer's performance in light of those goals and objectives;

- i Reviewing and approving the compensation and incentive opportunities of our elected officers;

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- ; Reviewing and approving employment agreements, severance arrangements, change-in-control arrangements, and other similar arrangements between the company and our elected officers;

- ; Annually reviewing our compensation programs as they affect all employees;

- ; Reviewing executive succession plans for business and staff organizations;

- ; Producing an annual report on executive compensation for inclusion in our proxy statement; and

- ; Handling such other matters that are specifically delegated to the Compensation Committee by our board of directors from time to time. You may view a copy of our Compensation Committee charter by visiting our website at www.boiseinc.com and selecting *Investors, Corporate Governance*, and then *Committee Charters*.

Nominating Committee

Current Committee Members:

Carl A. Albert, *Committee Chair*

Jonathan W. Berger

Nathan D. Leight

All members of the Nominating Committee are independent as defined under the NYSE's listing standards.

2009 Committee Meetings: 3

2009 Committee Meeting Attendance Rate:

| | |
|--------------------|------|
| Carl A. Albert | 100% |
| Jonathan W. Berger | 100% |
| Matthew W. Norton* | 50% |
| Nathan D. Leight* | N/A |

* Mr. Norton served as a director for only two of the three Nominating Committee meetings held in 2009. Mr. Norton resigned from our board of directors and the Nominating Committee effective January 22, 2010. Mr. Leight was appointed to the Nominating Committee effective January 22, 2010.

The Nominating Committee of our board of directors is responsible for:

- ; Identifying and recommending for election individuals who meet the criteria our board of directors has established for board membership; and

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- i Reviewing the committee structure of our board of directors and recommending for our board of directors approval the composition of each committee.

You may view a copy of our Nominating Committee charter by visiting our website at www.boiseinc.com and selecting *Investors, Corporate Governance*, and then *Committee Charters*.

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Governance Committee

Current Committee Members:

Jack Goldman, *Committee Chair*

Carl A. Albert

Jonathan W. Berger

Jason G. Weiss

All members of the Governance Committee are independent as defined under the NYSE's listing standards.

2009 Committee Meetings: 5

2009 Committee Meeting Attendance Rate:

| | |
|--------------------|------|
| Jack Goldman | 80% |
| Carl A. Albert | 100% |
| Jonathan W. Berger | 100% |
| Jason G. Weiss* | N/A |

* Mr. Weiss was appointed to the Governance Committee effective February 18, 2010.
The Governance Committee of our board of directors is responsible for:

- i Annually reviewing and recommending director compensation and benefits;
- i Recommending to our board of directors the response to any shareholder proposal we receive;
- i Developing and recommending to our board of directors for approval corporate governance guidelines and a code of ethics applicable to our directors, officers, and employees and reviewing the effectiveness of such guidelines and code of ethics at least annually and recommending changes as necessary;
- i Developing and recommending to our board of directors for approval an annual self-evaluation process of our board of directors and its committees and annually overseeing the self-evaluations and reporting the findings to our board of directors; and
- i Reviewing and evaluating our board of directors' criteria for director eligibility and recommending to our board of directors guidelines for determining director independence.

You may view a copy of our Governance Committee charter by visiting our website at www.boiseinc.com and selecting *Investors, Corporate Governance*, and then *Committee Charters*.

Other Committees

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Our board of directors may establish other committees as it deems necessary or appropriate from time to time.

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Director Selection Process

Our board of directors is responsible for selecting the nominees for election to our board. The Nominating Committee, after consultation with our board chair and the receipt of any nominee recommendations from other directors and/or shareholders, is responsible for identifying and recommending to our board of directors qualified candidates to be nominated for election as directors at our annual shareholders meeting or to be appointed by our board to fill vacancies occurring between annual shareholders meetings. The invitation to join our board of directors is extended by our board of directors through our board chair.

Suitability of Candidates

In evaluating the suitability of candidates, our board of directors and Nominating Committee consider many factors, including a candidate's:

- i General understanding of elements relevant to the success of a publicly traded company in the current business environment;
- i Understanding of our business; and
- i Educational and professional background.

Our board of directors and Nominating Committee also consider a candidate's judgment, competence, anticipated participation in board activities, experience, geographic location, and special talents or personal attributes. The composition of our board of directors should encompass a broad range of skills, expertise, knowledge, and diversity. When evaluating the suitability of an incumbent director for nomination for

reelection, our board of directors and Nominating Committee also consider the director's past performance, including attendance at meetings and participation in and contributions to the activities of our board of directors, as well as the director's ability to make contributions after any significant change in circumstances (including changes in employment or professional status).

Consideration of Diversity in Nomination Process

Since the company's inception, our board of directors has had limited opportunities to fill open board positions, given the rights of the Aldabra Majority Holders and Boise Majority Holders to designate members to our board. Our current board has a rich mixture of educational, professional, and experiential diversity. As opportunities to appoint new directors become available in the future, our board of directors will make gender, racial, ethnic, and global diversity a high priority for director recruitment.

Shareholder Nominations for Directors

Given our recent ownership structure and the ability of others to designate members to our board, the Nominating Committee has not yet adopted a written policy regarding shareholder nominations for directors. In accordance with our Bylaws, however, the Nominating Committee will consider shareholder nominations for directors (please refer to the section of this Proxy Statement entitled *SOLICITATION OF PROXIES AND VOTING, Shareholder Proposals for Inclusion in Next Year's Proxy Statement*). We did not receive any shareholder nominations or recommendations for director in connection with our 2010 Annual Shareholders Meeting.

Table of Contents**Board and Committee Evaluations**

Our directors perform an annual self-evaluation of our board of directors, its committees, and each individual director. These evaluations assess the overall effectiveness of our board of directors. The Governance Committee reviews the directors' responses and provides the full board with a summary. The purpose of the evaluation is to increase the effectiveness of our board, its committees, and its directors.

Code of Ethics for Our Board of Directors

Our board of directors adopted a Code of Ethics that applies not only to our directors but also to all of our employees, including our chief executive officer, chief financial officer, and principal accounting officer. We have a toll-free reporting service available that permits employees to confidentially report violations of our Code of Ethics or other issues of significant concern.

If we amend or grant a waiver of one or more of the provisions of our Code of Ethics, we will disclose the amendment or waiver by posting the required information on our website.

You may view a copy of our Code of Ethics by visiting our website at www.boiseinc.com and selecting *Investors*, *Corporate Governance*, and then *Code of Ethics*.

Director Compensation

Employee board members do not receive compensation for their service on our board of directors. Nonemployee board members are entitled to receive the following annual compensation for their board service:

- Cash retainer;
- Committee membership fees;
- Equity award; and
- Reimbursement for travel expenses incurred in connection with their duties.

The Governance Committee annually reviews our directors' compensation and recommends changes, if any, to our board of directors. The Compensation Committee oversees the administration of the directors' compensation plans.

2009 Director Fees

In 2009, our paid directors received the following compensation for their board service:

| | 2009 |
|---|------------|
| Director Fees (Annual): | |
| Cash Retainer | \$ 50,000 |
| Equity Award | \$ 100,000 |
| Board Chair Equity Award ⁽¹⁾ | \$ 250,000 |
| Committee Chair Fees (Annual): | |
| Audit | \$ 15,000 |
| Compensation | \$ 10,000 |
| Other Committees | \$ 8,000 |

Nonchair Committee

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Membership Fees (Annual):

| | | |
|------------------|----|--------|
| Audit | \$ | 10,000 |
| Compensation | \$ | 8,000 |
| Other Committees | \$ | 5,000 |

(1) This equity award was in addition to the cash retainer, committee chair and membership fees, and the \$100,000 regular equity award.

