BOISE INC.
Form DEF 14A
March 17, 2009

Table of Contents

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

SCHEDULE 14A

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

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o 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):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5)

Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Notice of
2009 Annual Shareholders' Meeting
and Proxy Statement

Table of Contents

CONTENTS

Table of Contents

CHAIR'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders:

On February 22, 2008, Boise Inc. was formed following the Aldabra 2 Acquisition Corp. purchase of the paper and packaging assets of Boise Cascade, L.L.C. Boise Inc. is a new company with a talented management team, strong cash-generating capability, and a strategic focus on growing the packaging side of the business.

Early in the year, we faced significant and rapid cost inflation in many of the commodity raw material and energy inputs we use in our manufacturing processes. As the year progressed, the global financial crisis brought significant challenges to the economy, and we began to experience a softening of demand for some of our products.

Despite this challenging environment, I am pleased to report that management and the entire Boise Inc. team took many actions to make Boise Inc. a stronger and more competitive company.

- We completed the upgrade of our linerboard machine in DeRidder, Louisiana, which extended our linerboard production capability and reduced our fossil fuel consumption.

- We continued to generate strong growth in our label and release, flexible packaging, and premium office papers, building on previous investments at our Wallula, Washington, mill.

- We restructured our St. Helen's, Oregon, mill to reduce our exposure to declining printing and converting markets, lower our cost structure, and enhance margins.

- Most importantly, we achieved all of this while delivering exceptional safety results, finishing the year with an incident rate (IR) of 1.3, compared with a target of 1.8, and we executed a "perfect game" in environmental performance in 2008 no notices of violation and no environmental penalties.

There are many challenges ahead. As I write this letter, reports on the U.S. and global economy continue to be almost universally negative with the ultimate impact to our markets yet to be determined. Our share price, like others in our industry, has been very disappointing.

One thing has not changed: Our goal of producing a superior return on capital and thus generating value for our shareholders. The actions we took and the results we delivered in 2008 put us in a stronger position as we move into our second year as Boise Inc.

On behalf of the board of directors, I thank all Boise employees for their dedication and hard work, and I thank shareholders for your support.

Cordially,

Carl A. Albert
Chair of the Board of Directors

March 17, 2009

Table of Contents

NOTICE OF 2009 ANNUAL SHAREHOLDERS' MEETING

To Boise Inc. Shareholders:

Boise Inc. will hold its 2009 Annual Shareholders' Meeting on Thursday, April 23, 2009, 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 three directors;

2. Approve an amendment to the Boise Inc. Incentive and Performance Plan to increase the number of shares authorized under the plan; and

3. Transact other business properly presented at the meeting.

Your board of directors recommends you vote FOR all director nominees and FOR the approval of the amendment to the Boise Inc. Incentive and Performance Plan. 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 17, 2009

Table of Contents

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 2008 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, 2008 Annual Report on Form 10-K, and a proxy card to shareholders of record on or about March 17, 2009.

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*. You may also obtain copies of our SEC filings, free of charge, by calling (208) 384-7803 or by sending a written request to:

Boise Inc.
Attention: Investor Relations
PO Box 990050
Boise, ID 83799-0050

Record Date and Voting at Our 2009 Annual Shareholders' Meeting

Shareholders owning our common stock at the close of business on March 13, 2009 (the Record Date), may vote at our 2009 Annual Shareholders' Meeting. On the Record Date, 79,879,388 shares of our common stock were outstanding. Each share is entitled to one vote on each matter to be voted upon at our 2009 Annual Shareholders' Meeting.

All valid proxies properly executed and received by us prior to our 2009 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 the three director nominees and **FOR** the approval of the amendment to the Boise Inc. Incentive and Performance Plan to increase the number of shares authorized under the plan. 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 2009 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 2009 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 2009 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 proposal to amend the Boise Inc. Incentive and Performance Plan to increase the number of shares of stock available for issuance under the plan.

Table of Contents

The three 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 proposal to amend the Boise Inc. Incentive and Performance Plan to increase the number of shares of stock available for issuance under the plan will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal. 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, e-mail, 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 2008 Annual Report on Form 10-K may have been sent for use by multiple shareholders in your household. We will promptly deliver a separate copy of these documents to you if you write to the Broadridge Householding Department, 51 Mercedes Way, Edgewood, NY 11717, or call Broadridge toll free at 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 above.

Table of Contents

SHAREHOLDER COMMUNICATIONS

Shareholder 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 e-mailing them at directors@BoiseInc.com. All shareholder 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

Shareholder Proposals for Inclusion in Next Year's Proxy Statement

To be considered for inclusion in next year's Proxy Statement, according to SEC rules, our corporate secretary must receive shareholder proposals at the address shown above not later than November 16, 2009. In addition, 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 April 23, 2010.

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.

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 initial termination dates for, each class are:

Class	Director Members	Initial Termination Date
I	Carl A. Albert Thomas S. Souleles Jason G. Weiss	Date of 2009 Annual Meeting
II	Jonathan W. Berger Jack Goldman W. Thomas Stephens	Date of 2010 Annual Meeting
III	Nathan D. Leight Matthew W. Norton Alexander Toeldte	Date of 2011 Annual 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

Three nominees, Messrs. Albert, Souleles, and Weiss, are standing for election as directors at our 2009 Annual Shareholders' Meeting to hold office for three-year terms expiring in 2012.

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 three 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.

All three director nominees have confirmed their availability for election. If any of the director nominees become unavailable to serve as a director for any reason prior to our 2009 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.

Biographical information follows for the three director nominees and for the directors continuing in office.

Our board of directors recommends shareholders vote FOR all three director nominees.

Table of Contents

Carl A. Albert
Nominee

Jonathan W. Berger

Jack Goldman

Nathan D. Leight

Matthew W. Norton

Thomas S. Souleles
Nominee

W. Thomas Stephens

Alexander Toeldte

Jason G. Weiss
Nominee

Carl A. Albert, 67 ***Nominee***

Mr. Albert serves as our board chair. He has served as a director of the company since its inception in 2007. 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. Mr. Albert is also a member of the boards of directors of Tulip Corporation, a privately held manufacturing company, and the National Asthma Campaign. Mr. Albert received a B.A. from the University of California at Los Angeles and an L.L.B. from the University of California at Los Angeles School of Law.

Jonathan W. Berger, 50

Mr. Berger has served as a director of the company since its inception in 2007. Mr. Berger has been associated with Navigant Consulting, Inc., an NYSE-listed consulting firm, since December 2001 and is the managing director and co-leader of that firm's corporate finance practice. He has also been president of Navigant Capital Advisors, L.L.C., Navigant Consulting, Inc.'s registered broker-dealer, since October 2003. 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. Mr. Berger is also a member of the board of directors of Great Lakes Dredge & Dock Corporation and is chair of its audit committee. Mr. Berger received a B.S. from Cornell University and an M.B.A. from Emory University. Mr. Berger is a certified public accountant. Mr. Berger is the cousin of Nathan D. Leight, one of our directors.

Jack Goldman, 68

Mr. Goldman has served as a director of the company since February 2008. Since January 2006, he has been a partner in the law firm of Theodora, Oringher, Miller & Richman PC in Los Angeles. 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. Prior to this, he was a partner in the law firm of Keck, Mahin & Cate from 1989 until 1994. Mr. Goldman was general counsel of Superscope, Inc., a multinational manufacturer and distributor of brand name consumer audio products from 1975 to 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. He returned to private practice through his own law firm beginning in November 1980 through May 1989. From April 2001 until December 2007, Mr. Goldman served as chair and chief executive officer of Business Protection Systems International, Inc. (BPSI), a privately held provider of proprietary software solutions for business continuity and risk management programs for business and public sector clients. Mr. Goldman continues to serve as a director of BPSI. Mr. Goldman received a B.A. from Lafayette College and a J.D. from the University of California at Los Angeles School of Law.

