

COHERENT INC  
Form S-3  
July 10, 2006  
As filed with the Securities and Exchange Commission on July 10, 2006

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-3**

**REGISTRATION STATEMENT**

*Under*

*The Securities Act of 1933*

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**COHERENT, INC.**

(Exact name of Registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

94-1622541  
(I.R.S. Employer  
Identification Number)

5100 Patrick Henry Drive

Santa Clara, California 95056

(408) 764-4000

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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John R. Ambroseo

Chief Executive Officer

Coherent, Inc.

5100 Patrick Henry Drive

Santa Clara, California 95056

(408) 764-4000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee (1)</b>
2.75% Convertible Subordinated Notes due 2011	\$ 200,000,000	\$ 200,000,000	\$ 21,400
Common stock, \$0.01 par value (2)	5,225,760	n/a(3)	(3)
<b>Total</b>			<b>\$ 21,400</b>

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(1) Calculated pursuant to Rule 457(o) under the Securities Act.

(2) Includes 5,225,760 shares of common stock initially issuable upon conversion of the notes and an indeterminate number of additional shares of common stock issuable upon conversion of the notes pursuant to Rule 416 under the Securities Act of 1933 that may be issued to prevent dilution resulting from stock splits, stock dividends or similar transaction. Each share of common stock includes a common stock purchase right. The common stock purchase rights, which are attached to the shares of common stock being registered hereunder, will be issued for no additional consideration. Accordingly, no additional registration fee is payable.

(3) Pursuant to Rule 457(i) under the Securities Act, no additional registration fee is required in connection with the registration of common stock issuable upon conversion of the notes.

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**THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to completion, dated July 10, 2006**

**\$200,000,000**

**2.75% Convertible Subordinated Notes due 2011**

**and the Common Stock Issuable upon Conversion of the Notes**

We issued the notes in a private placement in March 2006. This prospectus will be used by selling securityholders to resell their notes and the common stock issuable upon conversion of their notes. We will not receive any proceeds from this offering.

The notes mature on March 1, 2011. The notes bear interest at the rate of 2.75% per year semiannually in arrears on March 1 and September 1 of each year, beginning September 1, 2006.

You may convert the notes into shares of our common stock based on a conversion rate of 26.1288 shares of our common stock per \$1,000 principal amount of notes (which is equal to an initial conversion price of approximately \$38.27 per share), subject to adjustment, only under the following circumstances: (1) if the closing price of our common stock reaches, or the trading price of the notes falls below, specified thresholds, (2) if specified distributions to holders of our common stock occur, (3) if a fundamental change occurs or (4) during the period from, and including February 1, 2011 to, but excluding, the maturity date. Upon conversion, in lieu of shares of our common stock, for each \$1,000 principal amount of notes you will receive an amount in cash equal to the lesser of (i) \$1,000 or (ii) the conversion value, determined in the manner set forth in this prospectus, of the number of shares of our common stock equal to the conversion rate. If the conversion value exceeds \$1,000, we will also deliver, at our election, cash or common stock or a combination of cash and common stock with respect to the remaining common stock deliverable upon conversion. If you elect to convert your notes in connection with a fundamental change, we will pay, to the extent described in this prospectus, a make whole premium by increasing the conversion rate applicable to such notes.

If we experience a fundamental change, you may require us to purchase for cash all or a portion of your notes, subject to specified exceptions, at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any, to the fundamental change purchase date.

Our common stock is quoted on the NASDAQ Global Select Market under the symbol COHR. On July 7, 2006, the last quoted sale price of our common stock was \$32.50 per share.

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The notes are our subordinated unsecured obligations and rank junior in right of payment to all of our existing and future senior debt. The notes are effectively subordinated to the indebtedness and other liabilities of our subsidiaries.

**Investing in the notes and the common stock into which the notes are convertible involves risks. See Risk Factors beginning on page 9.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this prospectus is \_\_\_\_\_, 2006

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You should rely only on the information contained in or incorporated by reference in this prospectus, a prospectus supplement or an amendment. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus, a prospectus supplement or an amendment is accurate as of any date other than the date on the front of those documents.

## SUMMARY

*This summary represents highlights of information contained elsewhere or incorporated by reference in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in the notes. You should read the entire prospectus carefully, including Risk Factors and our financial statements and notes to those financial statements, which are incorporated by reference, and other information appearing elsewhere or incorporated by reference in this prospectus. Our fiscal year ends on the Saturday closest to September 30. For convenience, we use September 30 as our fiscal year end dates for our financial statement information throughout this prospectus. References in this prospectus to Coherent, Inc., Coherent, we, us and our refer to Coherent, Inc., a company incorporated in Delaware, and its consolidated subsidiaries, unless the context otherwise requires.*

### Coherent, Inc.

We are one of the world's leading suppliers of photonics-based solutions in a broad range of commercial and scientific research applications. We design, manufacture and market lasers, precision optics and related accessories for a diverse group of customers. Since inception in 1966, we have grown through internal expansion and through strategic acquisitions of complementary businesses, technologies, intellectual property, manufacturing processes and product offerings.

