Cogent, Inc.
Form DEFM14A
November 04, 2010
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

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Under Rule 14a-12

COGENT, INC.

(Name of Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

x 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:
Cogent, Inc. common shares, par value 0.001 (*common shares*)

(2) Aggregate number of securities to which transaction applies:
88,536,001 common shares

(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):
The proposed maximum aggregate value of the transaction for purposes of calculating the filing fee is $266,808,076.50. The filing fee was based upon 25,410,293 common shares owned by persons other than 3M Company or Ventura Acquisition Corporation and outstanding on October 8, 2010, multiplied by $10.50 per share (the *Total Consideration*). The filing fee equals the product of 0.00007130 multiplied by the Total Consideration.

(4) Proposed maximum aggregate value of transaction:
$266,808,076.50

(5) Total fee paid:
$19,023.42

¨ Fee paid previously with preliminary materials.

x 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: $67,776.50

(2) Form, Schedule or Registration proxy No: Schedule TO

(3) Filing party: 3M Company

(4) Date Filed: September 10, 2010

Table of Contents

COGENT, INC.

639 North Rosemead Blvd.

Pasadena, CA 91107

(626) 325-9600

November 4, 2010

To the Shareholders of Cogent, Inc.:

You are cordially invited to attend a special meeting of shareholders of Cogent, Inc., a Delaware corporation (**Cogent**, **we**, **us** or **our**) to be held on December 1, 2010 at 9 a.m., Pacific Time, at Cogent s principal executive offices, 639 North Rosemead Blvd., Pasadena, California 91107.

On August 29, 2010, we entered into a merger agreement with 3M Company (**3M**) and Ventura Acquisition Corporation (**Ventura**), a wholly-owned subsidiary of 3M. At the special meeting, we will ask you to approve and adopt the merger agreement (the **merger agreement**). The merger is the second and final step of the acquisition of Cogent by 3M. The first step was a tender offer by Ventura for all of the outstanding common shares of Cogent at a price of $10.50 per share, net to the seller in cash without interest thereon and less any required withholding taxes, which was completed on October 26, 2010. The second step of 3M s purchase of Cogent consists of the merger of Ventura with and into Cogent pursuant to the merger agreement.

If the merger is completed, you will be entitled to receive $10.50 in cash, without interest thereon and less any required withholding taxes, for each Cogent share you own.

The board of directors unanimously approved the merger agreement and the merger and related transactions and unanimously determined that the merger is advisable and fair to, and in the best interests of Cogent shareholders. **Our board of directors unanimously recommends that you vote FOR the proposal to approve and adopt the merger agreement**.

The merger cannot be completed unless shareholders holding at least a majority of the outstanding common shares on the record date approve and adopt the merger agreement. As a result of the tender offer, Ventura beneficially owns a total of approximately 64.9 million common shares, representing approximately 73.3% of the outstanding common shares. Ventura will vote all such shares in favor of approving and adopting the merger agreement, and such vote is sufficient to assure approval and adoption of the merger agreement at the special meeting. As a result, the affirmative vote of other Cogent shareholders is not required to approve and adopt the merger agreement. The completion of the merger is also subject to the satisfaction or waiver of other conditions. More information about the merger is contained in the accompanying proxy statement.

We encourage you to read the accompanying proxy statement in its entirety because it explains the proposed merger, the documents related to the merger and other related matters.

Whether or not you plan to attend the special meeting, please take the time to submit a proxy by following the instructions on your proxy card as soon as possible. If your common shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you should instruct your broker, dealer, commercial bank, trust company or other nominee how to vote in accordance with the voting instruction form furnished by your broker, dealer, commercial bank, trust company or other nominee.

We appreciate your continued support of Cogent.

Sincerely,

Ming Hsieh

President and Chief Executive Officer

This transaction has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the merits or fairness of this transaction or upon the adequacy or accuracy of the information contained in this proxy statement. Any representation to the contrary is a criminal offense.

The accompanying proxy statement is dated November 4, 2010 and is first being mailed to shareholders on or about November 5, 2010.

Table of Contents

COGENT, INC.

639 North Rosemead Blvd.

Pasadena, CA 91107

(626) 325-9600

TO THE SHAREHOLDERS OF COGENT, INC.:

NOTICE IS HEREBY GIVEN that the special meeting of shareholders of Cogent, Inc., a Delaware corporation, will be held on December 1, 2010 at 9 a.m. Pacific Time at Cogent s principal executive offices, 639 North Rosemead Blvd., Pasadena, California 91107 for the following purposes:

1. To approve and adopt the Agreement and Plan of Merger, dated as of August 29, 2010 by and among Cogent, Inc., a Delaware corporation (Cogent, we, us or our), 3M Company, a Delaware corporation, and Ventura Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of 3M Company (the merger agreement); and

2. To transact any other business as may properly come before the special meeting

For more information about the merger and the other transactions contemplated by the merger agreement, please review the accompanying proxy statement and the merger agreement attached as Annex A.

The board of directors has fixed the close of business on November 2, 2010 as the record date for the determination of stockholders entitled to notice of and to vote and this special meeting and at any adjournment or postponement thereof. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at our principal offices located at 639 North Rosemead Blvd., Pasadena, California.

Please submit your proxy or voting instructions as soon as possible to make sure that your shares are represented and voted at the special meeting, whether or not you plan to attend the special meeting. Whether you attend the special meeting or not, you may revoke a proxy at any time before it is voted by filing with our corporate secretary a duly executed revocation of proxy, by properly submitting a proxy either by mail, the Internet or telephone with a later date or by appearing at the special meeting and voting in person. You may revoke a proxy by any of these methods, regardless of the method used to deliver your previous proxy. Attendance at the special meeting without voting will not itself revoke a proxy. If your shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee, you must contact your broker, dealer, commercial bank, trust company or other nominee to revoke your proxy.

Cogent shareholders who do not vote in favor of approval and adoption of the merger agreement will have the right to seek appraisal and the fair value of their shares but only if they perfect their appraisal rights by complying with the required procedures under Delaware law. See Approval of the Merger Agreement Appraisal Rights beginning on page 45 of the accompanying proxy statement.

All shareholders are cordially invited to attend the special meeting.

By Order of the board of directors,

Ming Hsieh

President and Chief Executive Officer

Table of Contents

SUMMARY VOTING INSTRUCTIONS

Ensure that your Cogent common shares can be voted at the special meeting by submitting your proxy or contacting your broker, dealer, commercial bank, trust company or other nominee.

If your Cogent common shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee: check the voting instruction card forwarded by your broker, dealer, commercial bank, trust company or other nominee to see which voting options are available or contact your broker, dealer, commercial bank, trust company or other nominee in order to obtain directions as to how to ensure that your common shares are voted in favor of the proposals at the special meeting.

If your Cogent common shares are registered in your name: submit your proxy as soon as possible by telephone, via the Internet or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope, so that your common shares can be voted in favor of the proposals at the special meeting.

Instructions regarding telephone and Internet voting are included on the proxy card.

For additional questions about the merger, assistance in submitting proxies or voting shares of Cogent common stock, or to request additional copies of the proxy statement or the enclosed proxy card, please contact the following:

Georgeson, Inc.

199 Water Street

26th Floor

New York, New York 10038

Toll-Free: 800-509-0976

Collect: 212-440-9800

Table of Contents

TABLE OF CONTENTS

Table of Contents

TABLE OF CONTENTS

Table of Contents

COGENT, INC.

639 North Rosemead Blvd.

Pasadena, CA 91107

(626) 325-9600

PROXY STATEMENT

This proxy statement contains information related to a special meeting of shareholders of Cogent, Inc., a Delaware corporation (**Cogent**, **we**, **us** or **our**) to be held on December 1, 2010, at 9 a.m., Pacific Time, at Cogent s principal executive offices, 639 North Rosemead Blvd., Pasadena, California 91107 and at any adjournments or postponements thereof. We are furnishing this proxy statement to shareholders of Cogent, Inc. as part of the solicitation of proxies by Cogent s board of directors for use at the special meeting. This proxy statement is dated November 4, 2010 and is first being mailed to shareholders on or about November 5, 2010.

SUMMARY TERM SHEET

This summary highlights selected information in this proxy statement and may not contain all the information about the merger that is important to you. We have included page references in parentheses to direct you to more complete descriptions of the topics presented in this summary term sheet. You should carefully read this proxy statement in its entirety, including the annexes and the other documents to which we have referred you, for a more complete understanding of the matters being considered at the special meeting.

The Companies

(page 14)

Cogent, Inc.

639 North Rosemead Blvd.

Pasadena, California 91107

(626) 325-9600

We are a Delaware corporation and a provider of Automated Fingerprint Identification Systems, or AFIS, and other fingerprint biometrics solutions to governments, law enforcement agencies and other organizations worldwide. Our AFIS solutions enable customers to capture fingerprint images electronically, encode fingerprints into searchable files and accurately compare a set of fingerprints to a database of potentially millions of fingerprints in seconds. Our common shares are currently listed on the NASDAQ Global Select Market under the symbol COGT.

3M Company

3M Center

St. Paul, Minnesota 55144

(651) 733-1110

3M Company, which we refer to as 3M, is a Delaware corporation. Its shares are listed on the New York Stock Exchange, the Chicago Stock Exchange and the Swiss Exchange. 3M is a diversified technology company with a global presence in the following businesses: industrial and transportation; health care; consumer and office; safety, security and protection services; display and graphics; and electro and communications. Most 3M products involve expertise in product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technologically oriented companies.

Ventura Acquisition Corporation

3M Center

St. Paul, Minnesota 55144

(651) 733-1110

Ventura Acquisition Corporation, which we refer to as Ventura, is a Delaware corporation and, to date, has engaged in no activities other than those incident to its formation and to the transactions contemplated by the

Table of Contents

merger agreement, described below. Ventura is a wholly-owned subsidiary of 3M. Ventura currently owns 64,921,969 Cogent common shares, representing approximately 73.3% of our outstanding common shares. Upon consummation of the proposed merger, Ventura will merge with and into Cogent and will cease to exist with Cogent continuing as the surviving corporation and a wholly-owned subsidiary of 3M.

Overview of the Transaction

(page 15)

Cogent, 3M and Ventura entered into the merger agreement on August 29, 2010. In the merger agreement, 3M agreed to acquire Cogent through a two-step process. The first step was a tender offer by Ventura for all of the outstanding common shares of Cogent at a price of $10.50 per share, net to the seller in cash without interest thereon and less any applicable withholding tax, which was completed on October 26, 2010. The second step is a merger of Ventura with and into Cogent, with Cogent surviving as a wholly-owned subsidiary of 3M. The following will occur in connection with the merger:

each outstanding common share issued and outstanding immediately prior to the effective time of the merger (other than common shares held in the treasury of Cogent or owned by 3M or Ventura, or by any direct or indirect wholly-owned subsidiary of 3M, Ventura or Cogent or held by shareholders who are entitled to demand and properly demand and perfect appraisal of such common shares pursuant to, and who comply in all material respects with, Section 262 of the DGCL (which shall be treated as described under Appraisal Rights below)) will by virtue of the merger, and without action by the holder thereof, be canceled and converted into the right to receive $10.50 per common share;

all common shares so converted will, by virtue of the merger, be canceled, and each holder of a certificate representing any shares of Cogent common stock will cease to have any rights with respect thereto, except the right to receive the $10.50 per share merger consideration upon surrender of such certificate;

each outstanding common share of Ventura will be converted into one fully paid and nonassessable share of common stock, par value $0.01 per share, of the surviving corporation;

Cogent shareholders (other than 3M and its affiliates) will no longer have any interest in, and no longer be shareholders of, Cogent, and will not participate in any of our future earnings or growth;

our common shares will no longer be listed on the NASDAQ Global Select Market and price quotations with respect to our common shares in the public market will no longer be available; and

the registration of our common shares under the Securities Exchange Act of 1934, as amended, will be terminated.

The Special Meeting

(page 11)

The special meeting will be held on December 1, 2010 at 9 a.m. Pacific Time at Cogent s principal executive offices, 639 North Rosemead Blvd., Pasadena, California 91107. At the special meeting, you will be asked to, among other things, approve and adopt the merger agreement. Please see the section of this proxy statement captioned Questions and Answers About the Special Meeting and the Merger for additional information on the special meeting, including how to vote your Cogent common shares.

Shareholders Entitled to Vote; Vote Required to Approve and Adopt the Merger Agreement

(page 11)

You may vote at the special meeting if you owned Cogent common shares at the close of business on November 2, 2010, the record date for the special meeting. On that date, there were 88,616,989 Cogent common shares outstanding and entitled to vote. You may cast one vote for each Cogent common share that you owned on

Table of Contents

that date. Approval and adoption of the merger agreement requires the affirmative vote of the holders of at least a majority of Cogent s common shares outstanding and entitled to vote at the special meeting. Ventura owns 73.3% of Cogent s common shares as a result of the tender offer made pursuant to the merger agreement and will vote such shares in favor of approving and adopting the merger agreement. Thus, the approval and adoption of the merger agreement is assured without the vote of any other shareholder.

Payment for Common Shares

(page 52)

Wells Fargo Bank, N.A. has been appointed as the paying agent to coordinate the payment of the merger consideration to our shareholders. The paying agent will send written instructions for surrendering your Cogent common share certificates, if your common shares are certificated, and obtaining the merger consideration after we have completed the merger. Do not return your stock certificates with your proxy card and do not forward your stock certificates to the paying agent prior to receipt of the written instructions. If you hold uncertificated Cogent common shares (i.e., you hold your shares in book entry), you will automatically receive your cash consideration as soon as practicable after the effective time of the merger without any further action required on your part.

Our Share Price

(page 59)

Our common shares are currently traded on the NASDAQ Global Select Market under the symbol COGT. On August 27, 2010, the trading day prior to announcement of the signing of the merger agreement, the closing price per common share was $8.92. The $10.50 per share to be paid for each Cogent common share in the merger represents a premium of approximately 18% to the closing price on August 27, 2010. On November 3, 2010, the last trading day before the printing of this proxy statement, the closing price per share was $10.49.

Recommendation of Our Board of Directors; Reasons for Recommending the Approval and Adoption of the Merger Agreement

(page 24)

On August 29, 2010, our board of directors (all of whom were unaffiliated with 3M at the time) unanimously determined that the merger agreement and the transactions contemplated thereby, including the offer and the merger, are advisable and in the best interests of and are fair to Cogent and its shareholders and approved the merger agreement and the transactions contemplated thereby, including the offer and the merger. Accordingly, our board of directors recommends that our shareholders vote **FOR** approval and adoption of the merger agreement.

In adopting the merger agreement and making the determination to recommend that the merger agreement be approved and adopted, Cogent s board of directors consulted with Cogent s management, as well as its financial and legal advisors, and considered a number of factors that the board members believed supported their decision. In particular, Cogent s board of directors reviewed the possible alternatives to an acquisition by 3M and perceived risks of those alternatives, the range of potential benefits to stockholders of these alternatives and the timing and the likelihood of accomplishing the goals of such alternatives, and concluded that none of these alternatives were reasonably likely to present superior opportunities for Cogent to create greater value for shareholders, taking into account risks to the successful completion of a transaction as well as regulatory, business, competitive, industry and market risks. For a further description of the reasons Cogent s board of directors recommends the approval and adoption of the merger agreement, you should refer to Our Reasons for the Merger on pages 24-27.

Background of the Merger

(pages 15 and 24)

For a description of the events leading to the adoption of the merger agreement by our board of directors, you should refer to Approval of the Merger Agreement Background of the Merger and Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement.

Table of Contents

Opinion of Our Financial Advisor

(page 27)

On August 29, 2010, Credit Suisse rendered its oral opinion to our board of directors (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated the same date) to the effect that, as of August 29, 2010, the $10.50 per share to be received by Cogent shareholders pursuant to the merger agreement was fair, from a financial point of view, to such stockholders (other than 3M, any affiliates of 3M and those stockholders who entered into a voting and tender agreement with 3M and Ventura (the **voting and tender agreement**)).

The full text of the written opinion of Credit Suisse is attached to this proxy statement as Annex B. We encourage you to read this opinion carefully in its entirety for a complete description of the procedures followed, assumptions made, matters considered, qualifications and limitations on review undertaken and other matters considered by Credit Suisse in preparing its opinion. The opinion is directed to our board of directors and only addresses the fairness from a financial point of view of the per share consideration to be received by shareholders pursuant to the merger and does not address any other aspect or implication of the transactions or any other agreement, arrangement or understanding entered into in connection with the merger agreement, including, without limitation, the voting and tender agreement.

Pursuant to the terms of Credit Suisse s engagement letter with Cogent, Cogent will become obligated to pay Credit Suisse an aggregate fee currently estimated to be approximately $7.8 million, $1.25 million of which is payable in connection with the delivery of its opinion and a substantial portion of which is contingent upon, and will become payable upon, completion of the merger. Cogent has also agreed to reimburse Credit Suisse for its reasonable expenses (not to exceed $100,000, other than as approved by Cogent) and to indemnify Credit Suisse and certain related parties against certain liabilities and expenses related to or arising out of Credit Suisse s engagement, including liabilities under federal securities laws.

Financing of the Offer and the Merger

(page 37)

Consumption of the merger and the other transactions contemplated by the merger agreement are not conditioned upon 3M or Ventura obtaining any financing. As of the date of this proxy statement, 3M has sufficient funds to complete the merger. See Approval of the Merger Agreement Financing of the Offer and the Merger beginning on page 37.