Nathan D. Leight, 49

Mr. Leight has served as a director of the company since its inception in 2007. Prior to our acquisition of Boise Cascade Holdings, L.L.C.'s paper, packaging, and newsprint businesses on February 22, 2008, he was the chair of our board. Mr. Leight is the co-founder, chief investment officer, and a senior managing member of Terrapin Partners, LLC, and Terrapin Asset Management, LLC, both private investment entities. From 2004 to 2006, he was chair of the board of Aldabra Acquisition Corporation, a previously publicly traded blank check company. In December 2006, Aldabra merged with Great Lakes Dredge & Dock Corporation, and since that time, Mr. Leight has served as a director of that company. From 2000 to 2002, he served as 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. Mr. Leight received an A.B. from Harvard College (cum laude). 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).

Matthew W. Norton, 30

Mr. Norton has served as a director of the company since January 2009. Mr. Norton has been employed by Madison Dearborn Partners since May 2008 and currently serves as a vice president. From August 2006 to May 2008, Mr. Norton attended The Wharton School of the University of Pennsylvania. From July 2004 to August 2006, he was employed by Madison Dearborn Partners as an associate. From 2001 to 2004, he was employed by Merrill Lynch. Mr. Norton is also a member of the boards of directors of Forest Products Holdings, L.L.C., and Boise Cascade Holdings, L.L.C. Mr. Norton received a B.S. and an M.B.A. from The Wharton School of the University of Pennsylvania. Mr. Norton serves on our board as a designee of the Boise Majority Holders (as defined in the Investor Rights Agreement).

Table of Contents

Thomas S. Souleles, 40 *Nominee*

Mr. Souleles has served as a director of the company since February 2008. He has been employed by Madison Dearborn Partners since 1995 and currently serves as a managing director, concentrating in the basic industries sector. Mr. Souleles is also a member of the boards of directors of Forest Products Holdings, L.L.C., Boise Cascade Holdings, L.L.C., Great Lakes Dredge & Dock Corporation, US Power Generating Company, and The Children's Memorial Medical Center and of the board of trustees of the National Multiple Sclerosis Society, Greater Illinois Chapter. Mr. Souleles received an A.B. from Princeton University, a J.D. from Harvard Law School, and an M.B.A. from the Harvard Graduate School of Business Administration. Mr. Souleles serves on our board as a designee of the Boise Majority Holders (as defined in the Investor Rights Agreement).

W. Thomas Stephens, 66

Mr. Stephens has served as a director of the company since February 2008. From October 2004 to November 2008, he served as Boise Cascade Holdings, L.L.C.'s chief executive officer and chairman and one of its directors. 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. From 1982 to 1985, he served as the chief executive officer of Riverwood Corporation. Mr. Stephens is also a member of the board of directors of TransCanada Pipelines Limited. Mr. Stephens received a B.S. and an M.S.I.E. from the University of Arkansas. Mr. Stephens serves on our board as a designee of the Boise Majority Holders (as defined in the Investor Rights Agreement).

Alexander Toeldte, 49

Mr. Toeldte has served as the company's president and chief executive officer and a director since February 2008. 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. From 2001 to 2003, Mr. Toeldte served 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. From 1999 to 2001, Mr. Toeldte served in various capacities with Fletcher Challenge Limited Group, which was formerly one of the largest companies in New Zealand with holdings in paper, forestry, building materials, and energy. From 2000 to 2001, he was chief executive officer of Fletcher Challenge Building, and from 1999 to 2000, he was chief executive officer of Fletcher Challenge Paper, both of which were publicly traded units of the Fletcher Challenge Limited Group. Prior to 1999, Mr. Toeldte was a partner at McKinsey & Company, where he served since 1986 in Toronto, Brussels, Montreal, and Stockholm. Mr. Toeldte is a member of the board of directors of the American Forest & Paper Association (AF&PA). Mr. Toeldte studied economics at the Albert-Ludwigs-Universität in Freiburg, Germany, and received an M.B.A. from McGill University in Montreal.

Jason G. Weiss, 39 *Nominee*

Mr. Weiss has served as a director of the company since its inception in 2007. Prior to our acquisition of Boise Cascade Holdings, L.L.C.'s paper, packaging, and newsprint businesses on February 22, 2008, he was our chief executive officer, secretary, and a member of our board of directors. Mr. Weiss is the co-founder and a managing member of Terrapin Partners, LLC, Terrapin Asset Management, LLC, and TWF Management

Table of Contents

Company. 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 Corporation, and since that time, Mr. Weiss has served as a director of that company. From 1999 to 2000, Mr. Weiss 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 L.L.C. and, during 2004, served as a managing member of American Classic Sanitation LLC. Besides serving on the board of directors of Great Lakes Dredge & Dock Corporation, Mr. Weiss also serves on the boards of directors of Equipois, Inc., a privately held manufacturer of mechanical arms that reduce worker injuries from sustained work with heavy tools, and Underground Solutions, Inc., a publicly traded water infrastructure technology company focused on trenchless rehabilitation of water pipelines. Mr. Weiss received a B.A. from the University of Michigan (with Highest Distinction) and a J.D. (cum laude) from Harvard Law School. Mr. Weiss serves on our board of directors as a designee of the Aldabra Majority Holders (as defined in the Investor Rights Agreement).

Table of Contents

Proposal No. 2 Approval of Amendment to the Boise Inc. Incentive and Performance Plan

We ask you to consider and approve an amendment to the Boise Inc. Incentive and Performance Plan (the BIPP), which was approved by our board of directors in February 2009. This amendment, subject to your approval, increases the number of shares approved for issuance under the BIPP by 12,000,000 shares, bringing the total number of shares approved for issuance under the BIPP to 17,175,000.

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.

On February 5, 2008, our shareholders approved the adoption of the BIPP in connection with our acquisition of Boise Cascade Holdings, L.L.C.'s paper, packaging, and newsprint assets (the Acquisition). At that time, a total of 5,175,000 shares of the company's common stock were reserved for issuance under the BIPP. Since the Acquisition and as of March 13, 2009, 13 officers, 43 other key employees, and 8 nonemployee directors had received restricted stock or restricted stock unit awards under the BIPP, totaling 3,113,700 shares, of which 2,436,966 shares of our common stock remain subject to these awards. As of March 13, 2009, 43,017 shares had been forfeited by award recipients. We have 2,104,317 shares currently available for future grants under the BIPP.

The Compensation Committee has approved additional awards of restricted stock and restricted stock units to our officers and other key employees, and our board of directors has approved awards of restricted stock and restricted stock units to our nonemployee directors. These awards, totaling 4,602,185 shares of restricted stock and 1,238,558 restricted stock units, were awarded on March 16, 2009, but are subject to your approval. Assuming your approval and the grant of these awards, the remaining shares available under the BIPP will be 8,263,574 shares.

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.

Restricted Stock. Restricted stock is common stock the company transfers or sells to a participant, which is subject to a 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.

Table of Contents

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;
- Net income;
- Operating income;
- Operating profit or net operating profit;
- Cash flow;
- Economic profit;
- Return on assets;
- Return on capital;
- Return on investment;
- Return on 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;
- Growth in shareholder value relative to various indices; and
- Strategic plan development and implementation.

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.

The following shares of common stock will again be available for issuance under the BIPP:

- Shares subject to an incentive award that is canceled, expired, terminated, forfeited, surrendered, or otherwise settled without the issuance of any stock; and
- Shares of stock related to an incentive award that is settled in cash in lieu of stock.

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.

Table of Contents

Administration of the BIPP

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

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

- Increase the number of shares subject to the BIPP;
- 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;
- Materially increase the benefits to participants; or
- 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 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 (i.e., 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

12

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 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

Table of Contents

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 $1,000,000 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.

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 Amendment

This amendment increases the number of shares approved for issuance under the BIPP by 12,000,000 shares, bringing the total number of shares approved for issuance under the BIPP to 17,175,000.