Table of Contents**2009 Director Equity Awards**

We believe our director compensation should encourage ownership of the company's stock. In light of that goal, on March 16, 2009, our paid directors received service-condition vesting awards of restricted stock (2009 Director Restricted Stock) or restricted stock units (2009 Director Restricted Stock Units) as shown in the following table. Directors who received 2009 Director Restricted Stock were required by the terms of the award to include the value of the stock in their 2009 income. Those directors who preferred to include the value of their award in their 2010 income received 2009 Director Restricted Stock Units.

| Name | 2009 | 2009 |
|-----------------------------------|--|---|
| | Director Restricted Stock (#) | Director Restricted Stock Units (#) |
| Carl A. Albert ⁽¹⁾ | 813,953 | |
| Jonathan W. Berger ⁽¹⁾ | 232,558 | |
| Jack Goldman ⁽¹⁾ | 232,558 | |
| Nathan D. Leight ⁽¹⁾ | 232,558 | |
| Matthew W. Norton ⁽²⁾ | | |
| Thomas S. Souleles ⁽²⁾ | | |
| W. Thomas Stephens ⁽³⁾ | | 232,558 |
| Jason G. Weiss ⁽¹⁾ | 232,558 | |

- (1) The 2009 Director Restricted Stock awarded to Messrs. Albert, Berger, Goldman, Leight, and Weiss vested in full on March 15, 2010.
- (2) Beginning in 2009, Messrs. Norton and Souleles declined to receive compensation (both cash and equity) for their service on our board of directors. Accordingly, Messrs. Norton and Souleles did not receive a 2009 equity award. Messrs. Norton and Souleles resigned from our board of directors effective January 22, 2010, and February 18, 2010, respectively.
- (3) The 2009 Director Restricted Stock Units awarded to Mr. Stephens represented a contingent right to receive one share of Boise Inc. common stock for each unit. The 2009 Director Restricted Stock Units vested in full on March 15, 2010.

Directors Deferred Compensation Plan

We maintain a nonqualified Deferred Compensation Plan offered to our paid directors. The plan is an unfunded plan intended to help participants supplement their retirement income while providing them an opportunity to reinvest a portion of their cash compensation in the company's overall business performance.

Under the plan, each director who receives cash compensation for board service may elect to defer all or a portion of his or her cash compensation in a calendar year. Amounts deferred are credited with imputed interest at a rate equal to 130% of Moody's Composite Average of Yields on Corporate Bonds. Participants elect the form and timing of distributions of their deferred compensation balances. Participants may receive payment in cash in a lump sum or in annual installments following their service on our board of directors.

None of our directors elected to defer their cash compensation in 2009 or 2010 under this plan.

No changes are expected to be made to our Directors Deferred Compensation Plan in 2010.

2010 Director Compensation

Our board of directors has approved the following compensation for board service in 2010:

- i Cash retainer The annual cash retainer fee remains unchanged;

- i Committee membership fees Chair and nonchair committee membership fees for the Audit and Compensation Committees were increased due to greater responsibilities of committee members in these areas; and

- i Equity awards Director equity awards for 2010 were approved in the same fixed amounts as were approved for 2009.

Table of Contents**2010 Director Fees**

In 2010, our paid directors are entitled to receive the following compensation for their board service:

| | 2010 |
|---|-------------|
| Director Fees (Annual): | |
| Cash Retainer | \$ 50,000 |
| Equity Award | \$ 100,000 |
| Board Chair Equity Award ⁽¹⁾ | \$ 250,000 |
| Committee Chair Fees (Annual): | |
| Audit | \$ 25,000 |
| Compensation | \$ 20,000 |
| Other Committees | \$ 8,000 |
| Nonchair Committee | |
| Membership Fees (Annual): | |
| Audit | \$ 17,500 |
| Compensation | \$ 15,000 |
| Other Committees | \$ 5,000 |

(1) This equity award is in addition to the cash retainer, committee chair and membership fees, and the \$100,000 regular equity award.

2010 Director Equity Awards

Upon recommendation of the Governance Committee, our board of directors approved 2010 equity awards in the form of restricted stock for each nonemployee director valued at \$100,000. Mr. Albert also received a \$250,000 annual board chair equity award in addition to his \$100,000 regular equity award. The number of restricted stock shares awarded to each paid director was determined by dividing \$100,000 (\$350,000 in the case of Mr. Albert) by our closing stock price on March 15, 2010. These restricted stock awards are service-condition vesting awards, vesting in full on March 15, 2011. Our paid directors are required by the terms of their award to include the value of the restricted stock in their 2010 income.

| Name | 2010 Director Restricted Stock (#) |
|-------------------------|---|
| Carl A. Albert | 64,103 |
| Stanley R. Bell | 18,315 |
| Jonathan W. Berger | 18,315 |
| Jack Goldman | 18,315 |
| Nathan D. Leight | 18,315 |
| Heinrich R. (Rudi) Lenz | 18,315 |
| W. Thomas Stephens | 18,315 |
| Jason G. Weiss | 18,315 |

Table of Contents**Director Compensation Table**

The following *Director Compensation Table* presents compensation information for each of our nonemployee directors for the fiscal year ended December 31, 2009:

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) ⁽¹⁾ | Change in | Total (\$) |
|---|--|-------------------------------------|--|---------------|
| | | | Pension Value and Nonqualified Deferred Compensation Earnings (\$) ⁽²⁾ | |
| Carl A. Albert | \$ 89,000 | \$ 350,000 | \$ | \$ 439,000 |
| Stanley R. Bell ⁽³⁾ | | | | |
| Jonathan W. Berger | 80,000 | 100,000 | 1,019 | 181,019 |
| Jack Goldman | 81,000 | 100,000 | | 181,000 |
| Nathan D. Leight | 50,000 | 100,000 | | 150,000 |
| Heinrich R. (Rudi) Lenz ⁽³⁾ | | | | |
| Matthew W. Norton ⁽⁴⁾ | | | | |
| Thomas S. Souleles ⁽⁴⁾ | | | | |
| W. Thomas Stephens | 58,000 | 100,000 | | 158,000 |
| Jason G. Weiss | 50,000 | 100,000 | | 150,000 |

(1) *2009 Director Equity Awards* On March 16, 2009, Mr. Albert was awarded, at no cost, 813,953 shares of restricted stock, and Messrs. Berger, Goldman, Leight, and Weiss were each awarded, at no cost, 232,558 shares of restricted stock under the Boise Inc. Incentive and Performance Plan. Also on March 16, 2009, Mr. Stephens was awarded, at no cost, 232,558 restricted stock units under the Boise Inc. Incentive and Performance Plan. The amounts reported for these awards reflect the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718. These 2009 director equity awards were all service-condition vesting awards. For further information on these 2009 director equity awards, please refer to the section of this Proxy Statement entitled *CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS, Director Compensation, 2009 Director Equity Awards*.

(2) *Change in Pension Value* We do not provide our directors with pension benefits.
Nonqualified Deferred Compensation Earnings None of our paid directors elected to participate in our Directors Deferred Compensation Plan in 2009. The amount reported for Mr. Berger reflects the above-market portion of the interest he earned on compensation he deferred in 2008.

- (3) Messrs. Bell and Lenz joined our board of directors effective January 22, 2010, and February 18, 2010, respectively. Accordingly, they did not receive any compensation (cash or equity) in 2009.

- (4) Beginning in 2009, Messrs. Norton and Souleles declined to receive compensation (both cash and equity) for their service on our board of directors. Messrs. Norton and Souleles resigned from our board of directors effective January 22, 2010, and February 18, 2010, respectively.

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Table of Contents**SECURITY OWNERSHIP****Beneficial Ownership of Greater Than 5% of Our Outstanding Common Stock**

As of March 15, 2010, we had 84,789,243 shares issued and outstanding. The following table sets forth the actual beneficial ownership of each person owning greater than 5% of our outstanding common stock as of March 15, 2010:

| Name and Address of Beneficial Owner and Nature of Beneficial Ownership | Amount of Beneficial Ownership (#) ⁽¹⁾ | Percent of Class (%) ⁽²⁾ |
|---|---|---|
| Joint Filing By ⁽³⁾ Brian Taylor (B. Taylor) Pine River Capital Management L.P. (PRCM) c/o Pine River Capital Management L.P. 601 Carlson Parkway, Suite 330 Minnetonka, MN 55305 And Nisswa Acquisition Master Fund Ltd. (Nisswa) c/o Pine River Capital Management L.P. 601 Carlson Parkway, Suite 330 Minnetonka, MN 55305 | 6,944,598 | 8.2% |
| Nathan D. Leight (N. Leight) ⁽⁴⁾ c/o Terrapin Partners, LLC 60 Edgewater Drive Unit TSK Coral Gables, FL 33133 | 4,954,662 | 5.8% |
| Joint Filing By ⁽⁵⁾ Katherine R. Hensel (K. Hensel) 500 Fifth Avenue, Suite 930 New York, NY 10110 And Barry G. Haimes (B. Haimes) 500 Fifth Avenue, Suite 930 | 4,505,766 | 5.3% |
| Barry G. Haimes (B. Haimes) 500 Fifth Avenue, Suite 930 | 3,446,845 | 4.1% |

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New York, NY 10110

| | | |
|--|-----------|------|
| And Sage Master Investments Ltd. (Sage Master) c/o Appleby Corporate Services (Cayman) Ltd. | 3,326,745 | 3.9% |
|--|-----------|------|

Clifton House, 75 Fort Street

PO Box 1350

Grand Cayman KY1-1108, Cayman Islands

And
Sage Opportunity Fund (QP), L.P. (QP Fund)
Sage Asset Management, L.P. (SAM)
Sage Asset Inc. (Sage Inc.)
500 Fifth Avenue, Suite 930

New York, NY 10110

- (1) For purposes of this table, a person is considered to beneficially own any shares with respect to which they exercise sole or shared voting or investment power or as to which they have the right to acquire the beneficial ownership within 60 days of March 15, 2010.
- (2) Percent of Class is calculated by dividing the number of shares beneficially owned by the total number of outstanding shares of the company on March 15, 2010. This calculation includes the number of shares such person has the right to acquire within 60 days of March 15, 2010.