Interests of Cogent Directors and Executive Officers in the Merger

(page 37)

Members of our board of directors and our executive officers may have interests in the transactions contemplated by the merger agreement that differ from, or are in addition to, those of our other shareholders. For example:

- as of August 27, 2010, Cogent s directors and executive officers (and affiliates and affiliated investment entities) owned in the aggregate 34,374,965 common shares (excluding common shares issuable upon the exercise of options to purchase common shares and the vesting of restricted stock units) (all such shares were purchased by 3M on October 8, 2010);

- as of August 27, 2010, Cogent s directors and executive officers held options to purchase 408,753 common shares in the aggregate, with exercise prices ranging from $0.60 to $21.30 per share and an aggregate weighted average exercise price of $5.91 per common share. At the effective time of the merger, each holder of an option will be entitled to receive an amount equal to the excess, if any, of $10.50, without interest, over the exercise price per share of such option, less any required withholding taxes;

Table of Contents

as of August 27, 2010, Cogent s executive officers and directors held outstanding restricted stock units (**RSUs**) covering 172,250 common shares in the aggregate. Each RSU held by (i) Cogent s non-executive directors and (ii) Paul Kim, Cogent s Chief Financial Officer, fully vested and was settled for one common share on October 8, 2010 pursuant to the terms of the respective RSU awards. All other RSUs held by Cogent s employees, including its executive officers, will fully vest immediately prior to the effective time of the merger and be settled for common shares with the right to receive the merger consideration, pursuant to the terms of the merger agreement;

our current and former directors and officers will continue to be indemnified and will have the benefit of liability insurance until six years after the effective time of the merger;

concurrently with signing the merger agreement on August 29, 2010, Cogent and 3M entered into retention arrangements with Mr. Ming Hsieh, our President and Chief Executive Officer, Mr. James Jasinski, our Executive Vice President, Federal and State Systems, Mr. Michael Hollowich, our Executive Vice President, Operations, Mr. Paul Kim, our Chief Financial Officer, Mr. Jian Xie, our Vice President, System Integration, Mr. Bruno Lassus, our Vice President, Commercial Systems, Ms. Mary Jane Abalos, our Vice President of Planning and Finance Operations, and Mr. Ankuo Wang, our General Manager China;

in connection with the execution of the merger agreement, Mr. Ming Hsieh, our Chief Executive Officer and certain entities controlled by him entered into a voting and tender agreement, pursuant to which Mr. Hsieh tendered his common shares, consisting of 34,369,965 common shares, into the offer and such shares were purchased by 3M on October 8, 2010; and

if the merger is consummated, any shareholder derivative claims that are currently pending or that could be brought against the directors and officers of Cogent by current shareholders would likely be extinguished.

Conditions to the Merger

(page 55)

We are working to complete the merger as soon as possible. The merger is subject to the satisfaction of several conditions, including the conditions described immediately below. As such, we cannot predict the exact time of the merger s completion.

The completion of the merger depends on satisfaction of the conditions below:

the merger agreement must have been approved and adopted by the affirmative vote of at least a majority of the votes entitled to be cast by the holders of the outstanding common shares (as a result of the tender offer, Ventura beneficially owns a total of approximately 73.3% of the outstanding common shares, which is sufficient to assure approval and adoption of the merger agreement at the special meeting); and

no judgment, ruling, order, writ, injunction or decree issued by a court of competent jurisdiction or any statute, law, ordinance, rule or regulation or other legal restraint or prohibition of any governmental authority shall be in effect that would make the merger illegal or otherwise prevent the consummation thereof provided that the party seeking to assert this condition shall have used those efforts required under the merger agreement to resist, lift or resolve such judgment, ruling, order, writ, injunction or decree, statute, law, ordinance, rule or regulation or other legal restraint or prohibition.

Where legally permissible, a party may waive a condition to its obligation to complete the merger even though that condition has not been satisfied. None of Cogent, 3M or Ventura, however, has any intention to waive any condition as of the date of this proxy statement.

Table of Contents

Certain Material United States Federal Income Tax Consequences

(page 48)

The exchange of shares for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes, and a U.S. Holder who receives cash for common shares pursuant to the merger will recognize gain or loss, if any, equal to the difference between the amount of cash received and the holder s adjusted tax basis in the common shares. Such gain or loss will be capital gain or loss if the common shares were a capital asset of the U.S. Holder, and will be long-term capital gain or loss if such U.S. Holder s holding period for the common shares is more than one year at the time of the exchange of such holder s common shares for cash. Long-term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. There are limitations on the deductibility of capital losses. However, subject to certain exceptions, a Non-U.S. Holder, as defined on page 49, will generally not be subject to United States federal income tax on any gain or loss recognized as a result of the merger.

You should read Approval of the Merger Agreement Certain Material United States Federal Income Tax Consequences beginning on page 48 for a more complete discussion of the federal income tax consequences of the merger. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. We urge you to consult your tax advisor regarding the tax consequences of the merger to you.

Appraisal Rights

(pages 45 and C-1)

If the merger is consummated, persons who are then shareholders will have certain rights under Delaware law to dissent and demand appraisal of, and payment in cash of the fair value of, their common shares. Any common shares held by a person who demands appraisal of such common shares and who complies with the applicable provisions of Delaware law shall not be converted into the right to receive merger consideration. Such appraisal rights, if the statutory procedures were complied with, will lead to a judicial determination of the fair value (excluding any element of value arising from the accomplishment or expectation of the merger) required to be paid in cash to such dissenting shareholders for their common shares. The value so determined could be more or less than, or the same as, the purchase price per share pursuant to the offer or the consideration per share to be paid in the merger.

You should read Approval of the Merger Agreement Appraisal Rights beginning on page 45 for a more complete discussion of the appraisal rights in relation to the merger as well as Annex C which contains a full text of the applicable Delaware statute.

Person/Assets, Retained, Employed, Compensated or Used

(page 45)

In addition to the arrangements with Credit Suisse described above, Cogent retained Goldman Sachs to provide it with financial advisory services in connection with, among other things, the transactions contemplated by the merger agreement. Pursuant to the terms of Goldman Sachs engagement letter with Cogent, Cogent will become obligated to pay Goldman Sachs an aggregate fee currently estimated to be approximately $6.1 million, substantially all of which is contingent upon, and will become payable upon, completion of the merger. Cogent has also agreed to reimburse Goldman Sachs for its reasonable expenses incurred in performing its services (Goldman Sachs shall notify Cogent if its fees and expenses exceed $100,000). In addition, Cogent has agreed to indemnify Goldman Sachs and certain related parties against certain liabilities and expenses related to or arising out of Goldman Sachs engagement, including liabilities under federal securities laws.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

Q: What matters will be voted on at the special meeting?

A: You will vote on a proposal to approve and adopt the merger agreement. The merger is the second and final step of the acquisition of Cogent by 3M. The first step was a tender offer by Ventura for all of the outstanding common shares of Cogent at a price of $10.50 per share, net to the seller in cash without interest thereon and less any withholding taxes, which was completed on October 26, 2010.

Q: As a shareholder, what will I receive in the merger?

A: You will be entitled to receive $10.50 in cash, without interest thereon and less any applicable withholding tax, for each Cogent common share that you own immediately prior to the effective time of the merger as described in the merger agreement.

Q: When and where is the special meeting of our shareholders?

A: The special meeting of shareholders will be held on December 1, 2010, at 9 a.m, Pacific Time, at Cogent s principal executive offices, 639 North Rosemead Blvd., Pasadena, California 91107.

Q: What vote of our shareholders is required to approve and adopt the merger agreement?

A: For us to complete the merger, shareholders holding at least a majority of Cogent s common shares outstanding at the close of business on the record date must vote FOR the proposal to approve and adopt the merger agreement. As a result of the tender offer, 3M beneficially owns a total of approximately 73.3% of our outstanding common shares. Ventura will vote all such shares in favor of approving and adopting the merger agreement, and such vote is sufficient to assure approval and adoption of the merger agreement at the special meeting. Accordingly, the affirmative vote of other Cogent shareholders is not required to approve and adopt the merger agreement.

At the close of business on the record date, 88,616,989 common shares were outstanding, 64,921,969 of which were indirectly owned by 3M.

Q: Who can attend and vote at the special meeting?

A: All shareholders of record as of the close of business on November 2, 2010, the record date for the special meeting, are entitled to receive notice of and to attend and vote at the special meeting, or any postponement or adjournment thereof. If you wish to attend the special meeting and your shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee (i.e., in street name), you will need to bring a copy of your voting instruction card or statement reflecting your share ownership as of the record date. Street name holders who wish to vote at the special meeting will need to obtain a proxy from the broker, dealer, commercial bank, trust company or other nominee that holds their common shares. Seating will be limited at the special meeting. Admission to the special meeting will be on a first-come, first-served basis.

Q: How does our board of directors recommend that I vote?

A: Our board of directors unanimously recommends that our shareholders vote **FOR** the proposal to approve and adopt the merger agreement.

Q: Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares?

A: Yes. Cogent shareholders who do not vote in favor of approval and adoption of the merger agreement will have the right to seek appraisal and the fair value of their shares if the merger closes but only if they perfect their appraisal rights by complying with the required procedures under Delaware law. See Approval of the Merger Agreement Appraisal Rights beginning on page 45 of this proxy statement. For the full text of Section 262 of the DGCL, please see Annex C hereto.

Table of Contents

Q: How do I cast my vote if I am a holder of record?

A: If you were a holder of record on November 2, 2010, you may vote in person at the special meeting or by submitting a proxy for the special meeting. You can submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed, postage paid envelope. Holders of record may also vote by telephone or the Internet by following the instructions on the proxy card.

If you properly transmit your proxy, but do not indicate how you want to vote, your proxy will be voted FOR the approval and adoption of the merger agreement.

Q: How do I cast my vote if my Cogent shares are held in street name by my broker, dealer, commercial bank, trust company or other nominee?

A: If you hold your shares in street name, which means your common shares are held of record on November 2, 2010 by a broker, dealer, commercial bank, trust company or other nominee, you must provide the record holder of your common shares with instructions on how to vote your common shares in accordance with the voting directions provided by your broker, dealer, commercial bank, trust company or other nominee. **If you do not provide your broker, dealer, commercial bank, trust company or other nominee with instructions on how to vote your shares, your common shares will not be voted, which will have the same effect as voting AGAINST the approval and adoption of the merger agreement.** Please refer to the voting instruction card used by your broker, dealer, commercial bank, trust company or other nominee to see if you may submit voting instructions using the Internet or telephone.

Q: What will happen if I abstain from voting or fail to vote on the proposal to approve and adopt the merger agreement?

A: If you abstain from voting, fail to cast your vote in person or by proxy or fail to give voting instructions to your broker, dealer, commercial bank, trust company or other nominee, it will have the same effect as a vote against approval and adoption of the merger agreement. However, since 3M and its subsidiary own a sufficient number of shares to approve and adopt the merger agreement and are required to vote those shares to approve and adopt the merger agreement, we expect the proposal to be approved and adopted regardless of your vote.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. If you are a record holder, you can change your vote at any time before your proxy is voted at the special meeting by properly delivering a later-dated proxy either by mail, the Internet or telephone or attending the special meeting in person and voting. You also may revoke your proxy by delivering a notice of revocation to Cogent s corporate secretary prior to the vote at the special meeting. If your shares are held in street name, you must contact your broker, dealer, commercial bank, trust company or other nominee to revoke your proxy.

Q: What should I do if I receive more than one set of voting materials?

A. You may receive more than one set of voting materials, including multiple copies of this proxy statement or multiple proxy or voting instruction cards. For example, if you hold your common shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold common shares. If you are a holder of record and your common shares are registered in more than one name, you will receive more than one proxy card. **Please submit each proxy and voting instruction card**

that you receive.

Q: If I am a holder of certificated Cogent common shares, should I send in my share certificates now?

A: No. Promptly after the merger is completed, each holder of record as of the time of the merger will be sent written instructions for exchanging their share certificates for the merger consideration. These instructions

Table of Contents

will tell you how and where to send in your certificates for your cash consideration. You will receive your cash payment after the paying agent receives your share certificates and any other documents requested in the instructions. Please do not send certificates with your proxy.

Holders of uncertificated Cogent common shares (i.e., holders whose shares are held in book entry) will automatically receive their cash consideration as soon as practicable after the effective time of the merger without any further action required on the part of such holders.

Q: When is the merger expected to be completed?

A: We are working to complete the merger as quickly as possible. We cannot, however, predict the exact timing of the merger. In order to complete the merger, we must obtain shareholder approval and the other closing conditions under the merger agreement must be satisfied or waived.

Q: Who can help answer my questions?

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact Georgeson toll-free at 800-509-0976, collect at 212-440-9800 or at 199 Water Street, 26th Floor, New York, New York 10038.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of 3M, Cogent and their consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements about the expected terms of the proposed acquisition; the ability to complete the proposed transaction; the expected benefits and costs of the transaction; management plans relating to the transaction; the expected timing of the completion of the transaction; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the possibility that expected benefits may not materialize as expected; that, prior to the completion of the transaction, Cogent s business may not perform as expected due to transaction-related uncertainty or other factors; that 3M is unable to successfully implement integration strategies; and other risks that are set forth in Cogent s filings with the SEC, which are available without charge at www.sec.gov. Cogent assumes no obligation and does not intend to update these forward-looking statements.

Table of Contents

THE COGENT SPECIAL MEETING

We are furnishing this proxy statement to Cogent shareholders as part of the solicitation of proxies by the Cogent board of directors for use at the special meeting.

Date, Time and Place

We will hold the special meeting on December 1, 2010, at 9 a.m., Pacific Time, at Cogent s principal executive offices, 639 North Rosemead Blvd., Pasadena, California 91107. Seating will be limited to shareholders. Admission to the special meeting will be on a first-come, first-served basis.

Purpose of the Special Meeting

The special meeting is being held for the following purposes:

- to approve and adopt the merger agreement (see Approval of the Merger Agreement beginning on page 14); and
- to transact any other business that is properly brought before the special meeting or any reconvened meeting after any adjournment or postponement of the meeting.

Recommendation of Our Board of Directors

Cogent s board of directors unanimously recommends that our shareholders vote **FOR** the approval and adoption of the merger agreement.

Record Date; Shareholders Entitled to Vote; Quorum

Only holders of record of Cogent common shares at the close of business on November 2, 2010, the record date, are entitled to notice of and to vote at the special meeting. On the record date, 88,616,989 Cogent common shares were issued and outstanding and held by 12 holders of record. Holders of record of Cogent common shares on the record date are entitled to one vote per common share at the special meeting on each proposal. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at our principal offices located at 639 North Rosemead Blvd., Pasadena, California.

A quorum is necessary to hold a valid special meeting. A quorum will be present at the special meeting if the holders of a majority of Cogent s common shares outstanding and entitled to vote on the record date are present, in person or by proxy. Because Ventura currently owns approximately 73.3% of the outstanding Cogent common shares, Ventura s presence at the special meeting, in person or by proxy, is sufficient to constitute a quorum.

Vote Required

Approval of the Merger Agreement

The approval and adoption of the merger agreement by our shareholders requires the affirmative vote of the holders of at least a majority of Cogent s common shares outstanding and entitled to vote at the special meeting as of the record date, either in person or by proxy. Ventura already owns approximately 73.3% of Cogent s common shares as a result of the tender offer made pursuant to the merger agreement and will vote such shares for the approval and adoption of the merger agreement. Accordingly, the approval and adoption of the merger agreement is assured regardless of the vote of any other Cogent shareholder.

11

Table of Contents

Other Proposals

The approval of any other items properly brought before the special meeting requires that holders of more of Cogent s common shares vote in favor of the proposal than vote against the proposal. Abstentions and non-votes will have no effect on the outcome of such proposals. Since Ventura owns a majority of Cogent s common shares, it will have the ability to approve or reject other items properly brought before the special meeting regardless of the vote of any other Cogent shareholder.

Voting Procedures

Voting by Proxy or in Person at the Special Meeting

Holders of record can ensure that their common shares are voted at the special meeting by completing, signing, dating and delivering the enclosed proxy card in the enclosed postage-paid envelope. Submitting by this method or voting by telephone or the Internet as described below will not affect your right to attend the special meeting and to vote in person. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your common shares are held in street name by a broker, dealer, commercial bank, trust company or other nominee and you wish to vote at the special meeting, you must bring to the special meeting a proxy from the record holder of the common shares authorizing you to vote at the special meeting.

Electronic Voting

Our holders of record and many shareholders who hold their common shares through a broker, dealer, commercial bank, trust company or other nominee will have the option to submit their proxy cards or voting instruction cards electronically by telephone or the Internet. Please note that there are separate arrangements for using the telephone depending on whether your common shares are registered in our records in your name or in the name of a broker, dealer, commercial bank, trust company or other nominee. Some brokers, dealers, commercial banks, trust companies or other nominees may also allow voting through the Internet. If you hold your common shares through a broker, bank or other nominee, you should check your voting instruction card forwarded by your broker, dealer, commercial bank, trust company or other nominee to see which options are available.

Please read and follow the instructions on your proxy or voting instruction card carefully.