Our board of directors believes this amendment is essential to maintain a competitive total compensation program. Without this amendment, we will not have sufficient shares available under the BIPP to provide for competitive grants in 2009 and beyond, consistent with the purpose of the BIPP and our compensation practices. In order to maintain the continuity and consistency of the program, our board recommends amending the BIPP to authorize additional shares.

This amendment will not be effective unless it is approved by our shareholders.

Table of Contents

Additional Information

As of the Record Date, the closing price of our common stock on the NYSE was $0.42 per share. For further information on awards granted under the BIPP, please refer to the following sections of this Proxy Statement:

Corporate Governance Principles and Board Matters, Director Compensation 2008 Director Equity Grants, 2009 Director Compensation, and *Director Compensation Table*

Security Ownership, Beneficial Ownership of Our Directors and Executive Officers and *Securities Authorized for Issuance Under Our Equity Compensation Plan as of December 31, 2008*

Executive Compensation, Compensation Discussion and Analysis Long-Term Incentive Compensation

Executive Compensation, Compensation Tables Summary Compensation Table, Grants of Plan-Based Awards Table, Outstanding Equity Awards at Fiscal Year-End Table, Option Exercises and Stock Vested Table, and *Severance Tables*

The referenced sections describe the awards granted under the BIPP to our officers, key employees, and nonemployee directors in 2008 and 2009. The proposed amendment does not affect the 2008 awards; however, the 2009 awards are subject to shareholder approval. If shareholders do not approve the amendment to the BIPP, the 2009 awards will be reduced pro rata based on the shares available under the BIPP. A copy of the BIPP is on file with the SEC.

This amendment will be approved if a majority of shares present at the meeting vote in favor of the proposal.

Our board of directors recommends shareholders vote FOR the approval of the amendment to the Boise Inc. Incentive and Performance Plan.

Table of Contents

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 level. 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*. You may also obtain a copy of the Guidelines, free of charge, by calling (208) 384-7803 or by sending a written request to:

Boise Inc.
Attention: Investor Relations
PO Box 990050
Boise, ID 83799-0050

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, Norton, Souleles, and Stephens 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*. Specifically, our board considered the relationship that Messrs. Norton, Souleles, and Stephens have, or have had in the past, with our majority shareholder, Boise Cascade Holdings, L.L.C., as well as the rights that some of our directors have under the Investor Rights Agreement.

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 or committee's sole discretion and is paid for by the company.

Board and Committee Matters

2008 Overall Meeting Attendance Rates

During 2008, our board of directors met ten times. In addition to meetings of the full board, our directors also attended 31 meetings of board committees. Overall, our directors had an attendance rate of 91%. 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 Zaid F. Alsikafi, whose overall attendance rate was 58%.

Table of Contents

Mr. Alsikafi resigned from our board of directors effective December 31, 2008.

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

Executive Sessions

Our board of directors and each of our committees regularly meet in executive session 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
Governance Committee
Nominating 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 Members:

Carl A. Albert, *Committee Chair*
Jonathan W. Berger
Jack Goldman
Thomas S. Souleles
Alexander Toeldte

Meetings in 2008: None

Meeting Attendance Rate: N/A

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

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.

Audit Committee

Current Members (all are independent as defined under the NYSE's listing standards):

Jonathan W. Berger, *Committee Chair**
Carl A. Albert
Jack Goldman
Matthew W. Norton*

**Our board of directors has determined that Mr. Berger is an "Audit Committee Financial Expert" under the SEC's definition. Mr. Norton joined our board of directors and was appointed to our Audit Committee effective January 1, 2009.*

2008 Meetings: 15

2008 Meeting Attendance Rate:

Jonathan W. Berger	100%
Carl A. Albert	100%
Jack Goldman	100%
Matthew W. Norton	N/A

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

- Selecting the independent auditor;
- Approving the overall scope of the audit;
- 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;

Table of Contents

- Establishing clear hiring policies for employees or former employees of the external auditors;
- Preapproving all audit services and nonaudit services to be performed for us by the independent auditors;
- 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;
- 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;
- 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;
- 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";
- 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;
- Discussing earnings press releases and other financial information provided to the public with management and the independent auditor, as appropriate;
- 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;
- Reviewing with management the appointment and replacement of the senior internal auditing executive and annually evaluating his or her performance;
- Reviewing with the senior internal auditing executive the significant reports to management prepared by the internal auditing department and management's responses;
- 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;
- 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;
- 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;

Meeting separately with management, the corporate audit staff, and the independent auditor;

Handling such other matters that are specifically delegated to the Audit Committee by our board of directors from time to time; and

Reporting regularly to the full board of directors.

Table of Contents

Compensation Committee

Current Members (all are independent as defined under the NYSE's listing standards):

Thomas S. Souleles, *Committee Chair*
Carl A. Albert
Jack Goldman*
W. Thomas Stephens*

**Zaid F. Alsikafi resigned from our board of directors and the Compensation Committee effective December 31, 2008. Messrs. Goldman and Stephens were appointed to the Compensation Committee effective January 1, 2009.*

2008 Meetings: 8

2008 Meeting Attendance Rate:

Thomas S. Souleles	88%
Carl A. Albert	100%
Zaid F. Alsikafi	50%
Jack Goldman	N/A
W. Thomas Stephens	N/A

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

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

Governance Committee

Current Members (all are independent as defined under the NYSE's listing standards):

Jack Goldman, *Committee Chair*
Carl A. Albert
Jonathan W. Berger*

**Zaid F. Alsikafi resigned from our board of directors and the Governance Committee effective December 31, 2008. Mr. Berger was appointed to the Governance Committee effective January 1, 2009.*

2008 Meetings: 5

2008 Meeting Attendance Rate:

Jack Goldman	100%
Carl A. Albert	100%
Zaid F. Alsikafi	40%
Jonathan W. Berger	N/A

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

Annually reviewing and recommending director compensation and benefits;

Recommending to our board of directors the response to any shareholder proposal we receive;

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

Table of Contents

such guidelines and code of ethics at least annually and recommending changes as necessary;

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

Reviewing and evaluating our board of directors' criteria for director eligibility and recommending to our board of directors guidelines for determining director independence.

Nominating Committee

Current Members (all are independent as defined under the NYSE's listing standards):

Carl A. Albert, *Committee Chair*
Jonathan W. Berger
Matthew W. Norton*

**Zaid F. Alsikafi resigned from our board of directors and the Nominating Committee effective December 31, 2008. Mr. Norton joined our board of directors and was appointed to the Nominating Committee effective January 1, 2009.*

2008 Meetings: 3

2008 Meeting Attendance Rate:

Carl A. Albert	100%
Jonathan W. Berger	100%
Zaid F. Alsikafi	67%
Matthew W. Norton	N/A

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

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

Other Committees

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

Director Selection Process

Our board of directors is responsible for selecting the nominees for election to our board. The Nominating Committee, after consultation with the chair of our board 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 the chair of our board.

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

- General understanding of elements relevant to the success of a publicly traded company in the current business environment;

- Understanding of our business; and

- 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

Table of Contents

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).

Given our current ownership structure, our Nominating Committee has not adopted a written policy regarding shareholder nominations for directors. In accordance with our Bylaws, however, our Nominating Committee will consider shareholder nominations for directors (please refer to the section of this Proxy Statement entitled *Shareholder Communications, 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 2009 Annual Shareholders' Meeting.

Board and Committee Evaluations

Our nonemployee directors perform an annual self-evaluation of our board of directors and its committees. The assessment includes a review of the overall effectiveness of our board of directors and the areas in which the directors believe our board of directors can make an impact on the company. 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 of directors and its committees.

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.

A copy of our Code of Ethics is available, free of charge, by visiting our website at www.BoiseInc.com and selecting *Investors*, *Corporate Governance*, and then *Code of Ethics*. You may also obtain a copy of our Code of Ethics, free of charge, by calling (208) 384-7803 or by sending a written request to:

Boise Inc.
Attention: Investor Relations
PO Box 990050
Boise, ID 83799-0050

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.