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(3) Pursuant to Schedule 13G, Amendment No. 2, dated January 15, 2010, and filed with the SEC on January 15, 2010:

| Name | Voting Power | | Investment Power | |
|-----------|--------------|-----------|------------------|-----------|
| | Sole | Shared | Sole | Shared |
| B. Taylor | 0 | 6,944,598 | 0 | 6,944,598 |
| PRCM | 0 | 6,944,598 | 0 | 6,944,598 |
| Nisswa | 0 | 6,385,332 | 0 | 6,385,332 |

(4) Pursuant to Schedule 13D, Amendment No. 2, dated December 29, 2009, and filed with the SEC on December 29, 2009, and Form 4 dated March 16, 2010, and filed with the SEC on March 16, 2010:

| Name | Voting Power | | Investment Power | |
|-----------|--------------|--------|------------------|--------|
| | Sole | Shared | Sole | Shared |
| N. Leight | 4,954,662 | 0 | 4,954,662 | 0 |

Shares include Mr. Leight's 1,502,900 warrants, which are currently exercisable but had not been exercised as of March 15, 2010, and 18,315 shares of service-condition vesting restricted stock awarded to Mr. Leight on March 15, 2010, as his 2010 director equity award.

(5) Pursuant to Schedule 13G dated March 5, 2010, and filed with the SEC on March 5, 2010:

| Name | Voting Power | | Investment Power | |
|-------------|--------------|-----------|------------------|-----------|
| | Sole | Shared | Sole | Shared |
| K. Hensel | 1,179,021 | 3,326,745 | 1,179,021 | 3,326,745 |
| B. Haimes | 120,100 | 3,326,745 | 120,100 | 3,326,745 |
| Sage Master | 0 | 3,326,745 | 0 | 3,326,745 |
| QP Fund | 0 | 3,326,745 | 0 | 3,326,745 |
| SAM | 0 | 3,326,745 | 0 | 3,326,745 |
| Sage Inc. | 0 | 3,326,745 | 0 | 3,326,745 |

Collectively, K. Hensel, B. Haimes, Sage Master, QP Fund, SAM, and Sage Inc. beneficially own 4,625,866 shares of the company's common stock, which constitutes 5.5% of all of the issued and outstanding shares of the company's common stock as of March 15, 2010.

K. Hensel beneficially owns 3,326,745 shares of the company's common stock individually owned by Sage Master, solely in her capacity as a controlling person of Sage Inc., and an additional 1,179,021 shares of the company's common stock that she individually beneficially owns personally (consisting of 483,621 shares of the company's common stock and warrants exercisable for 695,400 shares of the company's common stock).

B. Haimes beneficially owns 3,326,745 shares of the company's common stock individually owned by Sage Master, solely in his capacity as a controlling person of Sage Inc., and an additional 120,100 shares of the company's common stock that he individually beneficially owns personally (consisting of 62,800 shares of the company's common stock and warrants exercisable for 57,300 shares of the company's common stock).

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Sage Master individually beneficially owns 3,326,745 shares of the company's common stock, consisting of: (i) 1,590,945 shares of the company's common stock and (ii) warrants exercisable for 1,735,800 shares of the company's common stock.

QP Fund, solely in its capacity as the controlling shareholder of Sage Master, beneficially owns 3,326,745 shares of the company's common stock individually beneficially owned by Sage Master.

SAM, solely in its capacity as investment manager of Sage Master, beneficially owns 3,326,745 shares of the company's common stock individually beneficially owned by Sage Master.

Sage Inc., solely in its capacity as the general partner of SAM, beneficially owns 3,326,745 shares of the company's common stock individually beneficially owned by Sage Master.

Table of Contents**Beneficial Ownership of Our Directors and Executive Officers**

As of March 15, 2010, we had 84,789,243 shares issued and outstanding. The following table sets forth, as of March 15, 2010, the actual beneficial ownership of our outstanding common stock by:

i Each of our directors;

i Each of our named executive officers; and

i All of our directors and executive officers as a group.

None of these shares are pledged as security for any obligation (such as pursuant to a loan arrangement or agreement or a margin account agreement).

| Name and Address of Beneficial Owner and Nature of Beneficial Ownership | Amount of Beneficial Ownership (#) ⁽¹⁾ | Percent of Class (%) ⁽²⁾ |
|--|---|---|
| Carl A. Albert ⁽³⁾ | 1,128,056 | 1.3% |
| Stanley R. Bell ⁽⁴⁾ | 18,315 | *% |
| Jonathan W. Berger ⁽⁵⁾ | 353,973 | *% |
| Jack Goldman ⁽⁶⁾ | 300,773 | *% |
| Nathan D. Leight ⁽⁷⁾ | 4,954,662 | 5.8% |
| Heinrich R. Lenz ⁽⁸⁾ | 18,315 | *% |
| W. Thomas Stephens ⁽⁹⁾ | 286,973 | *% |
| Jason G. Weiss ⁽¹⁰⁾ | 3,998,405 | 4.7% |
| Alexander Toeldte ⁽¹¹⁾ | 1,890,139 | 2.2% |
| Robert M. McNutt ⁽¹²⁾ | 587,386 | *% |
| Jeffrey P. Lane ⁽¹³⁾ | 614,000 | *% |
| Robert E. Strenge ⁽¹⁴⁾ | 47,758 | *% |
| Robert A. Warren ⁽¹⁵⁾ | 55,648 | *% |
| All directors and executive officers as a group | 14,565,199 | 17.2% |

(15 persons)⁽¹⁶⁾

* Less than 1%

(1) For purposes of this table, a person is considered to beneficially own any shares with respect to which they exercise sole or shared voting or investment power or as to which they have the right to acquire the beneficial ownership within 60 days of March 15, 2010.

(2) Percent of Class is calculated by dividing the number of shares beneficially owned by the total number of outstanding shares of the company on March 15, 2010. This calculation includes the number of shares such person has the right to acquire within 60 days of March 15, 2010.

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- (3) Mr. Albert's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. Albert's shares are held as follows: 974,256 shares held directly; 23,800 shares held indirectly by the Albert-Schaefer Trust; and 130,000 shares held indirectly by the Carl A. Albert Trust.

- (4) Mr. Bell's business address is c/o Boise Cascade Holdings, L.L.C., 1111 West Jefferson Street, Suite 300, Boise, ID 83702. Mr. Bell's shares are all held directly.

- (5) Mr. Berger's business address is c/o Tellurian Partners, LLC, 1170 Peachtree Street, NE, Atlanta, GA 30309. Mr. Berger's shares are held as follows: 343,973 shares held directly; and 10,000 warrants held directly, which are currently exercisable but had not been exercised as of March 15, 2010.