Adjournments; Other Business

Adjournments may be made for the purpose of, among other things, providing additional information to shareholders. An adjournment requires that holders of more of Cogent s common shares vote in favor of adjournment than vote against adjournment, whether or not a quorum exists, without further notice other than by an announcement made at the special meeting of the date, time and place at which the meeting will be reconvened. If the adjournment is for more than 120 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each shareholder of record entitled to vote at the meeting. Since Ventura owns a majority of Cogent s common shares, it will have the ability to approve an adjournment of the special meeting regardless of the vote of any other Cogent shareholder. We are not soliciting proxies for any proposal to adjourn the special meeting and do not currently intend to seek an adjournment of the special meeting.

We do not expect that any matter other than the proposal to approve and adopt the merger agreement will be brought before the special meeting. If, however, other matters are properly presented at the special meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters.

Table of Contents

Revocation of Proxies

Submitting a proxy on the enclosed form does not preclude a shareholder from voting in person at the special meeting. A shareholder of record may revoke a proxy at any time before it is voted by filing with our corporate secretary a duly executed revocation of proxy, by properly submitting a proxy by mail, the Internet or telephone with a later date or by appearing at the special meeting and voting in person. A shareholder of record may revoke a proxy by any of these methods, regardless of the method used to deliver the shareholder s previous proxy. Attendance at the special meeting without voting will not itself revoke a proxy. If your common shares are held in street name, you must contact your broker, dealer, commercial bank, trust company or other nominee to revoke your proxy.

Solicitation of Proxies

3M and Ventura have retained Georgeson Inc. to assist in the solicitation of proxies for the special meeting for a fee of $7,000, plus reimbursement of reasonable out-of-pocket expenses. Cogent s directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. Cogent will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of Cogent common stock that the brokers and fiduciaries hold of record. Upon request, Cogent will reimburse them for their reasonable out-of-pocket expenses. All other expenses of the solicitation of proxies will be borne by Cogent.

Assistance

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact Georgeson toll-free at 800-509-0976, collect at 212-440-9800 or at 199 Water Street, 26th Floor, New York, New York 10038.

Table of Contents

APPROVAL OF THE MERGER AGREEMENT

The following is a description of the material aspects of the merger. While we believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire document, including the merger agreement attached to this proxy statement as Annex A, for a more complete understanding of the merger. The following description is subject to, and is qualified in its entirety by reference to, the merger agreement.

The Companies

Cogent, Inc.

639 North Rosemead Blvd.

Pasadena, California 91107

(626) 325-9600

We are a Delaware corporation and a provider of Automated Fingerprint Identification Systems, or AFIS, and other fingerprint biometrics solutions to governments, law enforcement agencies and other organizations worldwide. Our AFIS solutions enable customers to capture fingerprint images electronically, encode fingerprints into searchable files and accurately compare a set of fingerprints to a database of potentially millions of fingerprints in seconds. Our common shares are currently listed on the NASDAQ Global Select Market under the symbol COGT.

3M Company

3M Center,

St. Paul, Minnesota 55144

(651) 733-1110

3M Company, which we refer to as 3M, is a Delaware corporation. Its shares are listed on the New York Stock Exchange, the Chicago Stock Exchange and the Swiss Exchange. 3M is a diversified technology company with a global presence in the following businesses: industrial and transportation; health care; consumer and office; safety, security and protection services; display and graphics; and electro and communications. Most 3M products involve expertise in product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technologically oriented companies.

Ventura Acquisition Corporation

3M Center,

St. Paul, Minnesota 55144

(651) 733-1110

Ventura Acquisition Corporation, which we refer to as Ventura, is a Delaware corporation and, to date, has engaged in no activities other than those incident to its formation and to the offer and the merger. Ventura is a wholly-owned subsidiary of 3M. Ventura currently owns 64,921,969 Cogent common shares, representing approximately 73.3% of our outstanding common shares. Upon consummation of the proposed merger, Ventura will merge with and into Cogent and will cease to exist with Cogent continuing as the surviving corporation and a wholly-owned subsidiary of 3M.

14

Table of Contents

Overview of the Transaction

Cogent, 3M and Ventura entered into the merger agreement on August 29, 2010. In the merger agreement, 3M agreed to acquire Cogent through a two-step process. The first step was a tender offer by Ventura for all of the outstanding common shares of Cogent at a price of $10.50 per share, net to the seller in cash without interest thereon and less any applicable withholding tax, which was completed on October 26, 2010. The second step is a merger of Ventura with and into Cogent, with Cogent surviving as a wholly-owned subsidiary of 3M. The following will occur in connection with the merger:

- each outstanding common share issued and outstanding immediately prior to the effective time of the merger (other than common shares held in the treasury of Cogent or owned by 3M or Ventura, or by any direct or indirect wholly-owned subsidiary of 3M, Ventura or Cogent or held by shareholders who are entitled to demand and properly demand and perfect appraisal of such common shares pursuant to, and who comply in all material respects with, Section 262 of the DGCL (which shall be treated as described under Appraisal Rights on page 45)) will by virtue of the merger, and without action by the holder thereof, be canceled and converted into the right to receive $10.50 per common share;

- all common shares so converted will, by virtue of the merger be canceled, and each holder of a certificate representing any shares of Cogent common stock shall cease to have any rights with respect thereto, except the right to receive the $10.50 per share merger consideration upon surrender of such certificate;

- each outstanding common share of Ventura will be converted into one fully paid and nonassessable share of common stock, par value $0.01 per share, of the surviving corporation;

Following and as a result of the merger:

- Cogent shareholders (other than 3M and its affiliates) will no longer have any interest in, and no longer be shareholders of, Cogent, and will not participate in any of our future earnings or growth;

- our common shares will no longer be listed on the NASDAQ Global Select Market and price quotations with respect to our common shares in the public market will no longer be available; and

- the registration of our common shares under the Securities Exchange Act of 1934, as amended, will be terminated.

Management and Board of Directors of the Surviving Corporation

The directors of Ventura immediately prior to the effective time will be the initial directors of the surviving corporation and the officers of Cogent immediately prior to the effective time will be the initial officers of the surviving corporation.

Background of the Merger

As part of the ongoing evaluation of our business, our board of directors and members of our senior management regularly review and assess opportunities to achieve long-term strategic goals, including potential opportunities for business combinations, acquisitions, dispositions, internal restructurings and other strategic alternatives.

In the first half of 2008, we participated in multiple discussions with Company A regarding a potential strategic transaction. In order to be in a better position to evaluate any such strategic transaction, our board of directors authorized our senior management to engage Credit Suisse Securities (USA) LLC (**Credit Suisse**) to discuss opportunities with potential strategic and financial parties. In the course of that process, Credit

Suisse consulted with our senior management to formulate a list of likely partners with the financial resources and strategic rationale to support a transaction with Cogent. After considering the input of our senior management, Credit Suisse approached two potential financial parties and twenty-five potential strategic parties, including 3M.

Table of Contents

Of those approached, Company A, Company B and 3M expressed an interest in exploring a potential transaction with us. To facilitate the further exchange of confidential information in contemplation of a possible transaction, we entered into mutual non-disclosure agreements with all such interested parties. During the summer of 2008, our senior management had several in-person meetings and engaged in intermittent discussions with, and provided requested information to, the parties who had expressed an interest in exploring a potential strategic transaction, including 3M. Also, in early July 2008, Ming Hsieh, our President and Chief Executive Officer, and Paul Kim, our Chief Financial Officer, met in New York, New York with representatives of Company A to further discuss a potential strategic transaction.

In mid-September 2008, we received a preliminary, non-binding proposal from Company B setting forth the general business terms of a proposed strategic transaction. At a subsequent telephonic special meeting, our board of directors discussed and evaluated Company B s proposal, with input from our senior management and representatives of Credit Suisse. Representatives of our outside legal counsel, Morrison & Foerster LLP (**Morrison**) also attended the meeting. Our board of directors expressed concerns and reservations about the terms of Company B s proposal, including the proposal s significant non-cash consideration component that was difficult to evaluate in a meaningful way, and instructed Credit Suisse to convey this view to Company B. Following the meeting, representatives of Credit Suisse had additional discussions with Company B over the course of the fall of 2008.

On September 15, 2008, Messrs. Hsieh and Kim, and Credit Suisse, attended meetings at 3M headquarters in St. Paul, Minnesota and discussed process going forward with members of 3M s management team. Messrs. Hsieh and Kim presented an overview of our business strategy and operations to enable 3M to further assess a potential strategic transaction. In late September 2008, Cogent and 3M terminated their discussions due to the dramatic deterioration of global economic conditions.

At a regular meeting of our board of directors in late October 2008, members of senior management and Credit Suisse conveyed to our Board that, at that time, only Company B continued to express an interest in discussing a strategic transaction. However, there had been no improvement in the preliminary proposal previously submitted by Company B, and as such, our Board viewed a transaction with Company B to be unlikely.

During the remainder of 2008 and through 2009, our board of directors and senior management continued to review and assess opportunities to achieve our long-term strategic goals, including opportunities for business combinations, acquisitions and dispositions.

In early June 2009, representatives of Credit Suisse discussed strategic opportunities involving Cogent with Company C. In late June 2009, Messrs. Hsieh and Kim participated in a conference call with Company C relating to our business and operations. Credit Suisse was subsequently informed by representatives of Company that Company C was not interested in pursuing a strategic transaction with Cogent.

In mid-July 2009, a third party approached NEC Corporation (**Company D**) on our behalf and arranged for Mr. Hsieh and James Jasinski, our Executive Vice President, Federal and State Systems, to meet with representatives of Company D to discuss a potential strategic transaction. In order to facilitate the exchange of confidential information in contemplation of a possible transaction between the two companies, we entered into a mutual non-disclosure agreement with Company D in July 2009. Following the meeting, the representatives of Company D that Messrs. Hsieh and Jasinski met with did not express an interest in further discussions with Cogent.

On October 1, 2009, Mr. Kim was contacted by 3M to arrange a March 2010 visit to our Pasadena, California headquarters by George Buckley, 3M s Chairman, President and Chief Executive Officer, in order for Mr. Buckley to better acquaint himself with Cogent s technologies and strategic opportunities with 3M.

Table of Contents

At a regular meeting in October 2009, our board of directors and senior management, as well as our outside advisors, discussed strategic partnership opportunities for Cogent. Mr. Hsieh discussed his meeting with representatives of Company D, and Mr. Kim and representatives of Credit Suisse updated our board of directors regarding 3M s potential renewed interest in exploring a strategic transaction and Mr. Buckley s planned visit in March 2010. In addition, representatives of Credit Suisse indicated that Company B continued to express an interest in Cogent, although Company B had not submitted any new proposal relating to a transaction, and that Company E may also be interested in discussing a potential transaction.

In November 2009, representatives of Goldman Sachs, & Co. (**Goldman Sachs**) spoke with our senior management and offered to contact, on Cogent s behalf, high-level representatives of Company D to explore a possible strategic transaction with Cogent. As a result of the contact initiated by Goldman Sachs, in mid-December 2009, Mr. Hsieh met with representatives of Company D to further discuss a potential strategic transaction between Cogent and Company D. Credit Suisse and Goldman Sachs acted as joint financial advisors to Cogent but were given specific roles with specific buyers, as directed by Cogent, to ensure an efficient process.

In December 2009, representatives of Company E met with Messrs. Hsieh and Kim at our executive offices in Pasadena, California, and were given an overview of our business and operations.

We entered into a revised mutual non-disclosure agreement with Company D in January 2010, and in February 2010, we shared information about our business and operations with Company D.

In early February 2010, Mr. Hsieh met with representatives of Company F and presented an overview of our business strategy and operations. Company F subsequently informed Cogent that it was not interested in pursuing a strategic transaction with Cogent.

At a regularly scheduled meeting on February 18, 2010, our board of directors and senior management discussed strategic opportunities for Cogent. Representatives of Credit Suisse gave an overview of the proposed agenda for meetings scheduled on March 3, 2010 with executives of 3M. Credit Suisse also informed our Board that Company G may be a potential strategic partner. Members of our senior management and representatives of Goldman Sachs also updated our Board regarding discussions with Company D, and informed our Board that Company D had elected to suspend any further discussions with Cogent at that time.

Throughout the spring and early summer of 2010, representatives of Goldman Sachs had intermittent discussions with Company D and its advisors.

On March 3, 2010, Messrs. Hsieh and Kim met at our executive offices in Pasadena, California with executives of 3M, including Mr. Buckley, Fred Palensky, Executive Vice President Research and Development and Chief Technical Officer, Roger Lacey, Senior Vice President of Strategy and Corporate Development, and Mike Delkoski, Vice President and General Manager, Security Systems Division. The parties discussed Cogent s business, operations and technology and 3M s executives received a demonstration of Cogent s products.

From March to May 2010, 3M held numerous discussions with Credit Suisse, during which Credit Suisse advised 3M that other potential acquirers were in discussions with Cogent.

On March 15, 2010, Messrs. Hsieh and Kim and a representative of Credit Suisse met with representatives of Company G to discuss the merits of a strategic transaction between Cogent and Company G.

At a regularly scheduled meeting on April 28, 2010, members of our senior management updated our Board regarding the meeting with 3M executives, and our Board further discussed strategic opportunities for Cogent.

On May 6, 2010, representatives of Company E discussed with representatives of Credit Suisse Company E s interest in a strategic transaction with Cogent. On July 6, 2010, Company E informed representatives of Credit Suisse that it was not interested in pursuing a strategic transaction with Cogent.

Table of Contents

To facilitate the further exchange of confidential information in contemplation of a possible transaction between Cogent and Company D, we entered into a non-disclosure agreement with a potential partner of Company D on May 18, 2010.

Also on May 18, 2010, Credit Suisse held a discussion with JP Morgan Securities LLC (**JP Morgan**), financial advisor to 3M, to outline the process proposed by Cogent to explore a possible transaction, including a preliminary discussion of price.

On May 22, 2010, Mr. Buckley called Mr. Hsieh and indicated that 3M was interested in pursuing a strategic transaction with Cogent.

On May 24, 2010, Mr. Delkoski held a telephone conversation with Mr. Hsieh during which Mr. Delkoski communicated 3M s interest in acquiring Cogent at a price range of $9.25 to $10.25 per share. Mr. Hsieh invited 3M to conduct further diligence on Cogent.

On May 25, 2010, representatives of Credit Suisse contacted representatives of Company G, who expressed a desire to pursue a potential transaction with Cogent.

On May 26, May 27 and May 31, 2010, JP Morgan submitted diligence requests to Credit Suisse, and we executed an amendment to our mutual non-disclosure agreement with 3M that extended the term of the agreement.

To facilitate the further exchange of confidential information in contemplation of a possible transaction between Cogent and Company G, we entered into a mutual confidentiality agreement with Company G on June 1, 2010.

From June 1 through June 4, 2010**,** 3M and JP Morgan held initial due diligence discussions with Mr. Kim and Mary Jane Abalos, Cogent s Vice President of Planning & Finance Operations, at Cogent s headquarters in Pasadena, California. Mr. Hsieh participated by telephone in certain of the due diligence discussions. During this time Cogent provided 3M, JP Morgan and 3M s legal counsel, Cleary Gottlieb Steen & Hamilton LLP (**Cleary**) with access to an electronic data room populated with documents and other materials that were responsive to 3M and JP Morgan s diligence requests. From June 3, 2010 to August 29, 2010, we continued to upload documents and other materials to the electronic data room.

Between June 9, 2010 and July 2, 2010, members of our management team participated in conference calls with representatives of Company G regarding our business and operations. On June 9, 2010, we provided Company G with access to the electronic data room. In addition, on June 17, 2010, members of our management team delivered in-person presentations to representatives of Company G regarding our business, operations and technology.

Between June 11 and June 18, 2010, additional diligence calls were held between members of our management team and representatives of 3M and JP Morgan regarding Cogent s business, outlook and operations.

On June 14, 2010, Credit Suisse delivered to JP Morgan and Company G a letter requesting that 3M and Company G submit non-binding indications of interest by June 29, 2010. The letter further specified that after review of such indications of interest, Cogent would select a limited number of parties to participate in further due diligence.

On June 28, 2010, Messrs. Hsieh and Kim participated in a conference call with Company D relating to our business and operations.

Table of Contents

On July 2, 2010, we received from JP Morgan a preliminary non-binding indication of interest for 3M to acquire Cogent in a transaction in which shareholders would receive $10.50 per share in cash. 3M s proposal specified that 3M s initial valuation was subject to it being granted exclusivity in the continuing sale process, satisfactory completion of due diligence, the entry into suitable retention agreements with key Cogent employees, including Mr. Hsieh, and the entry into a voting agreement with Mr. Hsieh.

Also on July 2, 2010, we received from Company G a preliminary non-binding indication of interest in acquiring all of the outstanding equity of Cogent at a price per share ranging from $10.00 to $10.50 per share. Company G s indication of interest was subject to satisfactory completion of due diligence, but was not subject to a financing condition.

At a special telephonic meeting of our board of directors on July 6, 2010, our Board reviewed and discussed 3M s indication of interest and Company G s indication of interest with our senior management and representatives of Credit Suisse. Representatives of Morrison also attended the meeting. Representatives of Credit Suisse summarized the key terms reflected in 3M s indication of interest and Company E s indication of interest. The Board discussed with senior management and representatives of Credit Suisse the appropriate valuation methodologies and metrics for Cogent. After the discussion, our Board instructed representatives of Credit Suisse to advise 3M and Company G that their offers would have to be improved. Following the meeting, Credit Suisse conveyed our Board s message to 3M and Company G, and both companies expressed a desire to conduct additional due diligence on Cogent.