Conflicts of Interest

Our directors must be free from any conflicts of interest that would interfere with their loyalty to us or to our shareholders in accordance with Delaware law and our Code of Ethics. If any potential conflict of interest arises for one of our directors, that director will promptly inform our general counsel. If a significant conflict issue arises that cannot be resolved, the director will resign. All directors will excuse themselves from any discussion affecting their personal, business, or professional interests and must familiarize themselves with our Code of Ethics.

Director Compensation

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

- Cash retainer;
- Committee membership fees;
- Equity grant; and

21

Table of Contents

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.

Director Fees

In 2008, our paid directors received the following compensation for their board service:

Director Fees	
Cash Retainer	$ 50,000
Equity Grant	$150,000
2008 Special Equity Grant[(1)]	$ 50,000
Board Chair Equity Grant[(2)]	$250,000
Committee Chair Fees	
Audit	$ 15,000
Compensation	$ 10,000
Other Committees	$ 8,000
Nonchair Committee Membership Fees	
Audit	$ 10,000
Compensation	$ 8,000
Other Committees	$ 5,000

(1)
Messrs. Berger and Goldman received special equity grants in recognition of their service to the board during the initial year.

(2)
This equity grant was in addition to the cash retainer, committee membership fees, and the $150,000 regular equity grant.

2008 Director Equity Grants

We believe our director compensation should encourage ownership of the company's stock. In light of that goal, on May 2, 2008, our paid directors received time-vesting grants of restricted stock (2008 Director Restricted Stock) or restricted stock units (2008 Director Restricted Stock Units) as shown in the following table. Directors who received 2008 Director Restricted Stock were required by the terms of grant to make an 83(b) election and include the value of the stock in their 2008 income. Those who did not want to make this election received 2008 Director Restricted Stock Units.

Name	2008 Director Restricted Stock[(1)]	2008 Director Restricted Stock Units[(2)]
Carl A. Albert	96,200	
Zaid F. Alsikafi[(1)]	36,100	
Jonathan W. Berger		48,100
Jack Goldman		48,100
Nathan D. Leight	36,100	
Matthew W. Norton[(3)]		
Thomas S. Souleles	36,100	
W. Thomas Stephens		36,100
Jason G. Weiss	36,100	

(1)

The 2008 Director Restricted Stock granted to Messrs. Albert, Leight, Souleles, and Weiss vested in full on March 2, 2009.

Mr. Alsikafi resigned from our board of directors on December 31, 2008. Pursuant to his Director Restricted Stock Award Agreement, we made a pro rata calculation to determine the number of Mr. Alsikafi's fully vested shares and those that were forfeited upon his resignation. This calculation was based on the number of full calendar months from the time of his grant until his resignation on December 31, 2008, divided by 12. Pursuant to this calculation, 30,083 shares were fully vested and 6,017 shares were forfeited on December 31, 2008.

(2)

The 2008 Director Restricted Stock Units granted to Messrs. Berger, Goldman, and Stephens represented a contingent right to receive one share of Boise Inc. common stock for each unit. The 2008 Director Restricted Stock Units vested in full on March 2, 2009.

(3)

Mr. Norton joined our board of directors on January 1, 2009, and was not awarded a 2008 equity grant.

Table of Contents

Directors Deferred Compensation Plan

On April 4, 2008, our board of directors approved the Boise Inc. Directors Deferred Compensation Plan. The plan is a "nonqualified" 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.

Mr. Berger was the only director who elected to participate in this plan in 2008, deferring 50% of his 2008 cash compensation. None of our directors have elected to defer any of their 2009 cash compensation under this plan.

No changes are expected to be made to our Directors Deferred Compensation Plan in 2009.

For further information on our Directors Deferred Compensation Plan, please refer to the section of this Proxy Statement entitled *Corporate Governance Principles and Board Matters, Director Compensation Director Compensation Table*.

2009 Director Compensation

Beginning in 2009, Messrs. Norton and Souleles have declined to receive compensation (both cash and equity) for their service on our board of directors.

Cash Retainer and Committee Membership Fees

The Governance Committee recently reviewed our director compensation and determined no changes were necessary to our cash retainer and committee membership fees structure for 2009.

Equity Grants

Upon recommendation of the Governance Committee, our board of directors recently approved 2009 equity grants for each nonmanagement director (other than Messrs. Norton and Souleles, who have declined 2009 compensation) valued at $100,000. This represents a $50,000 reduction from 2008 levels. These grants will be time-vesting restricted stock or restricted stock units, which will vest on March 15, 2010. The number of shares or units to be granted to each paid director will be determined by dividing the Total Value shown in the following table by our closing stock price on March 16, 2009. These 2009 equity grants are contingent on shareholder approval of the amendment to the Boise Inc. Incentive and Performance Plan to increase the number of shares authorized under the plan.

Name	**Total Value**
Carl A. Albert[(1)]	$ 350,000
Jonathan W. Berger	100,000
Jack Goldman	100,000
Nathan D. Leight	100,000
W. Thomas Stephens	100,000
Jason G. Weiss	100,000

(1) Mr. Albert's Total Value consists of $100,000 for his annual director fees equity grant and $250,000 for his annual board chair equity grant.

Table of Contents

Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[2]	Total ($)
Carl A. Albert	$ 75,650	$ 333,493	$	$ 409,143
Zaid F. Alsikafi	57,800	125,147		182,947
Jonathan W. Berger	63,750	166,747	244	230,741
Jack Goldman	62,050	166,747		228,797
Nathan D. Leight	42,500	125,147		167,647
Matthew W. Norton[3]	0	0		0
Thomas S. Souleles	55,250	125,147		180,397
W. Thomas Stephens	42,500	125,147		167,647
Jason G. Weiss	42,500	125,147		167,647

(1)
On May 2, 2008, Mr. Albert was granted, at no cost, 96,200 shares of restricted stock, and Messrs. Alsikafi, Leight, Souleles, and Weiss were each granted, at no cost, 36,100 shares of restricted stock under the Boise Inc. Incentive and Performance Plan. Also on May 2, 2008, Messrs. Berger, Goldman, and Stephens were granted, at no cost, 48,100, 48,100, and 36,100 restricted stock units, respectively, under the Boise Inc. Incentive and Performance Plan. Mr. Alsikafi resigned from our board of directors on December 31, 2008. Pursuant to his Director Restricted Stock Award Agreement, we made a pro rata calculation to determine the number of Mr. Alsikafi's fully vested shares and those that were forfeited upon his resignation. This calculation was based on the number of full calendar months from the time of his grant until his resignation on December 31, 2008, divided by 12. Pursuant to this calculation, 30,083 shares were fully vested and 6,017 shares were forfeited on December 31, 2008.

The amounts reported for these 2008 director equity grants reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with Statement of Financial Accounting Standards (SFAS) No. 123(R), *Share-Based Payment*.

For further information on these 2008 director equity grants, please refer to the section of this Proxy Statement entitled *Corporate Governance Principles and Board Matters, Director Compensation 2008 Director Equity Grants*.

(2)
We do not provide our directors with pension benefits. Mr. Berger was the only director who elected to participate in our Directors Deferred Compensation Plan in 2008, deferring 50% of his 2008 cash compensation. The amount reported for Mr. Berger reflects the above-market portion of the interest he earned on his 2008 deferred compensation.

(3)
Mr. Norton joined our board of directors on January 1, 2009. Accordingly, he did not receive any cash or equity compensation in 2008.