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- (6) Mr. Goldman's business address is c/o Theodora, Oringer, Miller & Richman, P.C., 10880 Wilshire Boulevard, Suite 1700, Los Angeles, CA 90024. Mr. Goldman's shares are held as follows: 286,973 shares held directly; and 13,800 shares held indirectly in an individual retirement account.
- (7) Mr. Leight's business address is c/o Terrapin Partners, LLC, 60 Edgewater Drive Unit TSK, Coral Gables, FL 33133. Mr. Leight's shares are held as follows: 3,441,762 shares held directly; 10,000 shares held indirectly in an individual retirement account; and 1,502,900 warrants held directly, which are currently exercisable but had not been exercised as of March 15, 2010.
- (8) Mr. Lenz's business address is c/o Sun Chemical Corporation, 35 Waterview Boulevard, Parsippany, NJ 07054. Mr. Lenz's shares are all held directly.
- (9) Mr. Stephens' business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. Stephens' shares are all held directly.
- (10) Mr. Weiss's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. Weiss's shares are held as follows: 286,973 shares held directly; 1,130,699 shares held indirectly by the Jason G. Weiss Revocable Trust; 1,395,733 shares held indirectly by the Weiss Family Trust; and 1,185,000 warrants held indirectly by the Jason G. Weiss Revocable Trust, which are currently exercisable but had not been exercised as of March 15, 2010.
- (11) Mr. Toeldte's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. Toeldte's shares are held as follows: 1,850,139 shares held directly; and 40,000 shares held indirectly by the Toeldte Family Revocable Trust.
- (12) Mr. McNutt's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. McNutt's shares are held as follows: 577,386 shares held directly; and 10,000 shares held indirectly in Mr. McNutt's 401(k) account.
- (13) Mr. Lane's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. Lane's shares are all held directly.
- (14) Mr. Strenge's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. Strenge's shares are all held directly.
- (15) Mr. Warren's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. Warren's shares are all held directly.
- (16) Included in this total amount are shares held by the company's two remaining executive officers Samuel K. Cotterell, vice president and controller, and Judith M. Lassa, vice president, Packaging. The business address for Mr. Cotterell and Ms. Lassa is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, ID 83702. Mr. Cotterell holds 22,154 shares, all of which are held directly. Ms. Lassa holds 288,642 shares, all of which are held directly.

Table of Contents**Securities Authorized for Issuance Under Our Equity Compensation Plan as of December 31, 2009**

| Plan Category | Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants, and Rights | Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|--|---|---|--|
| | (a) | (b) ⁽²⁾ | (c) |
| Equity compensation plans approved by securityholders ⁽¹⁾ | 8,214,843 | \$ N/A | 8,326,464 |
| Equity compensation plans not approved by securityholders | N/A | N/A | N/A |
| Total | 8,214,843 | \$ N/A | 8,326,464 |

(1) Our shareholders approved the Boise Inc. Incentive and Performance Plan (BIPP) at a special shareholders meeting held on February 5, 2008. We have 17,175,000 shares of the company's common stock reserved for issuance under the BIPP. Thirteen officers, 51 other employees, and 6 nonemployee directors have received restricted stock or restricted stock unit awards under the BIPP. These awards are reflected in column (a) above. For further information on the BIPP, please refer to the section of this Proxy Statement entitled *PROPOSALS TO BE VOTED ON, Proposal No. 2*.

(2) Because there is no exercise price associated with the restricted stock and restricted stock units that were awarded under the BIPP, a weighted average exercise price calculation for the restricted stock and restricted stock units cannot be made.

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EXECUTIVE COMPENSATION

Compensation Committee Interlocks and Insider Participation

Messrs. Albert, Goldman, Souleles, and Stephens served on the Compensation Committee of the board of directors of Boise Inc. during the last completed fiscal year. Mr. Souleles resigned from our board of directors and the Compensation Committee effective February 18, 2010. Mr. Berger was appointed as chair of the Compensation Committee effective February 18, 2010.

None of the members of the Compensation Committee is now or was previously an officer or employee of the company. None of the company's executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on the company's board of directors or the Compensation Committee.

Compensation Committee Report

Dear Fellow Shareholders:

The Compensation Committee of the board of directors of Boise Inc. has reviewed and discussed the following *Compensation Discussion and Analysis* with the company's management. Based on this review and discussion, the Compensation Committee has recommended to the company's board of directors that the *Compensation Discussion and Analysis* be included in this Proxy Statement and the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Respectfully submitted,

The Compensation Committee

Thomas S. Souleles, *Past Committee Chair*

Jonathan W. Berger, *Current Committee Chair*

Carl A. Albert

Jack Goldman

W. Thomas Stephens

Compensation Discussion and Analysis

This *Compensation Discussion and Analysis* describes the compensation practices at Boise Inc. Throughout this section, we refer to the company's named executive officers, who are as follows:

i Alexander Toeldte, *President and Chief Executive Officer*

i Robert M. McNutt, *Senior Vice President and Chief Financial Officer*

· Jeffrey P. Lane, *Senior Vice President and General Manager, Packaging*

· Robert E. Strenge, *Senior Vice President, Manufacturing*

· Robert A. Warren, *Senior Vice President and General Manager, Paper and Supply Chain*
Executive Compensation Philosophy and Objectives

The company's compensation programs are built around four primary objectives:

- Closely align compensation with the company's performance on both a short- and long-term basis;
- Link compensation to each officer's individual performance;
- Attract, motivate, reward, and retain management talent critical to achieving the company's business goals; and
- Encourage officers to own the company's stock.

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The company began operations on February 22, 2008, and since that time, two factors have had major influences on its compensation programs and decisions:

- i First, when the company acquired the paper, packaging, and newsprint assets of Boise Cascade, it agreed to maintain, for at least one year following the acquisition (Acquisition), executive compensation and benefits at levels substantially comparable to the levels of executive compensation and benefits maintained by Boise Cascade. Accordingly, the company based its executive compensation programs for 2008 and a portion of 2009 largely on those programs maintained by Boise Cascade.

- i Second, in both 2008 and 2009, the company's compensation programs have been challenged by the difficult economic conditions in North America and around the globe. Despite meeting significant operating challenges and many of the financial targets, the named executive officers received no short-term incentive pay in 2009 for 2008 performance, due to overall affordability considerations. Further, since the company's stock became listed on the NYSE on February 25, 2008, its stock price has fallen from \$7.95 per share to \$0.24 per share at its lowest point. Although the company has seen dramatic increases in its stock price since mid 2009, the overall pricing levels have greatly diminished the value of the equity awards the company has granted to its named executive officers. Further, like most of the company's other salaried employees, the named executive officers have seen other elements of compensation and benefits diminish, including the freezing of salaries for 2009 and the freezing of the defined benefit pension plan. These developments, while understandable given the ailing economy, make it more difficult to achieve the company's compensation objectives.

How the Company Designs Its Executive Compensation Programs

The company's board of directors has ultimate responsibility for approving the company's executive compensation programs. The Compensation Committee of the board assists the board in fulfilling these responsibilities.

The company's executive compensation program has three key elements:

- i Base salary;

- i Short-term incentive compensation under the Boise Inc. Incentive and Performance Plan; and

- i Long-term incentive compensation under the Boise Inc. Incentive and Performance Plan.

In addition, the company offers a number of other programs and benefits to its named executive officers, including retirement and health benefits and a deferred compensation plan.

The Compensation Committee believes a combination of these elements supports the company's compensation objectives. The long-term nature of the company's equity awards aligns the interests of its named executive officers with those of the company's shareholders and promotes the retention of its named executive officers. The company also believes that as its named executive officers achieve higher levels of responsibility, a greater percentage of their pay should be at risk, with base salary representing a lower percentage of total compensation as responsibility levels increase.

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Benchmarking

The Compensation Committee regularly reviews compensation paid to executives in other comparable companies to make decisions regarding appropriate compensation levels. In the past, the Compensation Committee has used data primarily from Hewitt Associates (Hewitt), a widely recognized compensation consulting firm, to make these decisions.

Because of last year's unprecedented economic challenges, and the general decision to freeze salaries, the company has not conducted executive compensation benchmarking since the company began operations in 2008. The Compensation Committee, however, will undertake an executive compensation review in 2010 based on a study begun in the fourth quarter of 2009.

For the 2010 compensation analysis, the Compensation Committee has worked with the company's management and Hewitt to develop a custom peer group to be used for comparison purposes. The peer group includes industry competitors, companies with whom it competes for executive talent, and those that share the company's structural complexity or strategic focus. The company's custom peer group is:

- ¡ AptarGroup, Inc.
- ¡ Avery Dennison Corporation
- ¡ Bemis Company, Inc.*
- ¡ Buckeye Technologies Inc.*
- ¡ Cenveo, Inc.
- ¡ Domtar Corp.*
- ¡ Graphic Packaging Holding Company*
- ¡ Greif, Inc.
- ¡ MeadWestvaco Corporation*
- ¡ Micron Technology, Inc.
- ¡ Nalco Holding Company
- ¡ Neenah Paper, Inc.*
- ¡ Olin Corporation
- ¡ Packaging Corp. of America*
- ¡ P.H. Glatfelter Company*
- ¡ Rayonier Inc.
- ¡ Rock-Tenn Company*
- ¡ Schweitzer-Mauduit International, Inc.*
- ¡ Solutia Inc.
- ¡ Sonoco Products Company*
- ¡ Temple-Inland Inc.*
- ¡ Verso Paper Corp.*
- ¡ Wausau Paper Corp.*

Since the company competes for executive talent with a broad range of companies and industries, the companies included in the custom peer group for compensation purposes are not necessarily the same as companies included in the peer group used in the company's performance graph in its Annual Report on Form 10-K.