During the first quarter of fiscal 2006, we established a new organizational and reporting structure whereby our previously reportable segments, Electro-Optics and Lambda Physik, were fully integrated into one operating segment.

There are many types of lasers and one way of classifying them is by the material used to create the lasing action. We manufacture gas, liquid, semiconductor and solid-state crystal lasers. Lasers can also be classified by their output wavelength: ultraviolet, visible, infrared or wavelength tunable. We also manufacture all of these laser types. There are also many options in terms of pulsed output versus continuous wave, pulse duration, output power, beam dimensions, etc. In fact, each application has its specific requirements in terms of laser performance. Our broad technical depth enables us to offer a diverse product line characterized by lasers targeted at growth opportunities and key technology applications. In all cases, we aim to be the supplier of first choice by offering a high-value combination of superior technical performance and high reliability.

Photonics is now taking its place alongside electronics as a critical enabling technology for the 21st century. In the field of photonics, the laser is the undisputed workhorse. Consequently, the role of the laser is far-reaching in an ever more diverse set of applications. Growth in these applications stems from two sources. First, there are many applications where the laser is displacing conventional technology because it can do the job faster, better or more economically. Second, there are also new applications where the laser is the enabling tool that makes the work possible.

We design, manufacture and market lasers, precision optics and related accessories for a diverse group of customers. Our products are used in the following market segments:

**Microelectronics.** Laser-based processes are used at many points within the manufacture and test of the microscopic circuits that make up devices such as cell phones, computers, personal digital assistants, flat-panel

televisions and miniaturized audio equipment. Our lasers also enable non-destructive and non-invasive testing during key stages of the circuit manufacturing process. Our microelectronics products support photomask writing, semiconductor inspection and metrology, marking, thin film transistor annealing for flat panel displays, advanced packaging and interconnects, and DUV lithography.



**Graphic Arts and Display.** Our graphic arts and display products are designed to reduce costs, shorten delivery times and increase end product quality in the commercial printing and graphic arts industries. Applications include computer-to-plate printing, writing data to master disks, photo finishing, film writing and laser projection.

**Materials Processing.** In the materials processing market segment, we have concentrated our development efforts on compact, low-to-medium power lasers designed for the growing area of non-metal and thin-metal processing, including such applications as cutting and joining plastics using our CO<sub>2</sub> and semiconductor lasers, as well as the cutting, perforating and scoring of packaging materials and the creation of micro-holes in materials used for microelectronics and semiconductor manufacturing.

**OEM Components and Instrumentation.** Our OEM components and instrumentation market segment includes: medical, in which our optically pumped semiconductor lasers become part of systems designed for flow cytometry and drug discovery; bioinstrumentation, in which our ion lasers and diode modules make cell sorting and DNA and protein sequencing possible; and avionics and defense sectors, in which applications for our lasers range from harsh, flight qualified hardware to thermal imaging.

**Scientific Research and Government Programs.** Government laboratories, research centers and universities use our lasers to make precision measurements of distance and surface shape, to produce high resolution images of living cells and biological samples, and to study minute details of molecular and atomic reactions. Other applications include multiphoton excitation microscopy, pollution analysis, metrology, spectroscopy, physical chemistry, photochemistry, and laser diagnostics and measurement.

We strive to develop innovative and proprietary products and solutions that meet the needs of our customers and that are based on our core expertise in lasers and optical technologies. In pursuit of our strategy, we intend to:

**Leverage our technology portfolio and application engineering to lead the proliferation of photonics into broader markets.** We will continue to identify opportunities in which our technology portfolio and application engineering can be used to offer innovative solutions and gain access to new markets.

**Optimize our leadership position in existing markets.** There are a number of markets where we have historically been at the forefront of technological development and product deployment and from which we have derived a substantial portion of our revenues. We plan to optimize our financial returns from these markets.

**Maintain and develop additional strong collaborative customer and industry relationships.** We believe that the Coherent brand name and reputation for product quality, technical performance and customer satisfaction will help us to further develop our loyal customer base. We plan to maintain our current customer relationships and develop

new ones with customers that are industry leaders and work together with these customers to design and develop innovative product systems and solutions as they develop new technologies.

*Develop and acquire new technologies and market share.* We will continue to enhance our market position through our existing technologies and develop new technologies through our internal research and development efforts, as well as through the acquisition of additional complementary technologies, intellectual property, manufacturing processes and product

offerings.