24

Table of Contents

SECURITY OWNERSHIP

Beneficial Ownership of Greater Than 5% of Our Outstanding Common Stock

The following table sets forth information as of March 2, 2009, relating to the beneficial ownership of each person owning greater than 5% of our outstanding common stock:

Name and Address of Beneficial Owner and Nature of Beneficial Ownership	Amount of Beneficial Ownership(1)	Percent of Class(2)
Joint Filing By(3)	37,085,770	46.43%
Boise Cascade Holdings, L.L.C. (BCH)		
Forest Products Holdings, L.L.C. (FPH)		
c/o Boise Cascade Holdings, L.L.C.		
1111 W. Jefferson Street		
Suite 300		
Boise, ID 83702-5389		
and		
Madison Dearborn Capital Partners IV, L.P. (MDCP IV)		
Madison Dearborn Partners IV, L.P. (MDP VI)		
c/o Madison Dearborn Partners, LLC		
Three First National Plaza		
Suite 4600		
Chicago, IL 60602		
Joint Filing By(4)		
Brian Taylor (B. Taylor)	7,674,179	9.61%
Pine River Capital Management L.P. (PRCM)		
Nisswa Acquisition Master Fund Ltd. (Nisswa)	7,099,471	8.89%
c/o Pine River Capital Management L.P.		
601 Carlson Parkway		
Suite 330		
Minnetonka, MN 55305		
Joint Filing By(5)		
Jason G. Weiss (J. Weiss)	6,502,532	7.99%
Nathan D. Leight (N. Leight)	6,428,732	7.90%
c/o Terrapin Partners, LLC		
540 Madison Avenue, 17th Floor		
New York, NY 10022		

(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 2, 2009.

(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 2, 2009, plus the number of shares such person has the right to acquire within 60 days of March 2, 2009.

(3)

Pursuant to Schedule 13D Amendment No. 1 dated February 20, 2009, and filed with the SEC on March 2, 2009:

	Voting Power		Investment Power	
Name	**Sole**	**Shared**	**Sole**	**Shared**
BCH	0	37,085,770	0	37,085,770
FPH	0	37,085,770	0	37,085,770
MDCP IV	0	37,085,770	0	37,085,770
MDP IV	0	37,085,770	0	37,085,770

BCH is controlled by FPH, which is controlled by MDCP IV. MDP IV is the general partner of MDCP IV. John A. Canning, Jr., Paul J. Finnegan, and Samuel M. Mencoff are the sole members of a limited partner committee of MDP IV that has the power, acting by majority vote, to vote or dispose of the shares beneficially owned by MDCP IV. Each of MDCP IV and MDP IV and the members of the limited partner committee of MDP IV disclaim beneficial ownership of shares held by FPH, except to the extent of its or his respective pecuniary interests therein.

(4)

Pursuant to Schedule 13G Amendment No. 1 dated December 31, 2008, and filed with the SEC on January 15, 2009:

	Voting Power		Investment Power	
Name	**Sole**	**Shared**	**Sole**	**Shared**
B. Taylor	0	7,674,179	0	7,674,179
PRCM	0	7,674,179	0	7,674,179
Nisswa	0	7,099,471	0	7,099,471

(5)

Pursuant to Schedule 13D Amendment No. 1 dated February 19, 2009, and filed with the SEC on February 27, 2009 (shares shown below include Messrs. Weiss's and Leight's 1,500,000 and 1,502,900 warrants, respectively, which are currently exercisable but had not been exercised as of March 2, 2009):

	Voting Power		Investment Power	
Name	**Sole**	**Shared**	**Sole**	**Shared**
J. Weiss	6,502,532	0	6,502,532	0
N. Leight	6,428,732	0	6,428,732	0

Table of Contents

Beneficial Ownership of Our Directors and Executive Officers

The following table sets forth, as of March 2, 2009, the beneficial ownership of our outstanding common stock by:

- Each of our directors;
- Each of our Named Executive Officers; and
- 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)	261,000	*%
Jonathan W. Berger(4)	103,600	*%
Jack Goldman(5)	61,900	*%
Nathan D. Leight(6)	6,428,732	7.90%
Matthew W. Norton(7)	0	
Thomas S. Souleles(8)	36,100	*%
W. Thomas Stephens(9)	36,100	*%
Jason G. Weiss(10)	6,502,532	7.99%
Alexander Toeldte(11)	1,015,100	1.27%
Robert M. McNutt(12)	223,400	*%
Jeffrey P. Lane(13)	354,000	*%
Robert E. Strenge(14)	10,566	*%
Robert A. Warren(15)	10,566	*%
Miles A. Hewitt	0	
All directors and executive officers as a group (16 persons)(16)	15,126,029	18.25%

* 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 2, 2009.

(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 2, 2009, plus the number of shares such person has the right to acquire within 60 days of March 2, 2009.

(3)
Mr. Albert's business address is 10940 Bellagio Road, Suite C, Los Angeles, California 90077. Mr. Albert's 261,000 shares are held as follows: 96,200 shares are held directly (these shares represent Mr. Albert's 2008 restricted stock award, which vested in full on March 2, 2009); 130,000 shares are held by the Carl A. Albert Trust; 23,800 shares are held by the Albert-Schaefer Trust; and 11,000 shares are held by the Elisa Tamar Albert Trust.

(4)
Mr. Berger's business address is c/o Navigant Capital Advisors, LLC, 1180 Peachtree Street, N.E., Atlanta, Georgia 30309. Mr. Berger's 103,600 shares are held as follows: 93,600 shares are held directly (48,100 of these shares represent Mr. Berger's 2008 restricted stock unit award, which vested in full on March 2, 2009); and 10,000 warrants, which are exercisable within 60 days of March 2, 2009.

(5)
Mr. Goldman's business address is c/o Theodora, Oringher, Miller & Richman, P.C., 2029 Century Park East, Sixth Floor, Los Angeles, California 90067. Mr. Goldman's 61,900 shares are held directly (48,100 of these shares represent Mr. Goldman's 2008 restricted stock unit award, which vested in full on March 2, 2009).

(6)
Mr. Leight's business address is c/o Terrapin Partners, LLC, 540 Madison Avenue, 17th Floor, New York, New York 10022. Mr. Leight's 6,428,732 shares are held as follows: 3,190,888 shares are held directly (36,100 of these shares represent Mr. Leight's 2008 restricted stock award, which vested in full on March 2, 2009); 10,000 shares are held by the Nathan Leight IRA; 1,724,944 shares are held by the Leight Family 1998 Irrevocable Trust; and 1,502,900 warrants, which are exercisable within 60 days of March 2, 2009.

(7)
Mr. Norton's business address is c/o Madison Dearborn Partners, LLC, Three First National Plaza, Suite 4600, Chicago, Illinois 60602. Boise Cascade Holdings, L.L.C. (BCH) is the record owner of 37,085,770 shares. The shares held by BCH may be deemed to be beneficially owned by:

Table of Contents

(1) Forest Products Holdings, L.L.C. (FPH) as the controlling equityholder of BCH; (2) Madison Dearborn Capital Partners IV, L.P. (MDCP IV) as the controlling equityholder of FPH; and (3) Madison Dearborn Partners IV, L.P. (MDP IV) as the general partner of MDCP IV. Mr. Norton is a vice president of MDP IV's general partner. Mr. Norton expressly disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(8)

Mr. Souleles' business address is c/o Madison Dearborn Partners, LLC, Three First National Plaza, Suite 4600, Chicago, Illinois 60602. Mr. Souleles' 36,100 shares are held directly (these shares represent Mr. Souleles' 2008 restricted stock award, which vested in full on March 2, 2009). Boise Cascade Holdings, L.L.C. (BCH) is the record owner of 37,085,770 shares. The shares held by BCH may be deemed to be beneficially owned by: (1) Forest Products Holdings, L.L.C. (FPH) as the controlling equityholder of BCH; (2) Madison Dearborn Capital Partners IV, L.P. (MDCP IV) as the controlling equityholder of FPH; and (3) Madison Dearborn Partners IV, L.P. (MDP IV) as the general partner of MDCP IV. Mr. Souleles is a managing director of MDP IV's general partner. Mr. Souleles expressly disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(9)

Mr. Stephens' business address is 3333 E. Platte Avenue, Greenwood Village, Colorado 80121. Mr. Stephens' 36,100 shares are held directly (these shares represent Mr. Stephens' 2008 restricted stock unit award, which vested in full on March 2, 2009).