Between July 6, 2010 and August 6, 2010, members of our management participated in in-person meetings and conference calls with representatives of 3M and JP Morgan, during which our business, operations and technology were discussed and representatives of Morrison participated in conference calls with representatives of 3M regarding legal due diligence. In addition, from July 26, 2010 to July 28, 2010, representatives of 3M visited our facilities in Shenzhen and Beijing, China and met with, among others, Mr. Hsieh and Ankuo Wang, Cogent s General Manager- China.

Between July 6, 2010 and July 30, 2010, members of our management participated in in-person meetings and conference calls with representatives of Company G, during which our business, operations and technology were discussed.

On July 12, 2010, JP Morgan advised Credit Suisse that 3M remained interested in acquiring Cogent and that 3M intended to seek approval for the acquisition at its regularly scheduled board meeting on August 9, 2010. JP Morgan also advised that 3M would need to have due diligence completed prior to submitting any final proposal.

On July 21 and July 22, 2010, Messrs. Hsieh and Kim met with representatives of Company D in Los Angeles, California. Company D and Cogent each provided an overview of their respective businesses and operations. Following that meeting, representatives of Company D provided a list of additional diligence requests to representatives of Goldman Sachs.

On July 29, 2010, representatives of Company D informed Mr. Hsieh that Company D was interested in pursuing a strategic transaction with Cogent, and would be submitting a nonbinding letter of intent.

Also on July 29, 2010, Mr. Kim held a financial update call with representatives of 3M and JP Morgan to discuss Cogent s expected second quarter earnings.

On July 30, 2010, a representative of Company G informed representatives of Credit Suisse that Company G would not be able to meet the low end of their initial bid range and, accordingly, would not be participating further in the process. Later that day, representatives of Credit Suisse transmitted to representatives of 3M a letter setting a deadline of August 11, 2010 to submit a further acquisition proposal. The letter specified,

Table of Contents

among other things, that the proposal should include the proposed purchase price, a marked copy of a merger agreement prepared by Cogent and a description of plans for the operation of Cogent and its employees and any plans for financing the transaction, if applicable. On the same day, we posted a draft merger agreement prepared by Morrison to the electronic data room.

Also on July 30, 2010, representatives of Goldman Sachs transmitted to representatives of Company D the draft merger agreement.

On August 2, 2010, our board of directors held a regularly scheduled meeting. Our senior management and representatives of Credit Suisse provided our Board with a summary of events that had occurred since the July 6th special Board meeting, including Company G s election to no longer pursue a transaction with Cogent and Company D s indication that it would submit a nonbinding letter of intent relating to a proposed transaction. Representatives of Morrison also attended the meeting. In addition, representatives of Credit Suisse presented updates to certain preliminary financial analyses of Cogent.

On August 6, 2010, we provided Company D and its representatives with access to the electronic data room.

On August 11, 2010, JP Morgan submitted a written non-binding proposal from 3M to acquire all of our outstanding equity for a purchase price of $10.50 per share in cash. The proposal indicated, among other things, that there would be no financing contingency to the closing, that the consummation of the transaction was subject to entering into retention arrangements with key employees, including Mr. Hsieh, and that the proposal was conditioned upon Cogent negotiating exclusively with 3M until August 23, 2010. The proposal also indicated that 3M believed it could be in a position to announce a transaction within ten days of our notification that we were prepared to proceed to negotiation of final terms. Additionally, the proposal included 3M s comments on the proposed merger agreement and a proposed voting and tender agreement with Mr. Hsieh. Among the terms included in the draft merger agreement proposed by 3M was a termination fee equal to $30,000,000.

Between August 11, 2010 and August 21, 2010, representatives of Morrison reviewed the revised draft of the merger agreement and the draft voting and tender agreement, discussed the terms proposed in the revised draft of the merger agreement and the draft voting and tender agreement with members of our senior management and prepared a further revised draft of the merger agreement and a revised draft of the voting and tender agreement.

On August 12, 2010, representatives of Goldman Sachs, at the Board s request, informed representatives of Company D that we had received a definitive proposal for a transaction.

On August 13, 2010, representatives of Company D advised representatives of Goldman Sachs that Company D would be submitting a preliminary non-binding indication of interest on August 16th or 17th, 2010.

On August 15, 2010, our board of directors held a telephonic special meeting. Members of our senior management and representatives of Credit Suisse and Morrison also attended the meeting. Representatives of Credit Suisse summarized 3M s definitive proposal, and the Board discussed with senior management and representatives of Credit Suisse the appropriate valuation methodologies and metrics for Cogent. Members of our senior management updated our Board on the discussions and interactions with Company D since the August 2nd Board meeting. Representatives of Morrison summarized the terms of the draft merger agreement and the draft voting and tender agreement that were submitted by 3M with its August 11th proposal. Our Board discussed these developments. Following the discussion, our Board instructed representatives of Credit Suisse to inform 3M that, among other things, the price, the termination fee methodology (3% of equity value) and portions of the proposed voting and tender agreement were not acceptable to Cogent. On August 16, 2010, Credit Suisse held a telephonic discussion with JP Morgan to convey these points.

On August 17, 2010, we received from Company D a preliminary non-binding indication of interest in acquiring all of the outstanding equity of Cogent for a price per share in a range of $11.00 to $12.00 in cash.

Table of Contents

Company D s indication of interest was subject to satisfactory completion of due diligence, but was not subject to a financing condition. Company D also provided a preliminary material issues list relating to the draft merger agreement. Following our receipt of Cogent D s indication of interest, representatives of Goldman Sachs discussed the proposal with representatives of Company D.

On August 18, 2010, our board of directors held a telephonic special meeting. Members of our senior management and representatives of Credit Suisse, Goldman Sachs and Morrison also attended the meeting. Representatives of Goldman Sachs summarized Company D s preliminary proposal and updated our Board on their discussions with representatives of Company D regarding such proposal. Representatives of Credit Suisse updated our Board on the discussions and interactions with 3M since the August 15th special Board meeting. Our Board discussed Company D s preliminary proposal and 3M s August 11th proposal. Our Board also discussed the due diligence investigations that had been conducted by Company D and 3M to date and noted that Company D had indicated that it would require at least several more weeks to complete its due diligence investigations. Our Board further discussed the execution risks relating to each of Company D s and 3M s proposals, including the potential antitrust and other regulatory approval issues that could affect the timing and certainty of closing a transaction with either 3M or Company D. In particular, our Board discussed the fact that Company D was a direct competitor based in a foreign jurisdiction, and therefore any transaction with Company D presented approval risks under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the **HSR Act**), and the Exon-Florio Amendment to the Defense Production Act of 1950. Following the discussion, our Board instructed senior management to continue to provide documents and materials in response to Company D s due diligence requests. Our Board also instructed representatives of Goldman Sachs to inform Company D that it was critical that they shorten the time required to complete their diligence and to address antitrust and other regulatory approval issues that could affect the ability of Company D to complete a transaction. Our Board also instructed the representatives of Credit Suisse to reiterate to 3M that the price, the termination fee methodology and portions of the proposed voting and tender agreement were not acceptable to Cogent.

Later on August 18, 2010, representatives of Credit Suisse discussed our Board s positions with JP Morgan. Representatives of Credit Suisse also informed JP Morgan of Company D s preliminary proposal. JP Morgan communicated 3M s decision not to raise the price per share in its August 11th proposal or to revise the termination fee methodology, but that it would agree to revise the termination provisions of the voting and tender agreement to delete a provision that would extend certain obligations of the shareholders 180 days beyond the termination of the merger agreement.

On August 19, 2010, JP Morgan delivered to Credit Suisse a letter from 3M to our board of directors. The letter indicated that 3M continued to believe that a combination between Cogent and 3M was very compelling and that 3M remained highly confident that 3M could be in a position to announce a transaction in seven days. The letter also indicated, however, that since 3M had been informed by our financial advisor that its August 11th proposal was not acceptable, 3M was formally withdrawing the proposal effective 5:00 PM Pacific Time on August 20, 2010. Later in the day on August 19th, representatives of Credit Suisse and JP Morgan discussed the letter, and representatives of JP Morgan reiterated that 3M remained firm on the termination fee.

On August 20, 2010, our board of directors held a telephonic special meeting. Members of our senior management and representatives of Credit Suisse, Goldman Sachs and Morrison also attended the meeting. Representatives of Goldman Sachs updated our Board on the discussions and interactions with Company D since the August 18th special board meeting. Representatives of Credit Suisse summarized 3M s August 19th letter, and our Board discussed such letter with our senior management and representatives of Credit Suisse and considered the view of representatives of Credit Suisse regarding the risk of 3M terminating its offer. Following the discussion, our Board approved negotiating a definitive merger agreement with 3M, based on 3M s August 11th proposal, but our Board was not prepared to negotiate exclusively with 3M. Our Board also instructed representatives of Goldman Sachs to continue discussions with Company D and to reiterate to Company D that time was of the essence. Our Board further instructed our senior management to continue providing documents and other materials in response to Company D s due diligence requests.

Table of Contents

On August 20, 2010, prior to the effectiveness of the withdrawal of 3M s August 11th proposal, representatives of Credit Suisse called JP Morgan to inform them of Cogent s decision to proceed to negotiate a transaction based on the terms set out in 3M s August 11th proposal (as modified as described above). Credit Suisse also informed JP Morgan that Cogent would not accept the condition of exclusivity requested in 3M s August 11th proposal.

Also on August 20, 2010, representatives of Goldman Sachs, as directed by the Board, informed Company D that our Board had approved negotiating a definitive merger agreement with another party and that time was of the essence.

On August 21, 2010, representatives of Morrison transmitted further revised drafts of the merger agreement and the voting and tender agreement to representatives of Cleary, proposing certain changes to the terms of those agreements.

During the week of August 23, 2010, our senior management team held a series of confirmatory due diligence sessions with 3M and representatives of JP Morgan and posted additional documents and materials to the electronic data room.

Also during the week of August 23, 2010, representatives of Goldman Sachs had additional discussions with Company D, and representatives of Morrison had discussions with Company D s legal counsel regarding potential antitrust and other regulatory approval issues that could affect the timing and certainty of closing a transaction with Company D.

On August 23, 2010, representatives of Cleary transmitted a further revised draft of the merger agreement and a further revised draft of the voting and tender agreement to representatives of Morrison.

On August 24, 2010, representatives of Morrison and Cleary discussed the terms of the merger agreement and the voting and tender agreement.

On August 24, 2010, our board of directors held a telephonic special meeting. Members of our senior management and representatives of Credit Suisse, Goldman Sachs and Morrison also attended the meeting. Representatives of Goldman Sachs updated our Board on the discussions and interactions with Company D since the August 20th special board meeting and the continued lack of a definitive proposal from Company D. Our Board further considered and discussed the execution risks and potential antitrust and other regulatory approval issues that could affect the timing and certainty of closing a transaction with Company D. Representatives of Credit Suisse reviewed the status of 3M s confirmatory due diligence. Representatives of Morrison summarized the terms of the merger agreement and the voting and tender agreement. Our board of directors also discussed the major unresolved issues in the negotiation of the merger agreement and the voting and tender agreement. After discussion, our Board expressed their support for entering into a definitive merger agreement on the terms proposed, subject to satisfactory resolution of the unresolved matters and final approval of our Board. Our Board also instructed representatives of Goldman Sachs to continue discussions with representatives of Company D, and further instructed our senior management to continue providing documents and materials in response to Company D s due diligence requests.

On August 24, 2010, 3M provided to eight key employees of Cogent forms of retention agreements, which contained proposed terms regarding the amount of retention payments, non-competition restrictions and provisions related to the ownership of intellectual property used by Cogent.

On August 25, 2010, certain of the key employees who were being represented by Morrison provided their comments to the form retention agreements, which included narrowing the scope of the non-competition restrictions, removing representations and warranties relating to Cogent s intellectual property rights and increasing the amount of the proposed retention payments.

Table of Contents

From August 25 to 29, 2010, representatives of 3M held discussions with Morrison and certain of the key employees with respect to the proposed terms of the retention agreements. These discussions addressed the non-competition restrictions, intellectual property provisions and the amounts of the retention payments (and in certain cases, performance targets that would need to be achieved in order to receive certain payments). By August 29, 2010, 3M and each of the eight key employees had agreed to the terms of the retention agreements. See Approval of the Merger Agreement Interests of Cogent s Directors and Executive Officers in the Merger Management Retention Agreements and Employment Agreements with 3M for a discussion of such retention agreements.

On August 25, 2010, Morrison delivered a further revised draft of the merger agreement and the voting and tender agreement to Cleary.

From August 25 to August 28, 2010, representatives of Morrison and Cleary discussed the remaining open items in the merger agreement and the voting and tender agreement.

Our board of directors held another telephonic special meeting on August 29, 2010. Senior management and representatives of Credit Suisse, Goldman Sachs and Morrison also participated in this meeting. At this meeting, representatives of Goldman Sachs updated our Board on the discussions and interactions with Company D since the August 24th special Board meeting. Goldman Sachs and our senior management reported that Company D had not completed its due diligence investigation and would require in person meetings in the month of September in order to complete its investigation, which was a precondition to Company D s delivery of a more definitive proposal. Our Board further considered and discussed the execution risks of any potential transaction with Company D, including potential antitrust and other regulatory approval issues that could affect the timing and certainty of closing a transaction with Company D. Representatives of Morrison then reported on the resolution of each of the previously unresolved issues with respect to the merger agreement and the voting and tender agreement that had been discussed with our Board. After further discussion, representatives of Credit Suisse then delivered its oral opinion, which was subsequently confirmed in writing, to the effect that as of the date thereof, and subject to and based upon the various qualifications and assumptions set forth in its written opinion, the consideration to be received by the shareholders (other than 3M or any of its affiliates or any affiliates of Cogent who have executed the voting and tender agreement) pursuant to the merger agreement was fair, from a financial point of view, to such shareholders. The full text of the written opinion of Credit Suisse, dated August 29, 2010, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken in connection with the opinion, is attached hereto as Annex B. After considering each of the factors described below in Reasons for Recommendation, our board of directors determined it was in the best interests of Cogent and our shareholders to enter into the merger agreement with 3M. Accordingly, our board of directors unanimously (i) determined that it is in the best interests of Cogent and our shareholders, and declared it advisable, to enter into the merger agreement, (ii) approved the execution and delivery by Cogent of the merger agreement and (iii) resolved to recommend that the shareholders accept the offer, tender their common shares to Ventura pursuant to the offer and, if required by the applicable provisions of Delaware law, adopt the merger agreement.

After our Board meeting adjourned, the parties executed and delivered the merger agreement and voting and tender agreement and related documents.

On August 30, 2010, before the U.S. stock markets opened, 3M and Cogent jointly announced the transaction.

On September 10, 2010, pursuant to the merger agreement, Ventura commenced the offer.

On October 8, 2010, Ventura accepted for payment approximately 46.4 million Cogent common shares that were validly tendered into, and not withdrawn from the offer, including 34,369,965 shares tendered by Mr. Hsieh and certain entities controlled by him and commenced a subsequent offering period for all remaining untendered common shares.

Table of Contents

On October 21, 2010, 3M exercised its rights under the merger agreement to appoint its designees, Michael P. Delkoski, Carol. A. Peterson, Rudy Pitera, Maureen C. Faricy and Kimberly Torseth to the Cogent board.

On October 26, 2010, the subsequent offering period expired. Ventura acquired an additional 18,540,190 Cogent common shares that were validly tendered during the subsequent offering period.

Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement

Our Board of Directors Recommendation

At a special meeting of our board of directors convened on August 29, 2010, our board of directors (all of whom were unaffiliated with 3M or Ventura at that time) unanimously adopted and declared advisable the merger agreement, the offer and the merger and unanimously determined that the merger is in the best interests of Cogent and its shareholders. Accordingly, our board of directors recommends that our shareholders vote **FOR** approval and adoption of the merger agreement.

Our Reasons for the Merger

In evaluating the merger agreement and the other transactions contemplated thereby, including the offer and the merger, our board of directors consulted with Cogent s senior management and legal counsel and financial advisors, and considered a number of positive and negative factors in recommending that all shareholders vote for the approval and adoption of the merger agreement:

Cogent s Operating and Financial Condition; Prospects of Cogent

Our board of directors considered the current and historical financial condition, results of operations, and business of Cogent, as well as Cogent s financial plan and prospects, if it were to remain an independent company. Our board of directors evaluated Cogent s financial plan, including the execution risks and uncertainties, and the potential impact on the trading price of the common shares (which is not feasible to quantify in a definitive manner), if Cogent were to execute or fail to execute upon its financial plan. Our board of directors discussed general market risks that could reduce the market price of the common shares. Our board of directors also considered the highly competitive and rapidly evolving environment in which Cogent operates and is expected to operate in the future. The Board considered the challenges that Cogent had faced in competing effectively on several recent large contract awards and the fact that many of Cogent s competitors have greater name recognition, access to larger customer bases and substantially greater resources, and the impact of this competitive environment on Cogent s ability to retain and expand its portion of the total available market.