***Emphasize supply chain management.*** We will continue to focus on operational efficiency through an emphasis on supply chain management with the explicit intent of improving gross margins and increasing inventory turns.

***Focus on long-term improvement of return on invested capital.*** We will continue to focus on long-term improvement of return on invested capital.

In addition to products we provide, we invest routinely in the core technologies needed to create substantial differentiation for our products in the marketplace. We direct significant engineering efforts to producing unique solutions targeted for internal consumption. These investments, once integrated into our broader product portfolio provide our customers with uniquely differentiated solutions and the opportunity to substantially enhance the performance, reliability and capability of the products we offer.

As of April 1, 2006, we had 2,122 full-time employees in 19 sites in 11 countries. Our headquarters are located at 5100 Patrick Henry Drive, Santa Clara, California 95056 and our telephone number is (408) 764-4000.

## **Recent Developments**

During the first quarter of fiscal 2006, we established a new organizational and reporting structure whereby our previously reportable segments, Electro-Optics and Lambda Physik, were fully integrated into one reporting segment. Accordingly, we operate in one segment, the development and marketing of lasers, precision optics and related accessories.

On February 20, 2006 we entered into an Agreement and Plan of Merger (the *Merger Agreement*) with Excel Technology, Inc. (*Excel*). The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, Spider Acquisition Corporation, our wholly-owned subsidiary, will merge with and into Excel, with Excel as the surviving corporation of the merger. As a result of the merger Excel will become our wholly-owned subsidiary and each outstanding share of Excel common stock will be converted into the right to receive \$30 per share in cash, without interest. The estimated cash deliverable to Excel stockholders in the merger is approximately \$362 million. Excel stock options with an exercise price per share of less than \$30 will be purchased for cash by Excel prior to the merger for a purchase price equal to the number of Excel shares subject to the stock option multiplied by the difference between \$30 and the exercise price per share of the stock option, less applicable withholdings. Other unvested Excel stock options with an exercise price per share of \$30 or more will be accelerated prior to the merger and to the extent unexercised, will be terminated immediately prior to the merger. We will not assume any Excel stock options. Consummation of the merger is subject to customary closing conditions, including antitrust approvals and approval by the stockholders of Excel. On July 7, 2006, the German Federal Cartel Office, or the FCO, notified us that the FCO has decided to extend its investigation into our acquisition of Excel as it relates to certain low-power range CO<sub>2</sub> laser products. We intend to fully cooperate with the FCO in its continuing investigation and we remain confident that the FCO will allow the transaction to close. The offering of the notes is not conditioned on the closing of the merger and we cannot provide any assurances that the conditions to the merger will be satisfied and that the merger will ultimately close.

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Excel manufactures and markets photonics-based solutions, consisting of laser systems and electro-optical components primarily for industrial and scientific applications. For the year ended December 31, 2005, Excel had net sales and services revenue of \$137.7 million, income from operations of \$19.5 million and net income of \$15.2 million. As of December 31, 2005, Excel had 721 full-time employees in 19 sites in 9 countries. For the quarter ended March 31, 2006, Excel had net sales and services revenue of \$36.3 million, income from operations of \$6.0 million and net income of \$3.9 million.

### The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see Description of the Notes in this prospectus.

Notes Offered	\$200.0 million aggregate principal amount of 2.75% Convertible Subordinated Notes due 2011.
Maturity Date	March 1, 2011.
Interest and Payment Dates	2.75% per year, payable semiannually in arrears in cash on March 1 and September 1 of each year, beginning September 1, 2006.
Conversion Rights	<p> Holders may convert their notes prior to the close of business on the business day before the final maturity date based on the applicable conversion rate only under the following circumstances:</p> <ul style="list-style-type: none"><li>during any calendar quarter beginning after June 30, 2006 (and only during such calendar quarter), if the closing price of our common stock for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is more than 120% of the conversion price per share, which is \$1,000 divided by the then applicable conversion rate;</li><li>during any five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of notes for each day of that period was less than 98% of the product of the closing price of our common stock for each day in that period and the conversion rate per \$1,000 principal amount of notes;</li><li>if specified distributions to holders of our common stock occur;</li><li>if a fundamental change occurs; or</li><li>during the one month period from, and including, February 1, 2011 to, but excluding, the maturity date.</li></ul> <p>The initial conversion rate is 26.1288 shares of common stock per \$1,000 principal amount of notes. This is equivalent to an initial conversion price of approximately \$38.27 per share of common stock.</p> <p>Upon conversion of each \$1,000 principal amount of notes, a holder will receive, in lieu of common stock an amount</p>



in cash equal to the lesser of (i) \$1,000, or (ii) the conversion value, determined in the manner set forth in this prospectus, of a number of shares equal to the conversion rate. If the conversion value exceeds \$1,000 on the conversion date we will also deliver, at our election, cash or common stock or a combination of cash and common stock with respect to the remaining common stock deliverable upon conversion. In no event will the aggregate number of remaining shares of common stock to be issued upon conversion of any note exceed the aggregate share cap of 30 shares per \$1,000 principal amount of notes, subject to adjustment. See Description of the Notes Conversion Rights.