(10)

Mr. Weiss's business address is c/o Terrapin Partners, LLC, 540 Madison Avenue, 17th Floor, New York, New York 10022. Mr. Weiss's 6,502,532 shares are held as follows: 36,100 shares are held directly (these shares represent Mr. Weiss's 2008 restricted stock award, which vested in full on March 2, 2009); 2,824,066 shares are held by the Weiss Family Trust; 2,142,366 shares are held by the Jason G. Weiss Revocable Trust; and 1,500,000 warrants, which are exercisable within 60 days of March 2, 2009.

(11)

Mr. Toeldte's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, Idaho 83702-5388. Mr. Toeldte's 1,015,100 shares are held by the Toeldte Family Revocable Trust (975,100 of these shares represent Mr. Toeldte's 2008 restricted stock award).

(12)

Mr. McNutt's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, Idaho 83702-5388. Mr. McNutt's 223,400 shares are held as follows: 213,400 shares are held directly (these shares represent Mr. McNutt's 2008 restricted stock award); and 10,000 shares are held 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, Idaho 83702-5388. Mr. Lane's 354,000 shares are held directly as follows: 254,000 shares represent Mr. Lane's 2008 restricted stock award; and 100,000 shares are held jointly with Mr. Lane's spouse, Margaret M. Lane.

(14)

Mr. Strenge's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, Idaho 83702-5388. Mr. Strenge's 10,566 shares are held directly (these shares represent one-third of the time-vesting portion of Mr. Strenge's 2008 restricted stock unit award, which vested on March 2, 2009).

(15)

Mr. Warren's business address is c/o Boise Inc., 1111 West Jefferson Street, Suite 200, Boise, Idaho 83702-5388. Mr. Warren's 10,566 shares are held directly (these shares represent one-third of the time-vesting portion of Mr. Warren's 2008 restricted stock unit award, which vested on March 2, 2009).

(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. Mr. Cotterell holds 5,433 shares directly (these shares represent one-third of the time-vesting portion of Mr. Cotterell's 2008 restricted stock unit award, which vested on March 2, 2009). Ms. Lassa holds 77,000 shares directly (these shares represent Ms. Lassa's 2008 restricted stock award).

Table of Contents

Securities Authorized for Issuance Under Our Equity Compensation Plan as of December 31, 2008

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights (b)(2)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders[1]	3,059,100	$ N/A	2,085,817
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	3,059,100	$ N/A	2,085,817

(1) Our shareholders approved the Boise Inc. Incentive and Performance Plan (BIPP) at a special shareholders' meeting held on February 5, 2008. At the time, a total of 5,175,000 shares of our common stock was reserved for issuance under the BIPP. Since the Acquisition, 13 officers, 43 other employees, and 8 nonemployee directors have received restricted stock or restricted stock unit awards under the BIPP. These awards are reflected in column (a) above.

(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.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Committee Interlocks and Insider Participation

Messrs. Albert, Alsikafi, and Souleles served on the Compensation Committee of the board of directors of Boise Inc. during the last completed fiscal year. 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, 2008.

Respectfully submitted,

The Compensation Committee

Thomas S. Souleles, *Committee Chair*
Carl A. Albert
Jack Goldman
W. Thomas Stephens

Compensation Discussion and Analysis

On February 22, 2008, Aldabra 2 Acquisition Corp. acquired the paper, packaging, and newsprint assets of Boise Cascade, L.L.C. (the Acquisition). Following the closing of the Acquisition, Aldabra 2 Acquisition Corp. changed its name to Boise Inc. As part of this transaction, the company agreed to maintain for at least one year following the closing of the Acquisition for each of its elected officers executive compensation and benefits at levels that were substantially comparable, in the aggregate, to the levels of executive compensation and benefits that Boise Cascade had maintained for these individuals. The following discussion is based upon compensation decisions previously made by Boise Cascade, decisions the company made in 2008, and decisions the company has made to date in 2009.

Executive Compensation Program Objectives

The Compensation Committee's overall compensation objectives applicable to the company's elected officers were to provide a compensation package intended to:

- Closely align compensation with the company's performance on both a short- and long-term basis;
- Link each officer's compensation to his or her performance and the areas for which he or she was responsible;
- Attract, motivate, reward, and retain the broad-based management talent critical to achieving the company's business goals; and
- Encourage officers to own Boise Inc. stock.

The Compensation Committee regularly reviews compensation paid to executives in other comparable companies to make decisions regarding appropriate compensation levels. The

Committee uses data primarily from Hewitt Associates and the Stanton Group's Forest Products Industry Compensation Association (FPICA) survey to make these decisions. Hewitt Associates and the Stanton Group are both widely recognized compensation-consulting firms.

For the 2008 compensation analysis, the Hewitt Associates survey included a general industry peer group of approximately 350 manufacturing and services companies, excluding utilities and financial companies. 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. The Hewitt survey allows the company to benchmark compensation for a wide number of positions, including those of the company's officers.

The FPICA survey provides compensation data gathered from the 50 to 60 paper manufacturing and wood products companies belonging to the Forest Products Industry Compensation Association. The annual FPICA survey provides information on base salaries, short-term cash incentives (actual and targets), and annual total cash compensation paid by the surveyed companies for benchmarked positions, including those of our officers. Like the Hewitt survey, the FPICA survey applies a regression analysis to account for variations in company size. The FPICA survey allows the company insight into the compensation trends specific to the paper and wood products industry.

After receiving the compensation data provided by both Hewitt and FPICA, the company averages the data to provide market compensation information for each officer position. The company's philosophy is to pay each officer at the 50th percentile of this averaged market data. However, the company also takes into account each officer's performance, level of experience, and contributions to the company's goals and objectives when making final compensation recommendations to the Compensation Committee.

Of the companies providing compensation data to the Hewitt and/or FPICA surveys, 13 are among the 15 companies Boise considers to be in its peer group, as reflected in the performance graph in Boise's 2008 Annual Report on Form 10-K. Those surveyed companies are:

- AbitibiBowater Inc.
- Domtar Corp.
- Glatfelter
- International Paper Co.
- MeadWestvaco Inc.
- Neenah Paper Inc.
- Packaging Corp. of America
- Sappi Fine Paper North America
- Smurfit-Stone Container Corp.
- Stora Enso Corp.

- Temple-Inland Inc.
- UPM-Kymmene Corp.
- Verso Paper Corp.

Executive Compensation Program Elements

The elements of the company's executive compensation program were:

- Base salary;
- Short-term incentive compensation under the Boise Inc. Incentive and Performance Plan;
- Long-term incentive compensation under the Boise Inc. Incentive and Performance Plan; and

Table of Contents

Other compensation and benefit plans, including supplemental pension plans, a deferred compensation plan, a supplemental life plan, a financial counseling program for officers, and formalized agreements covering potential severance benefits.

The company's compensation plans reflect the Compensation Committee's intent and general practice to pay compensation the company can deduct for purposes of federal income tax.

Base Salary

The Compensation Committee believes a greater percentage of the compensation of the company's 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 officers' compensation should contain a stable, base salary component to attract, motivate, reward, and retain management talent.

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

For 2008, the Compensation Committee considered each Named Executive Officer's role and level of responsibility in the new company. In addition, the Compensation Committee used data from the Hewitt Associates and FPICA compensation surveys described above as part of its analysis to assist in determining base salaries.

Generally, merit increases will not be awarded to the company's employees in 2009 given the unprecedented economic environment; however, limited exceptions will be made to provide salary increases for promotions and when critical inequities are identified. Mr. Warren, one of our Named Executive Officers, will receive a 2009 salary increase from $300,000 to $325,000 to reflect his increased responsibilities since the Acquisition. Mr. Warren is the only Named Executive Officer that the company anticipates will receive a salary increase in 2009.

Short-Term Incentive Compensation

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 financial and safety performance. 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 elected officer that is expressed as a percentage of salary, and other terms and conditions of awards. Each of these components is described below. 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 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.