Available Alternatives; Results of Discussions with Third Parties

Our board of directors considered the possible alternatives to the acquisition by 3M and perceived risks of those alternatives, the range of potential benefits to shareholders of these alternatives and the timing and the likelihood of accomplishing the goals of such alternatives, as well as our board of directors assessment that none of these alternatives were reasonably likely to present superior opportunities for Cogent to create greater value for shareholders, taking into account risks to the successful completion of a transaction as well as regulatory, business, competitive, industry and market risks. Our board of directors also considered the results of the process that our board of directors had conducted, with the assistance of Cogent management and its financial and legal advisors, to evaluate strategic alternatives and the results of discussions with third parties regarding business combination and change of control transactions. Our board considered the risk of 3M terminating its bid for Cogent. Our board of directors considered the indication of interest in an acquisition of Cogent expressed by Company D, including the investigation and diligence Company D had completed and the execution, business and antitrust and other regulatory approval risks of any transaction with Company D, including approval risk

Table of Contents

under the HSR Act, which risks the board deemed substantial. The board also considered the fact that Company D had been expressing an interest in pursuing a strategic transaction for over a year, but had not completed an in-depth diligence investigation of Cogent, delivered a definitive proposal or addressed sufficiently the antitrust and other regulatory approval risks relating to a strategic transaction between Company D and Cogent, despite time and notice of the need for action. Our board of directors also considered the ability of other bidders to make, and the likelihood that other bidders would make, a proposal to acquire Cogent at a higher price following execution of the merger agreement.

Financial Market Conditions; Historical Trading Prices

Our board of directors considered the current regional, national and international economic climate and the conditions of the financial markets. Our board of directors considered historical market prices, volatility and trading information with respect to the Common Stock, including the fact that the offer represents a premium of approximately 18% over the closing price per share of the common shares on August 27, 2010, the last full trading day prior to the meeting of our board of directors to consider and approve the merger agreement, and the fact that the offer represents a premium of approximately 50% over the approximate $3.20 enterprise value per share of the common shares on such date (based on approximately 89.8 million fully diluted common shares outstanding).

Opinion of Cogent s Financial Advisor

Our board of directors considered the opinion of Credit Suisse, dated August 29, 2010, to our board of directors as to the fairness, from a financial point of view and as of such date, of the $10.50 per share consideration to be paid to shareholders (other than 3M, any affiliate of 3M or affiliates of Cogent who had executed the voting and tender agreement) pursuant to the merger agreement, as more fully described in the section entitled Opinion of Cogent s Financial Advisor.

Cash Consideration; Certainty of Value

Our board of directors considered the form of consideration to be paid to the shareholders in the offer and the merger and the certainty of the value of cash consideration compared to stock or other forms of consideration, as well as the fact that 3M s proposal was not subject to obtaining any outside financing. Our board of directors considered the business reputation of 3M and its management and the substantial financial resources of 3M and, by extension, Ventura, which our board of directors believed supported the conclusion that a transaction with 3M and Ventura could be completed relatively quickly and in an orderly manner.

Terms of the Merger Agreement

The provisions of the merger agreement, including the respective representations and warranties (as qualified by information in confidential disclosure schedules provided by Cogent in connection with the signing of the merger agreement, which modify, qualify and create exceptions to the representations and warranties and allocate risk between Cogent, 3M and Ventura, rather than establishing matters of fact, and, accordingly, may not constitute the actual state of facts about Cogent, 3M or Ventura) and covenants and termination rights of the parties and termination fees payable by Cogent, including without limitation:

(1) *Cash Tender Offer*. The offer and the merger provided for a prompt cash tender offer for all common shares to be followed by a merger for the same consideration, thereby enabling shareholders, at the earliest possible time, to obtain the benefits of the transaction in exchange for their common shares.

(2) *No Financing Condition*. 3M s obligations under the merger agreement are not subject to any financing condition, 3M s representations in the merger agreement that it has and will have sufficient funds available to it to consummate the offer and the merger and 3M s financial strength.

Table of Contents

(3) *Ability to Respond to Certain Unsolicited Takeover Proposals*. The provisions in the merger agreement that provided for the ability of our board of directors, in furtherance of the exercise of its fiduciary duties under Delaware law, to engage in negotiations or discussions with any third party that had made a bona fide, written takeover proposal that our board of directors believed in good faith was or was reasonably likely to lead to a Superior Proposal (as defined in Section 6.8(f)(ii) of the merger agreement) and to furnish to such third party non-public information relating to Cogent pursuant to a confidentiality agreement that contained confidentiality provisions that were no less favorable to Cogent than those contained in the confidentiality agreement entered into with 3M.

(4) *Change of Recommendation; Fiduciary Termination Right*. In the event Cogent received a takeover proposal that constitutes a Superior Proposal, our board of directors had the right, prior to the acceptance of the common shares in the offer by Ventura, to fail to make, withdraw or modify in a manner adverse to 3M its approval or recommendation to its shareholders of the offer or declaration of advisability of the merger agreement, the offer, or the merger. However, our board of directors could not make such an adverse recommendation change in response to a takeover proposal received from a third party unless (i) Cogent promptly notified 3M of our Board s decision to take such action and the reasons therefor and (ii) Cogent gave 3M five business days after delivery of such notice to propose revisions to the terms of the merger agreement (or make another proposal) and if 3M proposed to revise the terms of the merger agreement or make another proposal, Cogent, during such period, negotiated in good faith with 3M with respect to such proposed revisions or other proposal (with any material changes to an acquisition proposal requiring a new notice and a new five business day period for negotiations). Our board of directors had the ability to terminate the merger agreement to accept a Superior Proposal if (i) our board of directors determined in good faith, after consultation with outside legal counsel, that the failure to take such action was inconsistent with its fiduciary duties, (ii) Cogent complied with requirements set forth in the prior sentence and (iii) Cogent paid 3M a termination fee of $28.3 million in cash.

(5) *Conditions to Consummation of the Offer and the Merger; Likelihood of Closing*. The reasonable likelihood of the consummation of the transactions contemplated by the merger agreement and that 3M s obligations to purchase common shares in the offer and to close the merger are subject to limited conditions.

(6) *Top-Up Option*. Our board of directors considered that Ventura had been granted a top-up option to purchase from Cogent, under certain circumstances following consummation of the offer, at a price per share equal to the offer price, up to a number of additional common shares sufficient to cause Ventura to own one Share more than 90% of the common shares then outstanding, and that this could permit Ventura to consummate the merger more quickly as a short form merger under Delaware law.

Failure to Close; Public Announcement

The possibility that the transactions contemplated by the merger agreement may not be consummated, and the effect of public announcement of the merger agreement, including effects on Cogent s sales, operating results and stock price, and Cogent s ability to compete effectively for new customer projects.

Termination Fee

The termination fee of $28.3 million (approximately 3.0% of Cogent s equity value and approximately 6.6% of Cogent s enterprise value, based on the offer price of $10.50 per common share) that could have become payable pursuant to the merger agreement under certain circumstances, including if Cogent terminated the merger agreement to accept a Superior Proposal or if 3M terminated the merger agreement because Cogent s board of directors changed its recommendation with respect to the offer or the merger. Our board of directors considered that these provisions in the merger agreement could have had the effect of deterring third parties who might have been interested in exploring an acquisition of Cogent but was of the view that the payment of the termination fee was comparable to termination fees in transactions of a similar size, was reasonable and would

Table of Contents

not likely deter competing bids. In addition, our board of directors recognized that the provisions in the merger agreement relating to termination fees and non-solicitation of acquisition proposals were insisted upon by 3M as a condition to entering into the merger agreement and that the termination fee would not likely be required to be paid unless Cogent entered into, or intended to enter into, a definitive agreement with respect to a Superior Proposal.

Voting and Tender Agreement

Our Board considered the fact that 3M required Mr. Hsieh and certain entities controlled by Mr. Hsieh, who together owned approximately 38.9% of the outstanding common shares as of August 29, 2010, to enter into the voting and tender agreement, pursuant to which such shareholders were required to (i) tender in the offer, and not withdraw, 100% of the common shares owned by them, (ii) vote 100% of the common shares owned by them in favor of the adoption of the merger agreement and to approve the merger in the event shareholder approval is required to consummate the merger pursuant to Section 251 of the Delaware General Corporation Law (**DGCL**) and against any competing transactions, (iii) appoint 3M as a proxy to vote 100% of the common shares owned by them in connection with the merger agreement, and (iv) not otherwise transfer the common shares. In addition, such shareholders granted 3M an option to acquire such common shares at the offer price in the event 3M acquired common shares in the offer but the common shares subject to the voting and tender agreement were not tendered or were withdrawn from the offer. Our board further considered that the voting and tender agreement and the obligations of such shareholders thereunder would terminate in the event the merger agreement was terminated. Our board also considered whether the terms of the voting and tender agreement, including the option to acquire common shares described above, could limit our board s ability to consider, recommend or accept a competing bid and create a barrier to potential competing offers and concluded that it did not because the voting and tender agreement terminated upon termination of the merger agreement, including a termination arising in connection with Cogent s acceptance of a Superior Proposal.

The foregoing discussion of information and factors considered and given weight by our board of directors is not intended to be exhaustive, but is believed to include all of the material factors considered by our board of directors. In view of the variety of factors considered in connection with its evaluation of the offer and the merger, our board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations. In addition, individual members of our board of directors may have given different weights to different factors.

Our board of directors determined that the factors described above under *Cogent s Operating and Financial Condition; Prospects of Cogent*, *Available Alternatives; Results of Discussions with Third Parties*, *Financial Market Conditions; Historical Trading Prices*, *Opinion of Cogent s Financial Advisor*, *Cash Consideration; Certainty of Value*, and *Terms of the Merger Agreement* are reasons in support of the Board s decision to recommend that all shareholders accept the offer and tender their common shares pursuant to the offer and vote to approve and adopt the merger agreement. Our board considered the other factors described above as neutral or negative and concluded that the reasons for recommending that all shareholders accept the offer and tender their common shares pursuant to the offer and vote to approve and adopt the merger agreement outweighed the neutral and negative factors.

In arriving at their respective recommendations, the directors of Cogent were aware of the interests of executive officers and directors of Cogent as described in more detail in this proxy statement.

Opinion of Our Financial Advisor

Credit Suisse is acting as financial advisor to Cogent in connection with the offer and the merger. As part of that engagement, the board of directors requested that Credit Suisse evaluate the fairness, from a financial point of view, to the shareholders, other than 3M and its affiliates and the shareholders entering into the voting and

Table of Contents

tender agreement (the **Excluded Persons**), of the price per share to be paid in the Transaction. On August 29, 2010, Credit Suisse rendered its oral opinion to the board of directors (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion dated the same date) to the effect that, as of August 29, 2010, the $10.50 per share (the **Per Share Consideration**) to be received by the shareholders pursuant to the Offer and the merger was fair, from a financial point of view, to such shareholders, other than the Excluded Persons.

Credit Suisse s opinion was directed to the board of directors and only addresses the fairness from a financial point of view of the Per Share Consideration to be received by the shareholders pursuant to the offer and the merger (other than the Excluded Persons) and did not address any other aspect or implication of the offer and the merger or any other agreement, arrangement or understanding entered into in connection with the offer and the merger, including, without limitation, the voting and tender agreement. The summary of Credit Suisse s opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex B to this proxy and sets forth the procedures followed, assumptions made, matters considered, qualifications and limitations on review undertaken and other matters considered by Credit Suisse in preparing its opinion. Shareholders are encouraged to read this opinion carefully in its entirety. However, neither Credit Suisse s written opinion nor the summary of its opinion and related analyses set forth in this proxy statement are intended to be, and they do not constitute, advice or a recommendation to any shareholder as to whether such shareholder should tender any common shares into the offer or how such shareholder should otherwise act on any matter relating to the offer and the merger.

In arriving at its opinion, Credit Suisse:

- reviewed the merger agreement and the voting and tender agreement, as well as certain publicly available business and financial information relating to Cogent;
- reviewed certain other information relating to Cogent, including the projected financial information that was provided by Cogent s management (described on pages 34 36);
- met with Cogent s management to discuss the business and prospects of Cogent;
- considered certain financial and stock market data of Cogent, and compared that data with similar data for other publicly held companies in businesses Credit Suisse deemed similar to that of Cogent;
- considered, to the extent publicly available, the financial terms of certain other business combinations and transactions which have recently been effected or announced; and
- considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which Credit Suisse deemed relevant.

In connection with its review, Credit Suisse did not independently verify any of the foregoing information and assumed and relied on such information being complete and accurate in all material respects. With respect to the financial forecasts for Cogent referred to above, management of Cogent advised Credit Suisse, and Credit Suisse has assumed, that such forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of Cogent s management as to the future financial performance of Cogent. Credit Suisse also assumed, with Cogent s consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the offer and the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Cogent and the contemplated benefits of the offer and the merger, and that the offer and the merger will be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. In addition, Credit Suisse was not requested to make, and has not made, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Cogent, nor has Credit Suisse been furnished with any such evaluation or appraisal.

Credit Suisse s opinion addressed only the fairness, from a financial point of view, to the shareholders (other than the Excluded Persons) of the Per Share Consideration to be received in the offer and the merger and

28

Table of Contents

did not address any other aspect or implication of the offer and the merger or any other agreement, arrangement or understanding entered into in connection with the offer and the merger or otherwise, including, without limitation, the voting and tender agreement or the fairness of the amount or nature of, or any other aspect relating to, any compensation to any officers, directors or employees of any party to the offer and the merger, or class of such persons, relative to the Per Share Consideration or otherwise. The issuance of Credit Suisse s opinion was approved by its authorized internal committee.

Credit Suisse s opinion was necessarily based upon information made available to it as of the date of its opinion and financial, economic, market and other conditions as they existed and could be evaluated on that date and upon certain assumptions regarding such financial, economic, market and other conditions, which were subject to unusual volatility and which, if different than assumed, could have a material impact on Credit Suisse s analyses. Credit Suisse s opinion did not address the merits of the offer and the merger as compared to any alternative transaction or strategy that may be available to Cogent, nor did it address Cogent s underlying decision to proceed with the offer and the merger at all or as compared to any alternative transaction or strategy.

Credit Suisse s opinion was for the information of the board of directors in connection with its consideration of the offer and the merger and does not constitute advice or a recommendation to any shareholder as to whether such shareholder should tender any common shares into the offer or how such shareholder should otherwise act on any matter relating to the offer and the merger.

In preparing its opinion, Credit Suisse performed a variety of analyses, including those described below. The summary of Credit Suisse s valuation analyses is not a complete description of the analyses underlying Credit Suisse s opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those methods to the unique facts and circumstances presented. As a consequence, neither Credit Suisse s opinion nor the analyses underlying its opinion are readily susceptible to partial analysis or summary description. Credit Suisse arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Credit Suisse believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Credit Suisse considered business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company, transaction or business used in Credit Suisse s analyses for comparative purposes is identical to Cogent or the offer and the merger. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Credit Suisse did not make separate or quantifiable judgments regarding individual analyses. The implied reference range values indicated by Credit Suisse s analyses are illustrative and not necessarily indicative of actual values nor predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of business or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of Cogent or Credit Suisse. Accordingly, the estimates used in, and the results derived from, Credit Suisse s analyses are inherently subject to substantial uncertainty.

Credit Suisse s opinion and analyses were provided to the board of directors in connection with its consideration of the offer and the merger and were among many factors considered by the board of directors in evaluating the offer and the merger. Neither Credit Suisse s opinion nor its analyses were determinative of the offer and the merger consideration or of the views of the board of directors with respect to the offer and the merger.

Table of Contents

The following is a summary of the material valuation analyses performed in connection with the preparation of Credit Suisse s opinion and reviewed with the board of directors on August 29, 2010. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Credit Suisse s analyses.

Selected Public Company Analysis

Credit Suisse reviewed financial and stock market information of Cogent and the following selected publicly traded companies in the Homeland Security industry and Network Management industry, respectively:

Homeland Security

- NICE-Systems Ltd.
- Verint Systems Inc.
- L-1 Identity Solutions, Inc.
- American Science and Engineering, Inc.
- Analogic Corporation
- OSI Systems, Inc.

Network Management

- Compuware Corporation
- Quest Software, Inc.
- Progress Software Corporation
- NetScout Systems, Inc.
- OPNET Technologies, Inc.

Although none of the selected public companies is directly comparable to Cogent, the companies included were chosen because they are publicly traded companies that, for purposes of analysis, may be considered to have certain similar operations and/or to have targeted similar end

markets as Cogent.

Credit Suisse reviewed, among other things, multiples of earnings before interest, taxes, depreciation, and amortization (**EBITDA**) and of net operating profit after tax (**NOPAT**) for Cogent and the other selected companies using closing stock prices as of August 27, 2010 (and February 26, 2010 for L-1 Identity Solutions, the day before L-1 Identity Solutions announced that it had hired advisors to explore strategic alternatives), and information it obtained from public filings, publicly available research analyst estimates and other publicly available information. The EBITDA multiples and NOPAT multiples based on such publicly available research analyst estimates for Cogent and the other selected companies for calendar years (**CY**) 2010 and 2011 are set forth below.