The Compensation Committee also requested that Hewitt develop a subset of the custom peer group that included only paper and packaging companies. This subset was created to compare the compensation within the subset of peer companies with the custom peer group as a whole. The subset data will be used, along with the entire peer group data, as a benchmark against which the company will make salary and short- and long-term incentive compensation recommendations for the named executive officers. The companies included in the subset peer group are indicated by an asterisk(*).

In addition to compensation data gathered through the peer group comparisons, the company will also use a broad Hewitt survey to benchmark compensation for a wide number of positions, including those of the named executive officers. This survey includes a general industry group consisting of 93 companies. The median annual revenue for this group is \$2.6 billion. The survey uses a proprietary methodology for valuing compensation, and it measures, among other things, base salary, short-term cash incentives (actual and targets), and long-term incentives. Hewitt applies a regression analysis to its data to account for variations in company size.

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The company's philosophy is to target salary and short- and long-term incentive compensation, collectively, for each named executive officer at the 50th percentile of the market data. The company, however, also takes into account each named executive officer's performance, level of experience, and contributions to the company's goals and objectives when making final compensation decisions. The 50th percentile (median) of the market data for the peer groups is used because it represents a competitive target at which the company believes it can effectively recruit, reward, and retain executive talent.

Table of Contents***Executive Compensation Consultant***

The Compensation Committee independently retains Hewitt to assist the Committee in its deliberations regarding executive compensation. The company also retains Hewitt to assist with various compensation and short- and long-term incentive plan matters. Hewitt does not provide any services such as health and welfare benefits consulting or 401(k) consulting. Payments made to Hewitt in 2009 are as follows:

| Services Provided | 2009 Payments |
|---------------------------------|--------------------------|
| | (\$) |
| Executive compensation | \$ 11,079 |
| consulting services provided to | |
| the Compensation Committee | |
| Executive compensation | \$ 47,379 |
| consulting services provided to | |

management

Neither the Compensation Committee nor the company rely on Hewitt to recommend specific levels of total pay or any specific element of compensation to the named executive officers. Those recommendations are developed by management and then presented to the Compensation Committee for consideration.

Executive Compensation Program Elements***Base Salary***

The Compensation Committee believes a greater percentage of the compensation of the named executive officers should be at risk than other employees because of the officers' significant influence over the company's ability to meet its goals and objectives; however, the Compensation Committee also believes the named executive officers' compensation should contain a stable, base salary component to attract, motivate, reward, and retain management talent.

The Compensation Committee reviews base salaries for the named executive officers annually and at the time of promotions or other changes in responsibilities.

Generally, merit increases were not awarded to the company's employees in 2009 given the challenging economic environment; however, limited exceptions were made to provide salary increases for promotions and when critical inequities were identified. Mr. Warren, one of the company's named executive officers, received a 2009 salary increase from \$300,000 to \$325,000 to reflect his increased responsibilities for the performance of the company's Paper segment and supply chain management, as well as his exceptional individual performance. Mr. Warren was the only named executive officer who received a salary increase in 2009.

For 2010, the Compensation Committee will again consider each named executive officer's role and level of responsibility. In addition, the Compensation Committee will use the benchmarking data described previously as part of its analysis to assist in determining base salaries for the named executive officers.

Short-Term Incentive Compensation

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The Compensation Committee establishes annual variable, or short-term, incentive compensation, in the form of a cash award, to tie a portion of annual compensation to the company's annual performance objectives. Each year, the Compensation Committee establishes objective performance criteria the company must meet for cash awards to be paid (establishing minimum, target, and maximum payout levels for each type of performance criteria), a target incentive payout for each named executive officer that is expressed as a percentage of salary, and other terms and conditions of awards. A description of each of these components follows. No short-term incentive awards are earned or paid unless the minimum performance criteria are achieved and the company meets the financial affordability standard. The Compensation Committee typically approves short-term

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incentive award criteria in February to comply with the provisions of Section 162(m) of the Internal Revenue Code of 1986, as amended, which requires that performance metrics be set within 90 days of the commencement of the performance period. Compliance with Section 162(m) enables the awards to qualify as performance-based compensation and allows the awards to be tax-deductible by the company.

2009 Short-Term Incentive Awards

The 2009 short-term incentive awards were based on the attainment of financial goals and safety objectives. A financial goal was chosen as the key metric because it focused the company's leaders on the primary driver of shareholder value. Safety was chosen as a goal to reinforce the company's commitment to an incident-free workplace. While the company is proud of its locations that have achieved zero accidents and incidents, until the entire company reaches that goal, the company's safety performance is not good enough. The company believes every employee, including its most senior leaders, must fully participate to keep its work environment safe.

The awards were calculated as a percentage of base salary, based on the extent to which the financial goals and safety objectives were met during the year. For the named executive officers, the major performance target was corporate incentive cash flow. Incentive Cash Flow (ICF) is the company's earnings before interest, taxes, depreciation, depletion, and amortization (EBITDA), less a working capital charge of 15% per year, times the company's average operating working capital balance. The 2009 corporate ICF target was \$217 million. If this target was achieved, the anticipated payout would be one times target. The company's corporate plan provided a payout only if ICF reached a minimum of \$183 million, which would provide a payout of 0.55 times target. The company would have attained a maximum payout (2.25 times target) under the corporate plan if ICF reached \$309 million. The company's 2009 corporate safety goal for a one times payout was a 1.8 recordable incident rate (RIR). There would be no payout on the safety goal if the company's RIR was greater than 2.0.

Corporate ICF for 2009 was \$378 million and the company achieved a corporate safety RIR of 1.33. A portion of the company's ICF was comprised of earnings resulting from alternative fuel mixture credits, which permitted a refundable excise tax credit for the production and use of alternative biofuel mixtures. Because the Compensation Committee believed these credits resulted in corporate ICF that was not entirely representative of operating performance, it reduced the awards to the named executive officers from a calculated award of 2.25 times target to an award of 1.65 times target.

The following table sets forth the 2009 short-term incentive objectives, as well as the target and actual incentive payouts for each of the named executive officers:

| Name | 2009 | 2009 | 2009 |
|------------|---|---|---|
| | Financial Goals and Safety Objectives | Target Incentive Payout (% of Salary) | Actual Incentive Payout (% of Salary) |
| Alexander | 90% corporate ICF | 100% | 165.00% |
| Toeldte | 10% safety based on corporate RIR | | |
| Robert M. | 90% corporate ICF | 65% | 107.25% |
| McNutt | 10% safety based on corporate RIR | | |
| Jeffrey P. | 90% corporate ICF | 65% | 107.25% |
| Lane | 10% safety based on corporate RIR | | |
| Robert E. | 90% corporate ICF | 65% | 107.25% |

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| | | | |
|--|-----------------------------------|-----|---------|
| Streng | 10% safety based on corporate RIR | | |
| Robert A. | 90% corporate ICF | 65% | 107.25% |
| Warren <i>2010 Short-Term Incentive Awards</i> | 10% safety based on corporate RIR | | |

The 2010 short-term incentive compensation program will be based on similar financial goals and safety objectives as were in place for 2009.

Table of Contents***Long-Term Incentive Compensation***

The Compensation Committee believes equity awards encourage ownership of the company's stock by the named executive officers, which in turn aligns the interests of those officers with the interests of the company's shareholders. In addition, the vesting provisions applicable to the equity awards help retain the named executive officers and reward the achievement of long-term business objectives that benefit the company's shareholders. If it chooses to make an award, it is the Compensation Committee's practice to award long-term equity incentives on March 15. If March 15 falls on a weekend or holiday, then the grant date is the next business day.

The Boise Inc. Incentive and Performance Plan permits awards of restricted stock, restricted stock units, performance stock, performance units, stock appreciation rights (SARs), and stock options (including performance-based or indexed stock options) to the named executive officers. The plan gives the Compensation Committee flexibility in choosing among these awards to provide competitive long-term incentive compensation.

2009 Equity Awards

On March 15, 2009, the named executive officers received long-term equity incentive awards as shown in the following table. The 2009 equity awards consisted entirely of service-condition vesting restricted stock or restricted stock units. Twenty percent of the shares or units vested on March 15, 2010; 20% will vest on March 15, 2011; and the remaining 60% will vest on March 15, 2012. The named executive officers who were eligible for retirement on or before March 15, 2012, received restricted stock units in lieu of restricted stock. In its decision to make all of the 2009 equity awards service-condition vesting rather than market-condition vesting, the Compensation Committee considered the reduced probability that the market-condition vesting restricted stock and restricted stock units awarded in 2008 would vest given that the company's shares were trading near their historic low.