2008 Short-Term Incentive Awards

Because the company was not formed until late February 2008, the company's 2008 short-term incentive compensation program did not begin on January 1, 2008, but rather on April 1, 2008. On April 30, 2008, the Compensation Committee approved the award criteria for the Named Executive Officers pursuant to the Boise Inc. Incentive and Performance Plan.

The 2008 short-term incentive awards were based on the attainment of financial goals and safety objectives. The awards were to be 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 company's Named Executive Officers, the major performance target was corporate incentive cash flow. Incentive cash flow (ICF) is

Table of Contents

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 2008 corporate ICF target was $207.3 million for the period of April 1 to December 31, 2008. 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 $154.4 million, which would provide a payout of 0.3 times target. The company would have attained a maximum payout (2.25 times target) under the corporate plan if ICF reached $301.7 million. The company's 2008 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. These 2008 financial goals and safety objectives were weighted for the Named Executive Officers' awards as set forth in the following table:

Name	2008 Financial Goals and Safety Objectives	2008 Target Incentive Percentage Payout
Jason G. Weiss		
Alexander Toeldte	90% corporate ICF 10% safety based on corporate RIR	100%
Robert M. McNutt	90% corporate ICF 10% safety based on corporate RIR	65%
Jeffrey P. Lane	90% corporate ICF 10% safety based on corporate RIR	65%
Robert E. Strenge	90% corporate ICF 10% safety based on corporate	65%

	RIR	
Robert A. Warren	90% corporate ICF 10% safety based on corporate RIR	65%
Miles A. Hewitt		

Depending on the achievement of these predetermined financial goals and safety objectives, the awards for the company's Named Executive Officers might have been less than or greater than the target incentive amounts.

No payments were made under the company's 2008 short-term incentive compensation plan, because the goals and objectives were not met. The majority of the company's operations met their 2008 safety goals. The company's affordability cap, however, required a minimum of $190 million of EBITDA from April 1 through December 31, 2008, before any incentive award payouts would be made. The company generated $142.5 million of EBITDA from April 1 through December 31, 2008. As such, the company did not generate enough EBITDA overall to meet the affordability threshold, and no incentive award payouts were made.

2009 Short-Term Incentive Awards

The 2009 short-term incentive compensation program will be based on identical financial goals and safety objectives as were in place for 2008. The actual targets will be developed when the 2009 awards are granted.

Long-Term Incentive Compensation

The Compensation Committee provides long-term incentives that can be in the form of various types of equity awards to serve part of its compensation objectives. The Compensation Committee believes equity awards encourage ownership of the company's common stock by elected officers, which in turn aligns the interests of those officers with those of the company's shareholders. In addition, the vesting provisions applicable to the equity awards help retain eligible officers and reward the achievement of long-term business objectives that benefit the company's shareholders.

The Boise Inc. Incentive and Performance Plan permits grants of restricted stock, restricted stock units, performance stock, performance units, stock appreciation rights (SARs), and

Table of Contents

stock options (including performance-based or indexed stock options) to the elected officers and key employees who are selected as participants. The plan gives the Compensation Committee flexibility in choosing among these awards to provide competitive long-term incentive compensation.

Please refer to the section of this Proxy Statement entitled *Proposals to Be Voted on, Proposal No. 2 Approval of Amendment to the Boise Inc. Incentive and Performance Plan*, which describes a proposed amendment to increase the number of shares available for issuance under the plan.

2008 Equity Awards

For 2008, the Compensation Committee, with input from management, developed and approved the plan design of the long-term incentive program, including the type of equity award to be granted and the size of the award for the company's elected officers. The grants were designed 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 granted to the chief executive officer and the other Named Executive Officers to be tax-deductible by the company.

On April 30, 2008, the Compensation Committee approved equity awards of restricted stock or restricted stock units to a number of the company's managerial employees at no cost to the employee, including the Named Executive Officers shown in the following tables. These equity awards had a grant date of May 2, 2008. No other equity-based awards were made under the company's long-term incentive plan during 2008.

A portion of the restricted stock vests with the passage of time (Time-Vesting Restricted Stock). One-third of the Time-Vesting Restricted Stock vested in full on March 2, 2009. The second one-third will vest on February 28, 2010, and the third one-third will vest on February 28, 2011, subject to certain EBITDA goals for elected officers.

The remaining portion of the restricted stock vests only if the company achieves specific performance hurdles (Performance-Vesting Restricted Stock). A portion of the Performance-Vesting Restricted Stock will vest on February 28, 2011, if at some point before that date the company's stock price has closed at or above $10.00 on 20 of any consecutive 30 trading days. The other portion of the Performance-Vesting Restricted Stock will vest on February 28, 2011, if at some point before that date the company's stock price has closed at or above $12.50 on 20 of any consecutive 30 trading days.

All employees who are eligible for retirement on or before February 28, 2011, including Messrs. Strenge and Warren, received restricted stock units in lieu of restricted stock. The restricted stock units vest in the same manner as do the restricted stock shares (Time-Vesting Restricted Stock Units and Performance-Vesting Restricted Stock Units). Once vested, the restricted stock units are payable to the employee in stock. Any shares or units not vested on or before February 28, 2011, are forfeited by the employee.

In 2008, Messrs. Toeldte, McNutt, and Lane were granted 975,100; 213,400; and 254,000 shares of restricted stock, respectively. The following table reflects the number of these shares that are Time-Vesting Restricted Stock and Performance-Vesting Restricted Stock.

	2008 Restricted Stock		
Name	**Time-Vesting**	**Performance-Vesting @ $10.00/Share**	**Performance-Vesting @ $12.50/Share**
Alexander Toeldte	288,500	262,300	424,300
Robert M. McNutt	63,200	57,400	92,800
Jeffrey P. Lane	75,200	68,300	110,500

Table of Contents

In 2008, Messrs. Strenge and Warren were each granted 107,000 restricted stock units. The following table reflects the number of these units that are Time-Vesting Restricted Stock Units and Performance-Vesting Restricted Stock Units.

	2008 Restricted Stock Units		
Name	Time-Vesting	Performance-Vesting @ $10.00/Share	Performance-Vesting @ $12.50/Share
Robert E. Strenge	31,700	28,800	46,500
Robert A. Warren	31,700	28,800	46,500

On March 2, 2009, the company's closing stock price was $0.25 per share. The company's stock price would have to increase 4,000% for the $10.00-per-share Performance-Vesting Restricted Stock and Performance-Vesting Restricted Stock Units to vest in 2011, and 5,000% for the $12.50-per-share Performance-Vesting Restricted Stock and Performance-Vesting Restricted Stock Units to vest in 2011.

2009 Equity Awards

The Compensation Committee recently approved 2009 equity awards to the company's elected officers and key employees, including the Named Executive Officers shown in the following table. The 2009 equity awards will consist entirely of time-vesting restricted stock or restricted stock units. Twenty percent of the shares or units will vest on March 15, 2010, 20% will vest on March 15, 2011, and the remaining 60% will vest on March 15, 2012. In its decision to make these 2009 equity awards 100% time-vesting, the Compensation Committee took into account the improbability that the 2008 Performance-Vesting Restricted Stock and Performance-Vesting Restricted Stock Units will vest. The 2009 equity awards are contingent on shareholder approval of the amendment to the Boise Inc. Incentive and Performance Plan to increase the number of shares authorized under the plan.

Name	Restricted Stock	Restricted Stock Units
Alexander Toeldte	960,000	
Robert M. McNutt	398,500	
Jeffrey P. Lane	230,000	
Robert E. Strenge		230,000
Robert A. Warren		290,000

Other Compensation and Benefit Plans

The company's elected officers also received additional compensation in the form of payments, allocations, or accruals under the following compensation and benefit plans. These plans are an important part of the company's executive compensation program. The company believes providing attractive benefits to its elected officers and key managers allows the company to remain competitive in the market for top talent.