Table of Contents

	Selected Companies Multiples			
	EBITDA		NOPAT	
	CY2010	CY2011	CY2010	CY2011
Cogent	5.6x	4.6x	10.3x	7.6x
Homeland Security				
NICE-Systems Ltd.	8.1x	7.1x	12.9x	10.8x
Verint Systems Inc.	9.6x	9.0x	13.2x	11.9x
L-1 Identity Solutions, Inc.	13.6x	11.8x	40.4x	30.7x
American Science & Engineering, Inc.	7.6x	7.5x	12.9x	12.6x
Analogic Corporation	8.6x	NA	22.3x	NA
OSI Systems, Inc.	8.5x	7.4x	18.3x	14.6x
Median	8.5x	7.5x	15.8x	12.6x
Mean	9.3x	8.6x	20.0x	16.1x
Network Management				
Compuware Corporation	6.8x	6.7x	13.9x	13.2x
Quest Software, Inc.	7.9x	7.4x	12.9x	11.9x
Progress Software Corporation	6.1x	5.3x	9.8x	8.1x
NetScout Systems, Inc.	7.7x	7.0x	14.1x	12.3x
OPNET Technologies, Inc.	11.8x	7.5x	23.1x	15.3x
Median	7.7x	7.0x	13.9x	12.3x
Mean	8.1x	6.8x	14.8x	12.2x
Total				
Median*	8.1x	7.4x	13.9x	12.4x
Mean*	8.7x	7.7x	17.6x	14.1x

* Excludes Cogent.

Credit Suisse then calculated the implied per share equity reference range using the following range of multiples:

Multiple	Selected Multiple Range	
CY 2010E EBITDA	5.5x	7.5x
CY 2011E EBITDA	4.5x	7.0x
CY 2010E NOPAT	10.0x	13.5x
CY 2011E NOPAT	7.5x	11.5x

This analysis indicated the following implied per share equity reference range for Cogent common shares, as compared to the Per Share Consideration to be received by the shareholders in the offer and the merger:

Implied Per Share Equity Reference Range for Cogent		Per Share Consideration
$8.27	$10.46	$10.50

Table of Contents

Selected Transaction Analysis

Credit Suisse reviewed certain transaction values and multiples in the following selected publicly-announced transactions, which involve companies with businesses in the Homeland Security or Network Management industry:

Announcement Date	Target	Acquiror	($ in millions) Aggregate Value
Homeland Security			
01/19/10	Ahura Scientific Inc.	Thermo Fisher Scientific Inc.	$ 145
06/04/09	Axsys Technologies, Inc.	General Dynamics Corporation	$ 613
04/24/09	General Electric Company (81% interest in GE Homeland Protection)	Safran SA	$ 716
03/24/08	Digimarc Corporation	L-1 Identity Solutions, Inc.	$ 310
01/07/08	Bioscrypt Inc.	L-1 Identity Solutions, Inc.	$ 41
02/20/07	Public Safety Equipment (Intl) Ltd.	Diamond Castle Holdings LLC	$ 300
02/12/07	Witness Systems, Inc.	Verint Systems Inc.	$ 922
01/15/07	Smiths Aerospace	General Electric Company	$ 4,812
01/30/06	Intrado Inc.	West Corporation	$ 481
01/12/06	Identix Incorporated	Viisage Technology, Inc.	$ 743
12/19/05	First Technology plc	Honeywell International Inc.	$ 710
03/15/04	InVision Technologies, Inc.	General Electric Company	$ 840
10/01/02	Heimann Systems GmbH	Smiths Group plc	$ 369
09/18/02	Wescam Incorporated	L-3 Communications Holdings, Inc.	$ 131
09/16/02	Ion Track, Inc.	General Electric Company	$ 200
01/03/02	PerkinElmer Inc. s Detection Systems Business	L-3 Communications Holdings, Inc.	$ 100
08/28/00	Printrak International Inc.	Motorola, Inc.	$ 143
Network Management			
06/02/10	SonicWALL, Inc.	Thoma Bravo, LLC	$ 504
05/20/10	VeriSign, Inc. (auth. service)	Symantec Corporation	$ 1,280
05/17/10	Double-Take Software, Inc.	Vision Solutions, Inc.	$ 154
11/05/09	i2 Technologies, Inc.	JDA Software Group, Inc.	$ 371
07/28/09	SPSS Inc.	International Business Machines Corporation	$ 986
07/10/09	Entrust, Inc.	Thoma Bravo, LLC	$ 90
08/06/08	Parascript, LLC	Authentidate Holding Corp.	$ 50
07/28/08	Utimaco Safeware AG	Sophos Plc	$ 289
02/14/08	Macrovision Corporation s Software Business Unit	Thoma Cressey Bravo Inc.	$ 200
07/16/07	DataMirror Corporation	International Business Machines Corporation	$ 149
07/25/06	WatchGuard Technologies, Inc.	Francisco Partners	$ 83
12/02/05	Visual Networks, Inc.	Fluke Electronics Corporation	$ 78
10/03/05	BindView Development Corporation	Symantec Corporation	$ 178

While none of the selected transactions is directly comparable with the offer and the merger, the selected transactions involve companies that, for purposes of analysis, may be considered to have certain similar operations and/or to have targeted similar end markets as Cogent.

Credit Suisse reviewed, among other things, the enterprise value to last twelve month (**LTM**) revenue multiples and LTM EBITDA multiples implied by the selected transactions for each of the target companies involved in the selected transactions, to the extent publicly available and based on publicly available financial

Table of Contents

information with respect to those target companies. The enterprise value for each of the target companies was based on the equity value of those target companies implied by the applicable transaction. With respect to the Homeland Security selected transactions, the median and mean of the enterprise value to LTM revenue multiples was 2.4x and 2.9x, respectively, and the median and mean of the enterprise value to LTM EBITDA multiples was 13.4x and 13.9x, respectively. With respect to the Network Management selected transactions, the median and mean of the enterprise value to LTM revenue multiples for each of the selected transactions was 2.3x and 2.2x, respectively, and the median and mean of the enterprise value to LTM EBITDA multiples was 12.4x and 12.0x, respectively. With respect to the selected transactions as a whole, the median and mean of the enterprise value to LTM revenue multiples was 2.3x and 2.6x, respectively, and the median and mean of the enterprise value to LTM EBITDA multiples was 12.7x and 13.1x, respectively. Credit Suisse then applied a range of selected LTM revenue multiples of 2.0x to 3.0x and LTM EBITDA multiples of 10.0x to 13.5x derived from the selected transactions to Cogent s LTM revenue and EBITDA (as of June 30, 2010). This analysis indicated the following implied per share equity reference range for Cogent, as compared to the Per Share Consideration to be received by the shareholders in the offer and the merger:

Implied Per Share Equity Reference Ranges for Cogent	Per Share Consideration
$8.39 $11.10	$10.50

Discounted Cash Flow Analysis

Credit Suisse performed a discounted cash flow analysis to calculate the estimated net present value of the unlevered after-tax free cash flows that Cogent was forecasted to generate from fiscal year 2010 through fiscal year 2015 (with fiscal year 2016 constituting the terminal year), using the projected financial information that was provided by Cogent s management (described on pages 34 36). For purposes of its analysis, Credit Suisse defined unlevered after-tax free cash flow, or **UFCF**, as earnings before interest expense/income and income taxes, less income taxes, less share-based compensation expense (tax adjusted), plus depreciation and amortization, less increases in net working capital, and less capital expenditure. Based on the foregoing, Credit Suisse used the following projections of UFCF for purposes of its discounted cash flow analysis:

Fiscal Year	Projected UFCF
2010	$ 28.7 million
2011	$ 26.9 million
2012	$ 30.7 million
2013	$ 33.0 million
2014	$ 37.4 million
2015	$ 40.5 million

Credit Suisse calculated a range of estimated terminal values for Cogent of $460.3 million to $627.6 million by applying a range of terminal EBITDA multiples of 5.5x to 7.5x. The estimated free cash flows and terminal values were then discounted to present value using discount rates ranging from 11.0% to 15.0%. The range of terminal EBITDA multiples and the range of discount rates were selected by Credit Suisse based on Credit Suisse s experience in the valuation of businesses and securities and Credit Suisse s familiarity with Cogent and its business.

These analyses indicated the following implied per share equity reference range for Cogent, as compared to the Per Share Consideration to be received by the shareholders in the offer and the merger:

Implied Per Share Equity Reference Range for Cogent	Per Share Consideration
$9.58 $11.27	$10.50

Table of Contents

Other Matters

Cogent engaged Credit Suisse as its financial advisor in connection with the offer and the merger. Cogent selected Credit Suisse based on Credit Suisse s qualifications, experience and reputation, and its familiarity with Cogent and its business. Credit Suisse is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Pursuant to Cogent s engagement letter with Credit Suisse, Cogent has agreed to pay Credit Suisse a customary fee for its services, a portion of which became payable upon the rendering of its opinion and a significant portion of which is contingent upon the consummation of the offer and the merger. In addition, Cogent has agreed to reimburse Credit Suisse for certain expenses and to indemnify Credit Suisse and certain related parties for certain liabilities and other items arising out of or relating to Credit Suisse s engagement.

Credit Suisse and its affiliates have in the past provided, are currently providing, and in the future may provide, investment banking and other financial services to Cogent and its affiliates, for which Credit Suisse and its affiliates have received, and would expect to receive, compensation. Credit Suisse and its affiliates have in the past provided and in the future may provide investment banking and other financial services to 3M and its affiliates. Credit Suisse is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for its and its affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of Cogent, 3M and any other company that may be involved in the offer and the merger, as well as provide investment banking and other financial services to such companies.

Prospective Financial Information

In connection with its sale process, Cogent provided potential acquirors certain prospective financial information concerning Cogent, including projected revenues, gross profit, operating expense, earnings before interest and taxes (**EBIT**) and earnings before interest, taxes, depreciation and amortization (**EBITDA**).

The summary of such information is included solely to give shareholders access to the information that was made available to 3M and is not included in this proxy statement in order to influence any shareholder to make any investment decision with respect to the offer or the merger, including whether or not to seek appraisal rights with respect to the common shares.

The prospective financial information was not prepared with a view toward public disclosure, or with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts, or U.S. generally accepted accounting principles (**GAAP**). Neither Cogent s independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information included below, or expressed any opinion or any other form of assurance on such information or its achievability.

The prospective financial information reflects numerous estimates and assumptions made by Cogent with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to Cogent s business, all of which are difficult to predict and many of which are beyond Cogent s control. The prospective financial information reflects subjective judgment in many respects and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the prospective financial information constitutes forward-looking information and is subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such prospective information, including, but not limited to, Cogent s performance,

Table of Contents

industry performance, general business and economic conditions, customer requirements, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in Cogent s reports filed with the SEC. There can be no assurance that the prospective results will be realized or that actual results will not be significantly higher or lower than forecast. The prospective financial information covers multiple years and such information by its nature becomes less reliable with each successive year. In addition, the prospective information will be affected by Cogent s ability to achieve strategic goals, objectives and targets over the applicable periods. The assumptions upon which the prospective information was based necessarily involve judgments with respect to, among other things, future economic, competitive and regulatory conditions and financial market conditions, all of which are difficult or impossible to predict accurately and many of which are beyond Cogent s control. The prospective information also reflects assumptions as to certain business decisions that are subject to change. Such prospective information cannot, therefore, be considered a guaranty of future operating results, and this information should not be relied on as such. The inclusion of this information should not be regarded as an indication that Cogent, 3M, Ventura, any of their respective financial advisors or anyone who received this information then considered, or now considers, it a reliable prediction of future events, and this information should not be relied upon as such. None of 3M, Ventura or any of their financial advisors or any of their affiliates assumes any responsibility for the validity, reasonableness, accuracy or completeness of the prospective information described below. None of Cogent, 3M, Ventura or any of their financial advisors or any of their affiliates intends to, and each of them disclaims any obligation to, update, revise or correct such prospective information if they are or become inaccurate (even in the short term).

The prospective financial information does not take into account any circumstances or events occurring after the date it was prepared, including the transactions contemplated by the merger agreement. There can be no assurance that the announcement of the offer or the transactions contemplated by the merger agreement will not cause customers of Cogent to delay or cancel purchases of Cogent s services pending the consummation of such transactions or the clarification of any intentions with respect to the conduct of Cogent s business thereafter. Any such delay or cancellation of customer sales is likely to adversely affect the ability of Cogent to achieve the results reflected in such prospective financial information. Further, the prospective financial information does not take into account the effect of any failure of the offer to occur and should not be viewed as accurate or continuing in that context.

The inclusion of the prospective financial information herein should not be deemed an admission or representation by Cogent, 3M or Ventura that they are viewed by Cogent, 3M or Ventura as material information of Cogent, and in fact Cogent and 3M view the prospective financial information as non-material because of the inherent risks and uncertainties associated with such long range forecasts. The prospective information should be evaluated, if at all, in conjunction with the historical financial statements and other information regarding Cogent contained in Cogent s public filings with the SEC. In light of the foregoing factors and the uncertainties inherent in Cogent s prospective information, stockholders are cautioned not to place undue, if any, reliance on the prospective information included in this proxy statement.

Table of Contents

Certain of the prospective financial information set forth herein, including non-GAAP total gross profit, total operating expenses, EBIT and EBITDA, may be considered non-GAAP financial measures. Cogent provided this information to potential acquirors because Cogent believed it could be useful in evaluating, on a prospective basis, Cogent s potential operating performance and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Cogent may not be comparable to similarly titled amounts used by other companies.

	2010* FY	2011* FY	2012* FY	2013* FY	2014* FY	2015* FY
	(amounts in thousands)					
Total Revenue (GAAP)	$ 140,005	$ 166,458	$ 182,544	$ 203,917	$ 227,419	$ 248,272
Total Gross Profit (non-GAAP)	$ 92,797	$ 94,787	$ 106,351	$ 116,299	$ 130,609	$ 143,553
Total Operating Expenses (non-GAAP)	$ 41,854	$ 46,140	$ 51,028	$ 56,611	$ 62,992	$ 70,294
EBIT (non-GAAP)	$ 50,942	$ 48,647	$ 55,323	$ 59,688	$ 67,617	$ 73,259
EBITDA (non-GAAP)	$ 53,942	$ 51,722	$ 58,475	$ 62,919	$ 70,928	$ 76,654
GAAP TO NON-GAAP RECONCILIATION						
Total Gross Profit						
Total Gross Profit (GAAP)	$ 91,594	$ 93,357	$ 104,783	$ 114,548	$ 128,656	$ 141,421
Share-Based Compensation Expense(1)	$ 1,203	$ 1,430	$ 1,568	$ 1,751	$ 1,953	$ 2,132
Total Gross Profit (non-GAAP)	$ 92,797	$ 94,787	$ 106,351	$ 116,299	$ 130,609	$ 143,553
Total Operating Expenses						
Total Operating Expenses (GAAP)	$ 44,517	$ 49,305	$ 54,499	$ 60,488	$ 67,317	$ 75,015
Share-Based Compensation Expense(2)	$ (2,663)	$ (3,165)	$ (3,471)	$ (3,877)	$ (4,325)	$ (4,721)
Total Operating Expenses (non-GAAP)	$ 41,854	$ 46,140	$ 51,028	$ 56,611	$ 62,992	$ 70,294
EBIT and EBITDA						
Net Income (GAAP)	$ 33,527	$ 33,060	$ 37,268	$ 40,018	$ 44,951	$ 48,584
Income Tax (GAAP)(3)	$ 21,435	$ 21,137	$ 23,827	$ 25,586	$ 28,739	$ 31,062
Interest Income(4)	$ (7,884)	$ (10,145)	$ (10,811)	$ (11,545)	$ (12,352)	$ (13,240)
Total Share-Based Compensation Expense(5)	$ 3,864	$ 4,595	$ 5,039	$ 5,629	$ 6,279	$ 6,853
EBIT (non-GAAP)	$ 50,942	$ 48,647	$ 55,323	$ 59,688	$ 67,617	$ 73,259
Depreciation and Amortization Expense	$ 3,000	$ 3,075	$ 3,152	$ 3,231	$ 3,311	$ 3,395
EBITDA (non-GAAP)	$ 53,942	$ 51,722	$ 58,475	$ 62,919	$ 70,928	$ 76,654

* The prospective information includes certain assumptions about new revenue opportunities that Cogent had separately identified to 3M.

(1) Assumes share-based compensation expense allocated to cost of product revenues and cost of maintenance and services revenues equal to 31.1% of total share-based compensation expense for all periods.

(2) Assumes share-based compensation expense allocated to research and development, selling and marketing and general and administrative equal to 68.9% of total share-based compensation expense for all periods.

(3) Assumes a tax rate of 39% for all periods.

(4) Assumes an interest income rate of 1.4% for FY 2010 and an interest income rate of 1.8% for all other periods.

(5) Assumes share-based compensation expense of 2.8% of total revenue for all periods.

36

Table of Contents

Change of Control

On October 8, 2010, Ventura acquired approximately 46.4 million Cogent common shares validly tendered and not withdrawn in the offer, representing approximately 52 percent of Cogent s outstanding common shares calculated on a fully diluted basis, at an aggregate purchase price of approximately $487 million using funds provided to Ventura by 3M, as described below under Financing of the Offer and the Merger. Following expiration of the initial offering period, 3M announced a subsequent offering period which expired on October 26, 2010. During the subsequent offering period, Ventura acquired an additional 18,540,190 Cogent common shares at an aggregate purchase price of approximately $194.7 million. As a result of the initial and subsequent offering periods, 3M beneficially owns an aggregate of 64,921,969 common shares, or approximately 73.3% of our outstanding common shares. Pursuant to the merger agreement, 3M was entitled, upon payment of shares tendered pursuant to the offer, to designate a number of directors of Cogent, rounded up to the next whole number, that is equal to the product of the total number of directors on Cogent s board and the percentage that the number of common shares owned by Ventura or any other subsidiary of 3M bears to the total number of common shares outstanding. Accordingly, on October 21, 2010, 3M s designees, Michael P. Delkoski, Carol. A. Peterson, Rudy Pitera, Maureen C. Faricy and Kimberly Torseth, were appointed to the Cogent board.