Determining equity award targets and values was challenging in 2009 for two reasons:

- i First, as previously noted, the Compensation Committee did not conduct executive compensation benchmarking because of the year's unprecedented economic challenges and the general decision to freeze salaries; and
- j Second, the company's share price was extremely depressed and, thus, trying to provide an equity award based on a market-competitive economic value would have resulted in substantial dilution. The Compensation Committee decided to provide an equity award to all officers and senior management participating in the long-term incentive program equal to 5% of the company's outstanding shares in the aggregate, which equity award totaled 3,864,000 shares. The named executive officers received 54.6% of the total amount of these equity awards. Because the share price at the time of these equity awards was historically low, the Compensation Committee believed these awards would provide strong upside potential.

| Name | 2009 | |
|-------------------|---|---|
| | 2009 Restricted Stock Units (#) | 2009 Restricted Stock Units (#) |
| Alexander Toeldte | 960,000 | |
| Robert M. McNutt | 398,500 | |

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| | |
|--|---------|
| Jeffrey P. Lane | 230,000 |
| Robert E. Streng | 230,000 |
| Robert A. Warren <i>2010 Equity Awards</i> | 290,000 |

Given the large equity awards granted in 2009, after consideration, the Compensation Committee determined it would not grant any long-term incentive awards to the named executive officers in 2010.

Table of Contents**Retirement and Health Benefits**

The company offers pension benefits to qualifying named executive officers. Those pension benefits include a salaried defined pension benefit plan (Salaried Pension Plan), a supplemental pension plan (SUPP), and a supplemental early retirement plan (SERP). The following table reflects the named executive officers eligible to participate in each pension benefit plan.

| Name | Salaried Pension Plan | SUPP | SERP |
|---|------------------------------|-------------|-------------|
| Alexander | | | |
| Toeldte | No | No | No |
| Robert M. | | | |
| McNutt | Yes | Yes | No |
| Jeffrey P. | | | |
| Lane | No | No | No |
| Robert E. | | | |
| Streng | Yes | Yes | Yes |
| Robert A. | | | |
| Warren <i>Pension Plan Freeze</i> | Yes | Yes | No |

The Salaried Pension Plan, SUPP, and SERP, each described in the following sections, were frozen effective April 15, 2009. Messrs. McNutt, Streng, and Warren will keep the benefits they earned up to that point but no additional benefits are earned after April 14, 2009.

Salaried Pension Plan

Messrs. McNutt, Streng, and Warren are eligible to participate in the company's Salaried Pension Plan. The Salaried Pension Plan is a plan for all salaried employees who were former employees of OfficeMax Incorporated (formerly Boise Cascade Corporation) prior to November 1, 2003.

The Salaried Pension Plan entitles each vested employee to receive a pension benefit at normal retirement age equal to 1.25% of the average of the highest five consecutive years of compensation out of the last ten years of employment, calculated as of April 14, 2009, multiplied by the employee's years of service through December 31, 2003, plus 1% of the average of the highest five consecutive years of compensation out of the last ten years of employment, calculated as of April 14, 2009, multiplied by the employee's years of service after December 31, 2003, through April 14, 2009. Under the Salaried Pension Plan, compensation is defined as the employee's base salary plus any amounts earned under the company's variable incentive compensation programs. Benefits are computed on a straight-life annuity basis and are not offset by Social Security or other retirement-type benefits.

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Supplemental Pension Plan (SUPP)

Messrs. McNutt, Strenge, and Warren are eligible to participate in the company's SUPP. The SUPP is a plan for salaried employees who were former employees of OfficeMax Incorporated (formerly Boise Cascade Corporation) prior to November 1, 2003.

If an employee is entitled to a greater benefit under the Salaried Pension Plan's formula than the Internal Revenue Code allows for tax-qualified plans, the excess benefits will be paid from the company's general assets under the company's unfunded SUPP. The SUPP also provides payments to the extent that participation in the company's deferred compensation plan has the effect of reducing an individual's pension benefit under the qualified plan.

Supplemental Early Retirement Plan (SERP)

Mr. Strenge is the only named executive officer eligible to participate in the company's SERP. The SERP entitles pension-eligible elected officers to receive an early retirement benefit equal to the benefit calculated at age 65 under the Salaried Pension Plan without reduction due to the officer's early retirement. This pension benefit is unfunded and is paid from the company's general assets. Eligible elected officers are those who:

- i Are 55 years old or older, if elected by OfficeMax (formerly Boise Cascade Corporation) prior to June 1, 2004;
- i Are 58 years old or older, if elected on or after June 1, 2004, and prior to October 29, 2004 (the SERP was closed to new entrants as of October 29, 2004);
- i Have ten or more years of service;
- i Have served as an elected officer for at least five full years; and
- i Retire before age 65.

For further information on the company's Salaried Pension Plan, SUPP, and SERP, please refer to the sections of this Proxy Statement entitled *EXECUTIVE COMPENSATION*, *Compensation Tables*, *Summary Compensation Table* and *Pension Benefits Table*.

Health Benefits

The company offers health benefits to all its employees. The company pays a significant portion of the benefit cost for all employees. Previously, highly compensated employees paid a greater portion than did employees at lower compensation levels. The provision requiring a higher payment by highly compensated employees was removed effective January 1, 2010. The company does not offer supplemental health benefits to its named executive officers.

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Deferred Compensation Plan

The named executive officers are eligible to participate in the company's nonqualified Deferred Compensation Plan. The plan is an unfunded plan intended to help participants supplement their retirement income while providing them an opportunity to reinvest a portion of their compensation in the company's overall business performance.

Each year, participants may irrevocably elect to defer receipt of a portion of their base salary and incentive compensation. A participant's account is credited with imputed interest at a rate equal to 130% of Moody's Composite Average of Yields on Corporate Bonds. In addition, participants may elect to receive their company contributions in the company's Deferred Compensation Plan in lieu of any contributions in the company's 401(k) Savings Plan, as described below:

Through April 15, 2009, the company's contribution to the 401(k) Savings Plan was:

- i A regular match equal to \$0.70 on the dollar up to the first 6% of eligible compensation; plus

- i For employees hired or rehired on or after November 1, 2003, a discretionary match that was announced annually and could vary from year to year but would be no more than \$0.30 on the dollar up to the first 6% of eligible compensation. This match was provided only to those eligible employees who were employed by the company on the last day of the plan year (December 31).

Effective April 16, 2009, the company's contribution to the 401(k) Savings Plan is:

- i *Base Company Contribution* The company contributes the equivalent of 3% of a participant's eligible compensation to his or her account; plus

- i *Matching Company Contribution* The company matches \$0.50 for each \$1.00 a participant contributes up to the first 3% of his or per pay; plus

- i *Discretionary Matching Company Contribution* The company intends to provide a discretionary match of \$0.50 for each \$1.00 a participant contributes to the plan up to the first 3% of pay. The actual amount of the discretionary match may vary from year to year, depending on the company's financial performance and, thus, the affordability of the match. The company will announce at the end of each year whether a discretionary match will be made and, if so, in what amount.

Participants elect the form and timing of distributions of their deferred compensation balances. Participants may receive payment in cash in a lump sum or in annual installments over a specified period of years following the termination of their employment with the company.

None of the named executive officers elected to defer any of their 2009 compensation under this plan. Mr. Warren is the only named executive officer who elected to participate in this plan in 2010, but he did not elect to have the company contribution put into the plan.

No changes are expected to be made to the company's Deferred Compensation Plan in 2010.

For further information on the company's Deferred Compensation Plan, please refer to the sections of this Proxy Statement entitled *EXECUTIVE COMPENSATION*, *Compensation Tables*, *Summary Compensation Table* and *Nonqualified Deferred Compensation Table*.

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Supplemental Life Plan

Mr. Strenge is the only named executive officer eligible to participate in the company's Supplemental Life Plan. The plan is for elected officers who were officers of OfficeMax Incorporated (formerly Boise Cascade Corporation) prior to July 31, 2003.

The plan provides participants with an insured death benefit during employment and, in limited cases, after retirement. Participants in the Supplemental Life Plan can purchase a life insurance policy from a designated insurance carrier, with policy premiums to be paid by the company as described in the plan. The plan provides the participant with a target death benefit equal to two times his or her base salary while employed by the company and a target postretirement death benefit equal to one times his or her final base salary, both of which are less any amount payable under the company's group term life insurance policy.