Purchase at Holders Option Upon  
Fundamental Change

If a fundamental change occurs, holders will have the right to require us to repurchase for cash all or any portion of their notes. The fundamental change purchase price will be 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. See Description of the Notes Purchase at Holders Option Upon Fundamental Change.

Make Whole Premium Upon Fundamental  
Change

If a fundamental change as described below under Description of the Notes Purchase at Holders Option Upon Fundamental Change occurs we will pay, to the extent described in this prospectus, a make whole premium on notes converted in connection with a fundamental change by increasing the conversion rate applicable to the notes.

The amount of the increase in the applicable conversion rate, if any, will be based on our common stock price and the effective date of the fundamental change. A description of how the increase in the applicable conversion rate will be determined and a table showing the increase that would apply at various common stock prices and fundamental change effective dates are set forth under Description of the Notes Make Whole Premium Upon Fundamental Change.

Ranking

The notes are our direct unsecured, subordinated obligations and will rank junior in right of payment to all of our existing and future senior indebtedness. The notes are and will be effectively junior to our subsidiaries existing and future indebtedness and other liabilities including trade payables.

As of April 1, 2006, on a pro forma basis after giving effect to the acquisition of Excel Technology, we would have had \$213.8 million of indebtedness outstanding, including \$13.8 million of senior indebtedness, and our subsidiaries

would have had total liabilities, including trade payables, but excluding inter-company liabilities of approximately \$123.6 million.

The terms of the indenture under which the notes have been issued do not limit our ability or our subsidiaries to incur additional debt, including senior debt.

Use of Proceeds

We will not receive any proceeds from this offering.

Form and Denomination

The notes are issued in minimum denominations of \$1,000 and any integral multiple of \$1,000.

Trading

The notes will not be listed on any securities exchange or included in any automated quotation system. However, the notes are eligible for The Portal Market.

Nasdaq Symbol for Common Stock

Our common stock is quoted on the NASDAQ Global Select Market under the symbol **COHR**.

Risk Factors

See **Risk Factors** and other information included or incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the notes.



### ABOUT THIS PROSPECTUS

This prospectus is part of a *shelf* registration statement that we have filed with the Securities and Exchange Commission, or the SEC. By using a shelf registration statement, the selling securityholders may sell, from time to time, the 2.75% Convertible Subordinated Notes due 2011 that we issued on March 13, 2006, which we refer to as the notes, as well as the shares of common stock issuable upon conversion of the notes.

For further information about our business and the securities offered by this prospectus, you should refer to the registration statement and its exhibits. The exhibits to our registration statement contain the full text of certain contracts and other important documents we have summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement can be obtained from the SEC as indicated under the heading *Where You Can Find More Information*.

This prospectus provides you with a general description of the securities the selling security holders may offer. Each time we or any selling security holders sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any applicable prospectus supplement, you should rely on the information in the applicable prospectus supplement. You should read both this prospectus and any applicable prospectus supplement, together with additional information described under the heading *Where You Can Find More Information*.

You should rely only on the information incorporated by reference or provided in this prospectus and any prospectus supplement. We have authorized no one to provide you with different information. This prospectus may only be used where it is legal to sell these securities. You should assume that the information in this prospectus is accurate as of the date of the prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

We were originally incorporated in California on May 26, 1966 and reincorporated in Delaware on October 1, 1990. Our headquarters are located at 5100 Patrick Henry Drive, Santa Clara, California 95056 and our telephone number is (408) 764-4000.

References in this prospectus to *Coherent*, *we*, *us* and *our* refer to Coherent, Inc. and its subsidiaries, unless the context otherwise requires.

**RISK FACTORS**

*Our business faces significant risks. The risks described below may not be the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occur, our business, financial condition or results of operations could suffer, and the trading price of our common stock could decline.*

***Risks Related to the Business***



**We may experience quarterly and annual fluctuations in our net sales and operating results in the future, which may result in volatility in our stock price.**



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Our net sales and operating results may vary significantly from quarter to quarter and from year to year in the future. A number of factors, many of which are outside of our control, may cause these variations, including:

general economic uncertainties;

fluctuations in demand for, and sales of, our products or prolonged downturns in the industries that we serve;

ability of our suppliers to produce and deliver components and parts, including sole or limited source components, in a timely manner, in the quantity and quality desired and at the prices we have budgeted;

timing or cancellation of customer orders and shipment scheduling;

fluctuations in our product mix;