The merger agreement provides that, until the effective time of the merger, our board of directors shall have at least two independent directors (as defined in the merger agreement) who were on the board on August 29, 2010, and certain actions of Cogent may only be authorized by these independent directors (and will not require any additional approval by our board).

Financing of the Offer and Merger

3M, the ultimate parent company of Ventura, will provide Ventura with sufficient funds to pay for all common shares to be acquired in the offer and the merger. The total amount of funds necessary to pay all merger consideration and customary fees and expenses in connection with the merger agreement and the transactions contemplated therein, including the offer, is estimated to be approximately $951 million, which will be used to pay shareholders of Cogent and holders of Cogent s other equity-based interests. 3M has advised us that they expect to provide funds for these payments to Ventura, either as a capital contribution or as an intercompany loan. 3M will obtain such funds from cash on hand and/or cash generated from general corporate activities, including the issuance of commercial paper in the ordinary course of business. 3M and Ventura do not have any alternative financing plans or arrangements. The consummation of the merger is not conditioned upon any financing arrangements.

Interests of Cogent Directors and Executive Officers in the Merger

In considering the recommendation of our board of directors to vote for the proposal to approve and adopt the merger agreement, shareholders should be aware that Cogent s executive officers and directors have agreements or arrangements that may provide them with interests that may differ from, or be in addition to, those of shareholders generally. Our board of directors was aware of these interests and considered them, among other matters, in determining the recommendation set forth in this proxy statement.

Consideration Payable Pursuant to the Merger

As of August 27, 2010, Cogent s directors and executive officers (and affiliates and affiliated investment entities) owned in the aggregate 34,374,965 common shares (excluding common shares issuable upon the exercise of options to purchase Common Stock and the vesting of restricted stock units). Of this amount, Mr. Hsieh and certain entities controlled by Mr. Hsieh held approximately 34,369,965 common shares on August 27, 2010, representing approximately 38.9% of Cogent s outstanding common shares, which are subject to the voting and tender agreement. The directors and executive officers (and affiliates and affiliated investment entities) tendered all of their common shares for purchase pursuant to the offer and those common shares were

Table of Contents

accepted for purchase and purchased by Ventura. As a result, the directors and executive officers received an aggregate of approximately $360,937,133 in cash, including $360,884,633 by Mr. Hsieh and certain entities controlled by Mr. Hsieh. The beneficial ownership of each director and executive officer as of November 2, 2010 is further described in the Information proxy under the heading *Security Ownership of Certain Beneficial Owners and Management*.

Effect of the Offer and the Merger Agreement on Options and Restricted Stock Units

Options

As of August 27, 2010, Cogent s directors and executive officers held options to purchase 408,753 common shares in the aggregate, with exercise prices ranging from $0.60 to $21.30 per share and an aggregate weighted average exercise price of $5.91 per Share. The merger agreement provides that any outstanding option to acquire common shares, whether vested or unvested, shall vest and become fully exercisable immediately prior to the effective time of the merger in accordance with the terms and conditions of the applicable stock plan under which such option was granted and the applicable stock option agreement for such option. At the effective time of the merger, each holder of an option will be entitled to receive an amount equal to the excess, if any, of the merger consideration, without interest, over the exercise price per share of such option, less any required withholding taxes. If the exercise price per share of any option equals or exceeds the applicable merger consideration, such amount shall be zero.

The table below sets forth information regarding the options held by Cogent s directors and executive officers as of August 27, 2010 with an exercise price per share less than the offer Price.

Name	Number of Securities Underlying Cogent Stock Options (#)	Option Exercise Price ($)	Aggregate Proceeds ($)	Total ($)
Ming Hsieh				
Paul Kim				
Michael Hollowich	2	0.60	20	356,521
	4,570	1.00	43,415	
	30,845	4.50	185,070	
	21,336	4.50	128,016	
James Jasinski	10,000	0.60	99,000	1,349,000
	40,000	0.75	390,000	
	40,000	1.00	380,000	
	45,583	4.50	273,498	
	34,417	4.50	206,502	
John C. Bolger	10,000	10.03	4,700	4,700
John P. Stenbit	40,000	4.50	240,000	244,700
	10,000	10.03	4,700	
Kenneth R. Thornton	40,000	4.50	240,000	244,700
	10,000	10.03	4,700	

Restricted Stock Units

As of August 27, 2010, Cogent s executive officers and directors held outstanding restricted stock units (**RSUs**) covering 172,250 common shares in the aggregate. Each RSU outstanding immediately prior to the

Table of Contents

purchase of the common shares pursuant to the offer (the **Acceptance Time**) and held by (i) Cogent s non-executive directors and (ii) Paul Kim, Cogent s Chief Financial Officer, will fully vested and was settled for one Share immediately prior to the Acceptance Time pursuant to the terms of the respective RSU awards. All other RSUs held by Cogent s employees, including its executive officers, will fully vest immediately prior to the effective time of the merger and be settled for common shares with the right to receive the merger consideration, pursuant to the terms of the merger agreement.

The table below sets forth information regarding the RSUs held by Cogent s directors and executive officers as of August 27, 2010.

Name	Common Shares Subject to RSUs (#)	Aggregate Proceeds ($)
Ming Hsieh		
Paul Kim	90,000	945,000
Michael Hollowich	23,500	246,750
James Jasinski	34,750	364,875
John C. Bolger	8,000	84,000
John C. Stenbit	8,000	84,000
Kenneth R. Thornton	8,000	84,000

Management Retention Agreements and Employment Agreements with 3M

Management Retention Agreements

On August 29, 2010, each of Cogent s executive officers, Ming Hsieh, Chief Executive Officer and Chairman of the board of directors, Mr. Kim, James Jasinski, Executive Vice President, Federal and State Systems, and Michael Hollowich, Executive Vice President, Operations, entered into a retention letter agreement with 3M and Cogent to continue each of their respective employments with Cogent following the Acceptance Time. Each retention agreement provides terms of such employee s continued employment with Cogent (including the Surviving Corporation) beginning as of the Acceptance Time and during a two year transition period commencing on the first day of the first calendar quarter beginning after the closing of the merger (the **Commencement Date**) through the second anniversary of the Commencement Date (the **Transition Period**). The retention agreements become effective at the Acceptance Time. 3M entered into the retention agreements in order to ensure continuity in operation of Cogent s business following the completion of transactions contemplated by the merger agreement.

Under Mr. Hsieh s retention agreement, Mr. Hsieh is entitled to receive a retention bonus of $153,000, payable in two installments such that one-third of this amount is payable on the first anniversary of the Commencement Date and the remaining amount is payable on the second anniversary of the Commencement Date, contingent upon his continued employment with the Surviving Corporation through each such date. If Mr. Hsieh s employment with the Surviving Corporation ends before the end of the Transition Period due to the Surviving Corporation s termination of Mr. Hsieh without cause or his death or disability, Mr. Hsieh is entitled to receive the remaining unpaid portion of the retention bonus, contingent upon the execution of a release of claims in a form acceptable to Cogent and 3M and such release having become effective, enforceable and irrevocable. In addition, Mr. Hsieh has agreed not to engage in a competitive business (as defined in the retention agreement) with the Surviving Corporation, or solicit or assist any other person in soliciting any employee or former employee who was employed by Cogent within six months prior to the Acceptance Time, for a five year period following the Acceptance Time.

Under Mr. Kim s retention agreement, Mr. Kim is entitled to receive a retention bonus of $153,000, payable in two installments such that one-third of this amount is payable on the first anniversary of the Commencement Date and the remaining amount is payable on the second anniversary of the Commencement Date, contingent

Table of Contents

upon his continued employment with the Surviving Corporation through each such date. If Mr. Kim s employment with the Surviving Corporation ends before the end of the Transition Period due to the Surviving Corporation s termination of Mr. Kim without cause or his death or disability, Mr. Kim is entitled to receive the remaining unpaid portion of the retention bonus, contingent upon the execution of a release of claims in a form acceptable to Cogent and 3M and such release having become effective, enforceable and irrevocable. In addition, Mr. Kim has agreed not to engage in a competitive business, or solicit or assist any other person in soliciting any employee or former employee who was employed by Cogent within six months prior to the Acceptance Time, for a two year period following the Acceptance Time. However, in the event that Mr. Kim is terminated without cause and the non-competition provisions prevent Mr. Kim from accepting employment with a competitive business, 3M will pay Mr. Kim his monthly base salary in effect immediately prior to the date of termination during the remainder of the restricted period he remains unemployed. In the event that Mr. Kim s employment with the Surviving Corporation ends before the end of the Transition Period for any reason other than Mr. Kim s death or disability or a termination of Mr. Kim s employment by the Surviving Corporation without cause, any unpaid amounts of Mr. Kim s retention bonus will be forfeited.

Under Mr. Jasinski s retention agreement, Mr. Jasinski is eligible to receive between $36,000 and $90,000 following his continued employment through December 31, 2011 and between $72,000 and $126,000 following his continued employment through December 31, 2012, such amount to depend on the total revenues achieved by the Surviving Corporation during each period. If Mr. Jasinski s employment with the Surviving Corporation ends before the end of the Transition Period due to the Surviving Corporation s termination of Mr. Jasinski without cause or his death or disability, Mr. Jasinski is entitled to receive the unpaid portion of the retention bonus, contingent upon the execution of a release of claims in a form acceptable to Cogent and 3M and such release having become effective, enforceable and irrevocable. In addition, Mr. Jasinski has agreed not to engage in a competitive business, or solicit or assist any other person in soliciting any employee or former employee who was employed by Cogent within six months prior to the Acceptance Time, for a two year period following the Acceptance Time. However, in the event that Mr. Jasinski is terminated without cause and the non-competition provisions prevent Mr. Jasinski from accepting employment with a competitive business, 3M will pay Mr. Jasinski his monthly base salary in effect immediately prior to the date of termination during the remainder of the restricted period he remains unemployed. In the event that Mr. Jasinski s employment with the Surviving Corporation ends before the end of the Transition Period for any reason other than Mr. Jasinski s death or disability or a termination of Mr. Jasinski s employment by the Surviving Corporation without cause, any unpaid amounts of Mr. Jasinski s retention bonus will be forfeited.

Under Mr. Hollowich s retention agreement, Mr. Hollowich is eligible to receive between $36,000 and $90,000 following his continued employment through December 31, 2011 and between $72,000 and $126,000 following his continued employment through December 31, 2012, such amount to depend on the total revenues achieved by the Surviving Corporation during each period. If Mr. Hollowich s employment with the Surviving Corporation ends before the end of the Transition Period due to the Surviving Corporation s termination of Mr. Hollowich without cause or his death or disability, Mr. Hollowich is entitled to receive the unpaid portion of the retention bonus, contingent upon the execution of a release of claims in a form acceptable to Cogent and 3M and such release having become effective, enforceable and irrevocable. In addition, Mr. Hollowich has agreed not to engage in a competitive business, or solicit or assist any other person in soliciting any employee or former employee who was employed by Cogent within six months prior to the Acceptance Time, for a two year period following the Acceptance Time. However, in the event that Mr. Hollowich is terminated without cause and the non-competition provisions prevent Mr. Hollowich from accepting employment with a competitive business, 3M will pay Mr. Hollowich his monthly base salary in effect immediately prior to the date of termination during the remainder of the restricted period he remains unemployed. In the event that Mr. Hollowich s employment with the Surviving Corporation ends before the end of the Transition Period for any reason other than Mr. Hollowich s death or disability or a termination of Mr. Hollowich s employment by the Surviving Corporation without cause, any unpaid amounts of Mr. Hollowich s retention bonus will be forfeited. In addition, on August 29, 2010, Jian Xie, Cogent s Vice President, System Integration, Bruno Lassus, Cogent s Vice President, Commercial Systems, Mary Jane Abalos, Cogent s Vice President of Planning and Finance Operations, and Ankuo Wang, Cogent s

Table of Contents

General Manager China, entered into retention agreements with 3M and Cogent containing terms substantially similar to the terms of the retention agreements executed by Messrs. Jasinski and Hollowich.

Standard 3M Employment Agreements

3M has a form of employment agreement that all employees of 3M sign regardless of position. Thus, all Cogent employees, including all executive officers, who become employed by 3M by virtue of the merger (the **Transferred Employees**) will enter into such form employment agreement, effective as of the effective time of the merger. 3M s form employment agreement includes a number of acknowledgments by the Transferred Employee regarding (among other things) (i) at-will employment status, (ii) obligations regarding the use and development of intellectual property, inventions and copyrightable materials and (iii) responsibilities relating to the non-disclosure of confidential information, proprietary information and controlled technology and software. 3M s form employment agreements do not specify the compensation or benefits to be provided to the Transferred Employees.

Employment Agreements between Cogent and its Executive Officers

Paul Kim Employment Agreement

On January 5, 2004, Cogent and Mr. Kim entered into an employment agreement, which was subsequently amended on August 29, 2010 (the **Employment Agreement Amendment**), such amendment effective as of January 1, 2009 (as amended, the **Kim Employment Agreement**). As set forth in the Kim Employment Agreement, if Mr. Kim terminates his employment within two hundred and seventy (270) days following a Control Event, Cogent is required to provide continued payment of Mr. Kim s base salary for the twelve months following the termination of employment. For the purposes of Mr. Kim s employment agreement, a Control Event is (a) a sale of substantially all of Cogent s assets to a natural person not currently affiliated, directly or indirectly, with Cogent or to an entity in which at least 50% of the voting power is held by a person or persons who are not shareholders immediately prior to the consummation of such transaction (such natural person or entity, defined therein to be a non-affiliate), (b) a sale or transfer, by Cogent or any of its shareholders, to a non-affiliate of shares of capital stock or other securities having at least 50% of our voting power following such sale, or (c) a consolidation, merger or other reorganization involving Cogent in which the surviving corporation, whether or not Cogent, is a non-affiliate, in each case in a single transaction or a series of related transactions, other than a public offering of such capital stock pursuant to a registration statement declared effective by the SEC. Mr. Kim s current annual salary is $274,000.

The payment of any amount to Mr. Kim under the Kim Employment Agreement upon the termination of his employment shall be delayed until the later of (i) the date necessary to comply with Section 409A(a)(2)(B)(i) of the Internal Revenue Code, or (ii) the date that is eighteen (18) months following the execution date of the Employment Agreement Amendment. Additionally, Cogent has the right to amend or terminate the Kim Employment Agreement at any time, including a retroactive amendment, to the extent such amendment or termination is required to comply with Section 409A(a)(2)(A)(i) of the Internal Revenue Code and Section 1.409A-1(h) of the Treasury Regulations. Termination of employment shall mean a separation from service as defined in Section 409A(a)(2)(A)(i) of the Internal Revenue Code and Section 1.409A-1(h) of the Treasury Regulations.

Other Executive Officers

Cogent s employment agreements with Mr. Hollowich and Mr. Jasinski do not provide for any payments upon a change in control of Cogent. Cogent does not have an employment agreement with Mr. Hsieh.

Table of Contents

Transaction Bonuses

In connection with the initial closing of the offer, Cogent paid transaction bonuses of $135,000 to Mr. Kim and $25,000 to Mr. Jasinski. Such bonuses were approved by Cogent s board of directors.

Indemnification of Directors and Officers

Cogent is organized under the laws of the State of Delaware. Section 145 of the DGCL permits a corporation to include in its charter documents, and in agreements between the corporation and its directors and officers, provisions expanding the scope of indemnification beyond that specifically provided by current law. Cogent s Certificate of Incorporation provides for the indemnification of Cogent s directors to the fullest extent permissible under the DGCL. Consequently, no director will be personally liable to Cogent or its shareholders for monetary damages for any breach of fiduciary duties as a director, except liability for:

any breach of the director s duty of loyalty to Cogent or its shareholders;

any act or omission not in good faith or which involves intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; or

any transaction from which the director derived an improper personal benefit.

In addition, Cogent s bylaws provide that Cogent is required to indemnify its directors, officers, employees and agents, in each case to the fullest extent permitted by the DGCL. Cogent s bylaws also provide that Cogent shall advance expenses incurred by a director, officer, employee or certain agents in advance of the final disposition of any action or proceeding, and permit Cogent to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether Cogent would otherwise be permitted to indemnify him or her under the provisions of the DGCL.

Cogent has entered into agreements to indemnify its directors, officers and other employees as determined by the board of directors. These agreements generally provide for indemnification for related expenses including, among other things, attorneys fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. Cogent also maintains directors and officers liability insurance that insures its directors and officers against certain losses and insures Cogent with respect to its obligations to indemnify its directors and officers.