No changes are expected to be made to the company's Supplemental Life Plan in 2010.

For further information on the company's Supplemental Life Plan, please refer to the section of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Tables, Summary Compensation Table*.

Financial Counseling Program for Officers

The named executive officers are eligible to participate in the company's Financial Counseling Program for Officers. The program provides participants up to \$5,000 per calendar year for financial counseling services. The participants may carry over unused amounts, up to one year's allowance, from one year to the next. Under the program, a participant may spend his or her allowance on investment planning, tax preparation, tax planning and compliance, or estate planning. Since the expenses of these services are generally not deductible for federal income tax purposes, the participant receives a cash gross-up payment on reimbursed charges. The gross-up payment helps cover the tax on the payment for services and the tax on the tax payment. The current gross-up is 39% based on a 28% federal tax rate. The gross-up payment is also deducted from the participant's annual allowance. Money paid on a participant's behalf by the company for these services and gross-up payments is taxable and is reported in his or her W-2 earnings on a monthly basis.

No changes are expected to be made to the Financial Counseling Program for Officers in 2010.

For further information on the company's Financial Counseling Program for Officers, please refer to the section of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Tables, Summary Compensation Table*.

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Agreements With, and Potential Payments to, Named Executive Officers

The following summaries provide a description of the severance agreements the company has entered into with its named executive officers. These agreements provide severance benefits and protect other benefits the named executive officers have already earned or reasonably expect to receive under the company's employee benefit plans. The named executive officer will receive the benefits provided under the agreement if the named executive officer's employment is terminated other than for cause or disability (as defined in the agreement) or if the named executive officer terminates employment after the company takes actions (as specified in the agreement) that adversely affect the named executive officer.

These severance agreements help to ensure the company will have the benefit of the named executive officers' services without distraction in the face of future potential changes. The company's board of directors believes the agreements are in the best interests of the company and its shareholders.

These agreements formerly provided that upon a qualifying termination, the officer would receive a multiple of his or her base salary plus target short-term incentive. Pursuant to a notice issued by the IRS, when an agreement (such as these severance agreements) provides for payment of an amount linked to a performance-based bonus without requiring achievement of the performance goals, the performance-based bonus itself may not qualify as performance-based compensation under Internal Revenue Code 162(m). To avoid this consequence, these agreements were recently amended to remove the reference to target short-term incentive and to provide instead for a multiple of base salary, without regard to target short-term incentive. These amendments did not change the economic benefit to the named executive officers.

For further information on the severance agreements the company has entered into with its named executive officers, please refer to the section of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Tables, Severance Tables*.

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Alexander Toeldte

Pursuant to the terms of Mr. Toeldte's severance agreement dated February 6, 2008, as amended February 18, 2010, if he voluntarily terminates employment with good reason or his employment is involuntarily terminated without cause, as defined in his severance agreement, and subject to his execution of a valid release of employment-related claims, Mr. Toeldte will be entitled to severance pay equal to 4 times his annual base salary at the rate in effect at the time he receives a notice of termination. To the extent not already paid, Mr. Toeldte will receive a lump-sum amount equal to the value of his unused and accrued time off, less any advanced time off. Mr. Toeldte will also receive a lump-sum payment equal to (a) 36 times the monthly group premium for healthcare, disability, and accident insurance plans, plus (b) three times the annual allowance for financial counseling services. The severance agreement also imposes confidentiality and nondisparagement provisions on Mr. Toeldte, as well as a nonsolicitation provision that will continue for one year after his employment terminates.

Robert M. McNutt, Jeffrey P. Lane, Robert E. Strenge, and Robert A. Warren

Pursuant to the terms of the severance agreements dated February 25, 2008, as amended February 18, 2010, with Messrs. McNutt, Strenge, and Warren and the severance agreement dated April 30, 2008, as amended February 18, 2010, with Mr. Lane, if these officers voluntarily terminate employment with good reason or their employment is involuntarily terminated without cause, as defined in their severance agreements, and subject to their execution of a valid release of employment-related claims, Mr. McNutt will be entitled to severance pay equal to 3 times his annual base salary at the rate in effect at the time he receives a notice of termination, and Messrs. Lane, Strenge, and Warren will be entitled to severance pay equal to 1.65 times their annual base salary at the rate in effect at the time they receive a notice of termination. To the extent not already paid, they will receive a lump-sum amount equal to the value of their unused and accrued time off, less any advanced time off. The company will maintain group insurance coverage (healthcare, disability, term life, and accident) and financial counseling services for 12 months following their date of termination, subject to the officer's payment of any applicable premium at the active employee rate. The company will also continue to pay the company-paid premium under the Supplemental Life Plan (if the officer was a participant in such plan) for 12 months.

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Compensation Tables

The following *Summary Compensation Table* presents:

- i **Alexander Toeldte** Compensation information for the fiscal years ended December 31, 2009 and 2008, for Mr. Toeldte, who has served as the company's president and chief executive officer following the closing of the Acquisition on February 22, 2008.

- i **Robert M. McNutt** Compensation information for the fiscal years ended December 31, 2009 and 2008, for Mr. McNutt, who has served as the company's senior vice president and chief financial officer following the closing of the Acquisition on February 22, 2008.

- i **Jeffrey P. Lane, Robert E. Streng, and Robert A. Warren** Compensation information for the fiscal years ended December 31, 2009 and 2008, for Messrs. Lane, Streng, and Warren, the company's three most highly compensated executive officers other than Messrs. Toeldte and McNutt.

These executive officers are referred to as named executive officers elsewhere in this Proxy Statement.

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| Name and Principal Position | Year | Salary (\$) ⁽¹⁾ | Bonus (\$) ⁽²⁾ | Stock Awards (\$) ⁽³⁾ | Non-Equity Incentive Plan Compen- sation (\$) ⁽⁴⁾ | Change in Pension Value and Nonqualified Deferred Compen- sation (\$) ⁽⁵⁾ | All Other Compen- sation (\$) ⁽⁶⁾ | Total (\$) ⁽³⁾ |
|--|------|-------------------------------|------------------------------|--|---|---|--|------------------------------|
| | | | | | | | | |
| Alexander Toeldte President and Chief Executive Officer | 2009 | \$ 793,940 | \$ | \$ 412,800 | \$ 1,319,992 | \$ 2,737 | \$ 25,530 | \$ 2,554,999 |
| | 2008 | 672,918 | | 2,398,780 | | 767 | 57,359 | 3,129,824 |
| Robert M. McNutt Senior Vice President and Chief Financial Officer | 2009 | 349,334 | | 171,355 | 377,518 | 39,711 | 10,562 | 948,480 |
| | 2008 | 296,084 | | 525,130 | | 130,693 | 2,264 | 954,171 |
| Jeffrey P. Lane Senior Vice President and General Manager, Packaging | 2009 | 377,122 | | 98,900 | 407,548 | 958 | 53,026 | 937,554 |
| | 2008 | 237,500 | 150,000 | 624,966 | | 232 | 65,943 | 1,078,641 |
| Robert E. Streng Senior Vice President, Manufacturing | 2009 | 297,728 | | 98,900 | 321,748 | 46,117 | 20,684 | 785,177 |
| | 2008 | 250,000 | 50 | 263,341 | | 629,165 | 117,539 | 1,260,095 |
| Robert A. Warren Senior Vice President and General Manager, Paper and Supply Chain | 2009 | 315,247 | | 124,700 | 348,560 | 51,891 | 12,587 | 852,985 |
| | 2008 | 216,250 | | 263,341 | | 202,444 | 2,432 | 684,467 |

(1) *2009 Salary* The 2009 amounts reported for the named executive officers represent salaries paid from January 1, 2009, through December 31, 2009. *2008 Salary* The 2008 amounts reported for Messrs. Toeldte, McNutt, Streng, and Warren represent salaries paid from the date of the closing of the Acquisition on February 22, 2008, through December 31, 2008. The 2008 amount reported for Mr. Lane represents salary paid from April 30, 2008 (the date he joined the company) through December 31, 2008.

These amounts include amounts deferred under the company's Savings Plan and Deferred Compensation Plan. The company's Savings Plan is a defined contribution plan intended to be qualified under Section 401(a) of the Internal Revenue Code that contains a cash or deferred arrangement meeting the requirements of Section 401(k) of the code. The company's Deferred Compensation Plan is a nonqualified savings plan offered to key employees, including the named executive officers.

For further information on the company's Deferred Compensation Plan, please refer to the sections of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Discussion and Analysis, Executive Compensation Program Elements, Deferred Compensation Plan and Compensation Tables, Nonqualified Deferred Compensation Table*.