Pension Benefits

Salaried Pension Plan

The company maintains a defined benefit pension plan (Salaried Pension 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 multiplied by the participant'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 multiplied by the participant's years of service after December 31, 2003. 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

Table of Contents

on a straight-life annuity basis and are not offset by Social Security or other retirement-type benefits. An employee is 100% vested in his or her pension benefit after five years of service, except for breaks in service.

Supplemental Pension Plan (SUPP)

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 Supplemental Pension Plan (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. Salaried employees who were former employees of OfficeMax Incorporated (formerly Boise Cascade Corporation) prior to November 1, 2003, are eligible to participate in the SUPP.

Supplemental Early Retirement Plan (SERP)

The Supplemental Early Retirement Plan (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. Eligible elected officers are those who:

- Are 55 years old or older, if elected by OfficeMax (formerly Boise Cascade Corporation) prior to June 1, 2004;
- 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);
- Have ten or more years of service;
- Have served as an elected officer for at least five full years; and
- Retire before age 65.

The following table reflects the Named Executive Officers' eligibility for participation in the Salaried Pension Plan, SUPP, and SERP:

Name	Salaried Pension Plan	SUPP	SERP
Jason G. Weiss	No	No	No
Alexander Toeldte	No	No	No
Robert M. McNutt	Yes	Yes	No
Jeffrey P. Lane	No	No	No
Robert E. Strenge	Yes	Yes	Yes
Robert A. Warren	Yes	Yes	No
Miles A. Hewitt	Yes	Yes	Yes

Pension Plan Freeze

In December 2008, in an effort to address cost challenges and reduce risk volatility, the company amended the Salaried Pension Plan, freezing the accumulation of benefits and years of service for participants effective April 15, 2009. This amendment also freezes benefits in the SUPP and SERP.

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*.

Deferred Compensation Plan

The company maintains a "nonqualified" Deferred Compensation Plan offered primarily for the purpose of providing deferred compensation to a select group of management and highly compensated employees. 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, officers 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

Table of Contents

Average of Yields on Corporate Bonds. In addition, participants may elect to receive their company-matching contribution in the company's Deferred Compensation Plan in lieu of any matching contribution in the company's 401(k) Savings Plan. For Messrs. McNutt, Strenge, Warren, and Hewitt (who participate in the company's Salaried Pension Plan), the matching contribution is equal to $0.70 on the dollar up to the first 6% of eligible compensation. 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 monthly installments over a specified period of years following the termination of their employment with the company.

Messrs. Toeldte and Lane were the only Named Executive Officers who elected to participate in this plan in 2008. None of the company's Named Executive Officers have elected to defer any of their 2009 compensation under this plan.

No changes are expected to be made to the company's Deferred Compensation Plan in 2009.

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*.

Supplemental Life Plan

The company maintains a Supplemental Life Plan for elected officers who were officers of OfficeMax Incorporated (formerly Boise Cascade Corporation) prior to July 31, 2003. The plan provides these elected officers with an insured death benefit during employment and, in limited cases, after retirement. Messrs. Strenge and Hewitt were the only Named Executive Officers eligible to participate in the plan.

Officers who participate 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 officer 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 2009.

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 company maintains a Financial Counseling Program for its elected officers. The program provides elected officers up to $5,000 per calendar year for financial counseling services. A participant may carry over unused amounts, up to one year's allowance, from one year to the next. Under the program, an elected officer 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 elected officer 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 each participant's annual allowance. Money paid on an elected officer'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 2009.

Table of Contents

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*.

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 elected officers. These agreements provide severance benefits and protect other benefits the officers have already earned or reasonably expect to receive under the company's employee benefit plans. The officer will receive the benefits provided under the agreement if the officer's employment is terminated other than for cause or disability (as defined in the agreement) or if the officer terminates employment after actions (as specified in the agreement) that adversely affect the officer are taken.

Although changes are not anticipated at this time, these agreements help to ensure the company will have the benefit of these 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.

For further information on the severance agreements the company has entered into with Messrs. Toeldte, McNutt, Lane, Strenge, and Warren, please refer to the section of this Proxy Statement entitled *Executive Compensation, Compensation Tables Severance Tables*.

Alexander Toeldte

Pursuant to the terms of Mr. Toeldte's severance agreement dated February 6, 2008, 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 two times the sum of his annual base salary plus his target annual incentive for the year in which the termination occurs. 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. Mr. Toeldte was not entitled to receive payment under his severance agreement as a result of the Acquisition; however, his severance agreement was assigned to the company as part of the Acquisition.

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, with Messrs. McNutt, Strenge, and Warren and the severance agreement dated April 30, 2008, 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 two times the sum of his annual base salary plus his target annual incentive for the year in which the termination occurs, and Messrs. Lane, Strenge, and Warren will be entitled to severance pay equal to one times their annual base salary plus their target annual incentive for the year in which their termination occurs. 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

Table of Contents

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.

Miles A. Hewitt

On May 2, 2008, Mr. Hewitt stepped down from his position as senior vice president, Paper. In connection with his departure from the company, the Compensation Committee approved the entry into a severance arrangement with Mr. Hewitt that included the following material provisions:

- An employment termination date of May 2, 2008;
- Payment of a lump sum severance equal to Mr. Hewitt's annual base salary and target annual incentive ($527,000);
- Healthcare and insurance benefits continued for 12 months following termination (estimated company cost of $11,000);
- Supplemental life insurance premiums continued for 12 months following termination (estimated company cost of $9,000);
- Financial counseling allowance of up to $10,000 during the next 12 months;
- Executive career counseling up to a maximum of $20,000;
- Nonqualified pension under the company's Supplemental Early Retirement Plan beginning January 1, 2014;
- Covenants of confidentiality, nonsolicitation of employees, and nondisparagement;
- Compliance with the other provisions outlined in Mr. Hewitt's severance agreement; and
- Mr. Hewitt was required to sign a release as a condition of receiving these benefits.

For further information on the severance arrangement the company entered into with Mr. Hewitt, please refer to the sections of this Proxy Statement entitled *Executive Compensation, Compensation Tables Summary Compensation Table* and *Pension Benefits Table*.

Table of Contents

Compensation Tables

The following *Summary Compensation Table* presents:

Jason G. Weiss Compensation information for the fiscal years ended December 31, 2008 and 2007, for Mr. Weiss, who served as the company's chief executive officer and principal financial officer prior to the closing of the Acquisition on February 22, 2008. Mr. Weiss received no compensation, fees, or other payments from the company for his services in 2008 or 2007.

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

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

Jeffrey P. Lane, Robert E. Strenge, and Robert A. Warren Compensation information for the fiscal year ended December 31, 2008, for Messrs. Lane, Strenge, and Warren, the company's three most highly compensated executive officers other than Messrs. Toeldte and McNutt. Mr. Lane joined the company on April 30, 2008, and his compensation information is for the period of April 30 through December 31, 2008.

Miles A. Hewitt Compensation information for the fiscal year ended December 31, 2008, for Mr. Hewitt, the company's former senior vice president, Paper. Mr. Hewitt's employment with the company was terminated effective May 2, 2008, and his compensation information is for the period of February 22 through May 2, 2008.

These executive officers are referred to as Named Executive Officers elsewhere in this Proxy Statement.

Table of Contents

Summary Compensation Table

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 Earnings ($)[5]	All Other Compen-sation ($)[6]	Total ($)
Jason G. Weiss Former Chief Executive Officer and Principal Financial Officer	2008	$ 0	$ 0	$	$	$	$ 0	$ 0
	2007	0	0				0	0
Alexander Toeldte President and Chief Executive Officer	2008	672,918	0	666,328	0	767	57,359	1,397,372
Robert M. McNutt Senior Vice President and Chief Financial Officer	2008	296,084	0	145,869	0	130,693	2,264	574,910
Jeffrey P. Lane Senior Vice President and General Manager, Packaging	2008	237,500	150,000	173,602	0	232	65,943	627,277
Robert E. Strenge Senior Vice President, Manufacturing								