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(2) *2009 Bonus* None of the named executive officers received a discretionary bonus in 2009.

2008 Bonus The 2008 amount reported for Mr. Lane represents a signing bonus he received when he joined the company on April 30, 2008. The 2008 amount reported for Mr. Strenge represents a safety award.

(3) *2009 Stock Awards* On March 16, 2009, Messrs. Toeldte, McNutt, and Lane were awarded, at no cost, 960,000; 398,500; and 230,000 restricted stock shares, respectively, under the Boise Inc. Incentive and Performance Plan. Also on March 16, 2009, Messrs. Strenge and Warren were awarded, at no cost, 230,000 and 290,000 restricted stock units, respectively, under the Boise Inc. Incentive and Performance Plan. The amounts reported for these awards reflect the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718. These 2009 stock awards were all service-condition vesting awards.

2008 Stock Awards On May 2, 2008, Messrs. Toeldte, McNutt, and Lane were awarded, at no cost, 975,100; 213,400; and 254,000 restricted stock shares, respectively, under the Boise Inc. Incentive and Performance Plan. Also on May 2, 2008, Messrs. Strenge and Warren were each awarded, at no cost, 107,000 restricted stock units under the Boise Inc. Incentive and Performance Plan. The amounts reported for these awards reflect the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718. These 2008 stock awards and 2008 *Total* compensation have been recomputed in accordance with FASB ASC Topic 718, as required by SEC rules, to facilitate a year-to-year comparison. These 2008 stock awards consisted of a combination of service- and market-condition vesting awards.

For further information on these long-term incentive awards, please refer to the sections of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Discussion and Analysis, Executive Compensation Program Elements, Long-Term Incentive Compensation and Compensation Tables, Grants of Plan-Based Awards Table, Outstanding Equity Awards at Fiscal Year-End Table, Option Exercises and Stock Vested Table, and Severance Tables*.

(4) *2009 Non-Equity Incentive Plan Compensation* On February 19, 2009, the Compensation Committee approved the 2009 short-term incentive award criteria for the named executive officers pursuant to the Boise Inc. Incentive and Performance Plan. Payments were made to the named executive officers under these 2009 awards because the company's performance objectives were met.

2008 Non-Equity Incentive Plan Compensation On April 30, 2008, the Compensation Committee approved the 2008 short-term incentive award criteria for the named executive officers pursuant to the Boise Inc. Incentive and Performance Plan. No payments were made to the named executive officers under these 2008 awards because the company's performance objectives were not met.

For further information on these short-term incentive awards, please refer to the sections of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Discussion and Analysis, Executive Compensation Program Elements, Short-Term Incentive Compensation and Compensation Tables, Grants of Plan-Based Awards Table*.

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(5) Amounts disclosed in the *Change in Pension Value and Nonqualified Deferred Compensation Earnings* column include the following:

| Name | Year | Change in | Nonqualified |
|-------------------|------|---------------------|--------------------------------|
| | | Pension Value | Deferred Compensation Earnings |
| | | (\$) ^(a) | (\$) ^(b) |
| Alexander Toeldte | 2009 | \$ | \$ 2,737 |
| | 2008 | | 767 |
| Robert M. McNutt | 2009 | 39,711 | |
| | 2008 | 130,693 | |
| Jeffrey P. Lane | 2009 | | 958 |
| | 2008 | | 232 |
| Robert E. Strenge | 2009 | 46,117 | |
| | 2008 | 629,165 | |
| Robert A. Warren | 2009 | 51,891 | |
| | 2008 | 202,444 | |

- (a) The amounts reported for Messrs. McNutt, Strenge, and Warren reflect the actuarial increase in the present value of their benefits under all of the company's pension plans using interest rate and mortality rate assumptions consistent with those used in the company's financial statements and include amounts such officers may not be currently entitled to receive because such amounts are not vested. For further information on the valuation method and all material assumptions applied in quantifying these amounts, please refer to the company's 2009 Annual Report on Form 10-K, Item 8. Notes to Consolidated Financial Statements, Footnote 14, *Retirement and Benefit Plans*. Messrs. Toeldte and Lane are not eligible to participate in the company's pension plans.

Prior to the Acquisition, Mr. Strenge was a participant in the Boise Cascade Supplemental Early Retirement Plan for Executive Officers (the Boise Cascade SERP), which like the company's SERP, provided unreduced early retirement benefits for eligible officers. The Boise Cascade SERP also provided an offset for amounts payable from a predecessor company's plan so that only a portion of the benefit was payable from Boise Cascade. Upon the closing of the Acquisition, the Boise Cascade SERP obligations (and its predecessor company's) were extinguished. Accordingly, Mr. Strenge's SERP benefits became the company's sole obligation, resulting in a substantial increase in the reported *Change in Pension Value* for 2008 for Mr. Strenge.

For further information on the company's pension plans, please refer to the sections of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Discussion and Analysis, Executive Compensation Program Elements, Retirement and Health Benefits and Compensation Tables, Pension Benefits Table*.

- (b) The amounts reported for Messrs. Toeldte and Lane reflect the above-market portion of the interest they earned on compensation they deferred in 2008. None of the named executive officers elected to defer any of their 2009 compensation under the company's Deferred Compensation Plan. The above-market portion represents interest on deferred compensation that exceeds 120% of the applicable federal long-term rates, with compounding at the rate that corresponds most closely to the rate under the company's plan (130% of Moody's Composite Yields on Corporate Bonds).

For further information on the company's Deferred Compensation Plan, please refer to the sections of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Discussion and Analysis, Executive Compensation Program Elements, Deferred Compensation Plan and Compensation Tables, Nonqualified Deferred Compensation Table*.

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(6) Amounts disclosed in the *All Other Compensation* column include the following:

| Name | Year | Company- | | | |
|-------------------|------|--|--|--|------------------------|
| | | Company-Matching Contributions to Savings Plan | Matching Contributions to Deferred Compensation Plan | Company-Paid Portion of Executive Officer Life Insurance | Reportable Perquisites |
| | | (\$) ^(a) | (\$) ^(a) | (\$) ^(b) | (\$) ^(c) |
| Alexander Toeldte | 2009 | \$ 6,300 | \$ 17,718 | \$ 1,512 | \$ |
| | 2008 | | 42,918 | 300 | 14,141 |
| Robert M. McNutt | 2009 | 9,242 | | 1,320 | |
| | 2008 | 1,964 | | 300 | |
| Jeffrey P. Lane | 2009 | 9,155 | 4,132 | 1,512 | 38,227 |
| | 2008 | | 13,775 | 354 | 51,814 |
| Robert E. Strenge | 2009 | 10,763 | | 9,921 | |
| | 2008 | | | 8,771 | 108,768 |
| Robert A. Warren | 2009 | 10,595 | | 1,992 | |
| | 2008 | 1,598 | | 834 | |

- (a) The company's Savings Plan is a defined contribution plan intended to be qualified under Section 401(a) of the Internal Revenue Code that contains a cash or deferred arrangement meeting the requirements of Section 401(k) of the Code. The company's Deferred Compensation Plan is a nonqualified savings plan offered to key employees, including the named executive officers. Participants in the Deferred Compensation Plan may choose to have matching contributions made under the Deferred Compensation Plan in lieu of receiving matching contributions under the Savings Plan.

For further information on the company's Deferred Compensation Plan, please refer to the sections of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Discussion and Analysis, Executive Compensation Program Elements, Deferred Compensation Plan* and *Compensation Tables, Nonqualified Deferred Compensation Table*.

- (b) The company maintains two plans under which company paid life insurance is made available to its officers. Under its Salaried Employee Life Insurance Plan, the company provides, at its expense during each salaried employee's period of employment, life insurance in an amount equal to the employee's base salary. All of the company's salaried employees, including its named executive officers, are covered by this plan. In addition, Mr. Strenge is eligible for and participated in the company's Supplemental Life Plan, under which his company-paid life insurance benefit during employment is increased to two times his base salary. The plan also provides Mr. Strenge with a postretirement death benefit equal to one times his final base salary.

For further information on the company's Supplemental Life Plan, please refer to the section of this Proxy Statement entitled *EXECUTIVE COMPENSATION, Compensation Discussion and Analysis, Executive Compensation Program Elements, Supplemental Life Plan*.

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- (c) *2009 Perquisites* The costs for 2009 perquisites the company provided to Messrs. Toeldte, McNutt, Streng, and Warren are not reflected because the total amount for each officer did not exceed \$10,000. Mr. Lane's relocation expenses consisted of te