The merger agreement provides that 3M and the Surviving Corporation will honor and fulfill in all respects the indemnification obligations of Cogent, including the advancement of expenses incurred in the defense of any action or suit, incurred prior to the effective time of the merger. Furthermore, until the sixth anniversary of the effective time of the merger, the Surviving Corporation will maintain in effect directors and officers liability insurance with benefits and coverage levels that are no less favorable than Cogent s existing policies in respect of acts or omissions occurring at or prior to the effective time of the merger, provided that in satisfying such obligations, 3M and the Surviving Corporation will not be obligated to pay annual premiums in excess of 300% of the amount paid by Cogent for coverage for its last full fiscal year (the **Maximum Annual Premium**). If the annual premiums of such insurance coverage exceed such amount, 3M and the Surviving Corporation will obtain a policy with the greatest coverage available for a cost not exceeding the Maximum Annual Premium.

Table of Contents

Summary of Aggregate Proceeds that May be Received by Cogent s Directors and Executive Officers

The table below sets forth information regarding the aggregate proceeds that may be received by each of Cogent s directors and executive officers in connection with the offer and the merger. Such amounts are described in further detail above under *Consideration Payable Pursuant to the offer*, *Effect of the Offer and the Merger agreement on Options and Restricted Stock Units*, *Management Retention Agreements and Employment Agreements with 3M* , *Employment Agreements between Cogent and its Executive Officers* and *Transaction Bonuses.*

Name	Aggregate Proceeds ($)
Ming Hsieh	361,037,633(1)
Paul Kim	1,507,000(2)
Michael Hollowich	819,271(3)
James Jasinski	1,954,875(4)
John C. Bolger	88,700(5)
John C. Stenbit	328,700(6)
Kenneth R. Thornton	381,200(7)

(1) Consists of (i) $360,884,663 payable upon the tender of Shares held by Mr. Hsieh and his affiliates pursuant to the Offer and (ii) $153,000 payable as a retention bonus pursuant to Mr. Hsieh s retention agreement (assuming the conditions to Mr. Hsieh s receipt of such retention bonus are satisfied).

(2) Consists of (i) $945,000 payable in connection with RSUs held by Mr. Kim, (ii) $153,000 payable as a retention bonus pursuant to Mr. Kim s retention agreement (assuming the conditions to Mr. Kim s receipt of such retention bonus are satisfied), (iii) $274,000 payable to Mr. Kim pursuant to the terms of the Kim Employment Agreement (assuming the conditions to Mr. Kim s receipt of such amount are satisfied) and (iii) a $135,000 transaction bonus paid to Mr. Kim in connection with the initial closing of the offer.

(3) Consists of (i) $356,521 payable in connection with options to purchase Shares held by Mr. Hollowich, (ii) $246,750 payable in connection with RSUs held by Mr. Hollowich, and (iii) $216,000 payable as a retention bonus pursuant to Mr. Hollowich s retention agreement (assuming the conditions to Mr. Hollowich s receipt of such retention bonus are satisfied).

(4) Consists of (i) $1,349,000 payable in connection with options to purchase Shares held by Mr. Jasinski, (ii) $364,875 payable in connection with RSUs held by Mr. Jasinski, (iii) $216,000 payable as a retention bonus pursuant to Mr. Jasinski s retention agreement (assuming the conditions to Mr. Jasinski s receipt of such retention bonus are satisfied) and (iv) a $25,000 transaction bonus paid to Mr. Jasinski in connection with the initial closing of the offer).

(5) Consists of (i) $4,700 payable in connection with options to purchase Shares held by Mr. Bolger, and (ii) $84,000 payable in connection with RSUs held by Mr. Bolger.

(6) Consists of (i) $244,700 payable in connection with options to purchase Shares held by Mr. Stenbit, and (ii) $84,000 payable in connection with RSUs held by Mr. Stenbit.

(7) Consists of (i) $244,700 payable in connection with options to purchase Shares held by Mr. Thornton, (ii) $84,000 payable in connection with RSUs held by Mr. Thornton, and (iii) $52,500 payable upon the tender of Shares held by Mr. Thornton pursuant to the Offer.

Arrangements Between Mr. Hsieh and 3M or Ventura

In connection with the execution of the merger agreement, Mr. Hsieh and certain entities controlled by Mr. Hsieh, in their capacity as shareholders, entered into a voting and tender agreement dated as of August 29, 2010 with 3M and Ventura. The outstanding common shares subject to the voting and tender agreement represented, as of August 29, 2010, approximately 38.9% of the total outstanding common shares. Pursuant to the voting and tender agreement, the shareholder signatories agreed to, among other things, (i) tender in the offer (and not withdraw) all common shares beneficially owned or thereafter acquired by them, (ii) vote such common shares in support of the merger in the event shareholder approval is required to consummate the merger and

Table of Contents

against any competing transaction, (iii) appoint 3M as their proxy to vote such common shares in connection with the merger agreement, and (iv) subject to certain exceptions, not transfer their common shares. On October 8, 2010, Ventura accepted for payment 34,369,965 shares tendered by Mr. Hsieh and certain entities controlled by him pursuant to the voting and tender agreement.

Claims Against Directors

There are shareholder derivative lawsuits pending against current and former directors and officers of Cogent relating to the merger. If the merger is consummated, any such claims that are currently pending or that could be brought against such directors and officers of Cogent by current shareholders would likely be extinguished.

Dividends

Pursuant to the merger agreement, we were prohibited from declaring any dividends following execution of the merger agreement on August 29, 2010. 3M s designees currently hold a majority of the seats on our board of directors and 3M has informed us that its designees do not intend to approve any dividend on our common shares prior to consummation of the merger.

Determination of the Merger Consideration

The merger consideration was determined through arm s-length negotiations between Cogent and 3M.

Regulatory Matters

In connection with the merger, we are required to make certain filings with, and comply with certain laws of, various federal and state governmental agencies, including:

- filing the certificate of merger with the Secretary of State of the State of Delaware in accordance with the DGCL after the approval and adoption of the merger agreement by our shareholders; and
- complying with U.S. federal securities laws.

The following regulatory approvals were required in order to complete the merger:

- Under the HSR Act, and the related rules and regulations that have been issued by the Federal Trade Commission (**FTC**), certain transactions having a value above specified thresholds may not be consummated until specified information and documentary material have been furnished to the FTC and the Antitrust Division of the Department of Justice and certain waiting period requirements have been satisfied. The requirements of the HSR Act apply to the acquisition of common shares in the offer and the merger; and
- The acquisition of common shares is also subject to review by the Federal Competition Authority (**FCA**) in Austria. Pursuant to the Cartel Act, the transactions contemplated by the merger agreement may not be consummated unless a notification has been submitted to the FCA, and a waiting period of four weeks has expired or the FCA grants clearance of the transactions contemplated by the merger agreement. 3M filed the notification with the FCA on September 3, 2010.

The parties were granted early termination of the waiting period under the HSR Act for the merger agreement and related transactions on September 10, 2010, and received clearance from the Austrian FCA effective October 2, 2010. None of the parties is aware of any other required regulatory approvals.

Table of Contents

Person/Assets, Retained, Employed, Compensated Or Used

Credit Suisse

Cogent retained Credit Suisse to provide it with financial advisory services in connection with, among other things, the transactions contemplated by the merger agreement. Pursuant to the terms of Credit Suisse s engagement letter with Cogent, Cogent will become obligated to pay Credit Suisse an aggregate fee currently estimated to be approximately $7.8 million, $1.25 million of which is payable in connection with the delivery of its opinion and a substantial portion of which is contingent upon, and will become payable upon, completion of the merger. Cogent has also agreed to reimburse Credit Suisse for its reasonable expenses (not to exceed $100,000, other than as approved by Cogent) and to indemnify Credit Suisse and certain related parties against certain liabilities and expenses related to or arising out of Credit Suisse s engagement, including liabilities under federal securities laws.

Goldman Sachs

Cogent retained Goldman Sachs to provide it with financial advisory services in connection with, among other things, the transactions contemplated by the merger agreement. Pursuant to the terms of Goldman Sachs engagement letter with Cogent, Cogent will become obligated to pay Goldman Sachs an aggregate fee currently estimated to be approximately $6.1 million, substantially all of which is contingent upon, and will become payable upon, completion of the merger. Cogent has also agreed to reimburse Goldman Sachs for its reasonable expenses incurred in performing its services (Goldman Sachs shall notify Cogent if its fees and expenses exceed $100,000). In addition, Cogent has agreed to indemnify Goldman Sachs and certain related parties against certain liabilities and expenses related to or arising out of Goldman Sachs engagement, including liabilities under federal securities laws.

Appraisal Rights

If you do not vote for the adoption of the merger agreement at the special meeting of shareholders, make a written demand for appraisal prior to the taking of the vote on the adoption of the merger agreement and otherwise comply with the applicable statutory procedures of Section 262 of the DGCL, summarized herein, you may be entitled to appraisal rights under Section 262 of the DGCL. In order to exercise and perfect appraisal rights, a record holder of common shares must follow the steps summarized below properly and in a timely manner.

Section 262 of the DGCL is reprinted in its entirety as Annex C to this proxy statement. Set forth below is a summary description of Section 262 of the DGCL. The following summary describes the material aspects of Section 262 of the DGCL, and the law relating to appraisal rights and is qualified in its entirety by reference to Annex C. All references in Section 262 of the DGCL and this summary to stockholder are to the record holder of the common shares immediately prior to the effective time of the merger as to which appraisal rights are asserted. Failure to comply strictly with the procedures set forth in Section 262 of the DGCL will result in the loss of appraisal rights.

Under the DGCL, holders of common shares who follow the procedures set forth in Section 262 of the DGCL will be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of those shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger.

Under Section 262 of the DGCL, where a merger agreement relating to a proposed merger is to be submitted for adoption at a meeting of stockholders, as in the case of the special meeting, the corporation, not less than 20 days prior to such meeting, must notify each of its stockholders who was a stockholder on the record date with respect to such shares for which appraisal rights are available, that appraisal rights are so available, and must include in each such notice a copy of Section 262 of the DGCL. This proxy statement constitutes such notice to the holders of common shares and Section 262 of the DGCL is attached to this proxy statement as Annex C and incorporated herein by reference. Any stockholder who wishes to exercise such appraisal rights or who wishes to preserve his or her right to do so should review the following discussion and Annex C carefully, because failure to timely and properly comply with the procedures specified will result in the loss of appraisal rights under the DGCL.

Table of Contents

If you wish to exercise appraisal rights you must not vote for the adoption of the merger agreement and must deliver to Cogent, before the vote on the proposal to adopt the merger agreement, a written demand for appraisal of your common shares. If you sign and return a proxy card or vote by submitting a proxy by telephone or the Internet, without expressly directing that your common shares be voted against the adoption of the merger agreement, you will effectively waive your appraisal rights because such shares represented by the proxy will be voted for the adoption of the merger agreement. Accordingly, if you desire to exercise and perfect appraisal rights with respect to any of your common shares, you must either refrain from executing and returning the enclosed proxy card and from voting in person, or submitting a proxy by telephone or the Internet, in favor of the proposal to adopt the merger agreement or check either the against or the abstain box next to the proposal on such card or vote in person or by submitting a proxy by telephone or the Internet, against the proposal or register in person an abstention with respect thereto. A vote or proxy against the adoption of the merger agreement will not, in and of itself, constitute a demand for appraisal.

A demand for appraisal will be sufficient if it reasonably informs Cogent of the identity of the stockholder and that such stockholder intends thereby to demand appraisal of such stockholder s common shares. This written demand for appraisal must be separate from any proxy or vote abstaining from or voting against the adoption of the merger agreement. If you wish to exercise your appraisal rights you must be the record holder of such common shares on the date the written demand for appraisal is made and you must continue to hold such shares through the effective time of the merger. Accordingly, a stockholder who is the record holder of common shares on the date the written demand for appraisal is made, but who thereafter transfers such shares prior to the effective time of the merger, will lose any right to appraisal in respect of such shares.

Only a holder of record of common shares is entitled to assert appraisal rights for such common shares registered in that holder s name. A demand for appraisal should be executed by or on behalf of the holder of record, fully and correctly, as the holder s name appears on the stock certificates and must state that such person intends thereby to demand appraisal of his, her or its shares. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand for appraisal should be made in that capacity, and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including one for two or more joint owners, may execute the demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for such owner or owners.

A record holder such as a bank, brokerage firm or other nominee who holds shares as nominee for several beneficial owners may exercise appraisal rights with respect to the common shares held for one or more beneficial owners while not exercising such rights with respect to the shares held for other beneficial owners; in such case, the written demand should set forth the number of shares as to which appraisal is sought. Where the number of common shares is not expressly stated, the demand will be presumed to cover all shares held in the name of the record owner. If you hold your shares in brokerage accounts or other nominee forms and wish to exercise your appraisal rights, you are urged to consult with your bank, brokerage firm or other nominee to determine the appropriate procedures for the making of a demand for appraisal.

All written demands for appraisal of shares must be mailed or delivered to: Cogent, Inc., Attn: Corporate Secretary, 639 North Rosemead Blvd., Pasadena, CA 91107, or should be delivered to the Corporate Secretary at the special meeting, prior to the vote on the adoption of the merger agreement.

Within ten days after the effective time of the merger, we will notify each stockholder as of the effective time of the merger who properly asserted appraisal rights under Section 262 of the DGCL and has not voted for the adoption of the merger agreement. Within 120 days after the effective time of the merger, but not thereafter, we or any stockholder who has complied with the statutory requirements summarized above may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the fair value of the shares held by such stockholder. If no such petition is filed, appraisal rights will be lost for all stockholders

Table of Contents

who had previously demanded appraisal of their shares. We are not under any obligation, and we have no present intention, to file a petition with respect to appraisal of the value of the shares. Accordingly, if you wish to exercise your appraisal rights, you should regard it as your obligation to take all steps necessary to perfect your appraisal rights in the manner prescribed in Section 262 of the DGCL.

Within 120 days after the effective time of the merger, any stockholder who has complied with the provisions of Section 262 of the DGCL will be entitled, upon written request, to receive from us a statement setting forth the aggregate number of common shares not voted in favor of adoption of the merger agreement and with respect to which demands for appraisal were received by us, and the number of holders of such shares. Such statement must be mailed within ten days after the written request therefor has been received by us or within ten days after expiration of the period for delivery of appraisal demands, whichever is later. A person who is the beneficial owner of common shares held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file an appraisal petition or request from us the statement described in this paragraph.

If a petition for an appraisal is timely filed and a copy thereof served upon us, we will then be obligated, within 20 days, to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of the stockholders who have demanded appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to the stockholders as required by the Court of Chancery, the Court of Chancery is empowered to conduct a hearing on such petition to determine those stockholders who have complied with Section 262 of the DGCL and who have become entitled to appraisal rights thereunder. The Court of Chancery may require the stockholders who demanded appraisal rights of their common shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceeding; and if any stockholder fails to comply with such direction, the Court of Chancery may dismiss the proceedings as to such stockholder.

After the Court of Chancery determines which stockholders are entitled to appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court of Chancery shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court of Chancery shall take into account all relevant factors. Unless the Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective time of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective time of the merger and the date of payment of the judgment. If you are considering seeking appraisal, you should be aware that the fair value of your shares as determined under Section 262 of the DGCL could be more than, the same as or less than the per share merger consideration you are entitled to receive pursuant to the merger agreement if you did not seek appraisal of your shares and that investment banking opinions as to the fairness from a financial point of view of the per share merger consideration payable in the merger are not necessarily opinions as to fair value under Section 262 of the DGCL. In determining fair value of shares, the Court of Chancery will take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court has stated that such factors include market value, asset value, dividends, earning prospects, the nature of the enterprise and other facts which were known or which could be ascertained as of the date of the merger which throw any light on future prospects of the merged corporation. In *Weinberger*, the Delaware Supreme Court stated, among other things, that proof of value by any techniques or methods generally considered acceptable in the financial community and otherwise admissible in court should be considered in an appraisal proceeding. In addition, the Court of Chancery has decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenter s exclusive remedy.

The Court of Chancery will direct the payment of the fair value of the common shares who have perfected appraisal rights, together with interest, if any. The Court of Chancery will determine the amount of interest, if any, to be paid on the amounts to be received by persons whose common shares have been appraised. The costs

Table of Contents

of the action (which do not include attorneys fees or expert fees or expenses) may be determined by the Court of Chancery and taxed upon the parties as the Court of Chancery deems equitable. The Court of Chancery may also order that all or a portion of the expenses incurred by any stockholder in connection with an appraisal, including without limitation reasonable attorneys fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged *pro rata* against the value of all of the shares entitled to appraisal. In the absence of such determination or assessment, each party bears its own expenses.

Any stockholder who has duly demanded and perfected an appraisal in compliance with Section 262 of the DGCL will not, after the effective time of the merger, be entitled to vote his or her shares for any purpose or be entitled to the payment of dividends or other distributions thereon, except dividends or other distributions payable to holders of record of common shares as of a date prior to the effective time of the merger.

At any time within 60 days after the effective time of the merger, any stockholder will have the right to withdraw his or her demand for appraisal and to accept the cash payment for his or her shares pursuant to the merger agreement. After this period, a stockholder may withdraw his or her demand for appraisal only with our written consent. If no petition for appraisal is filed with the Court of Chancery within 120 days after the effective time of the merger, a stockholder s right to appraisal will cease and he or she will be entitled to receive the cash payment for his or her shares pursuant to the merger agreement, as if he or she had not demanded appraisal of his or her shares. No petition timely filed in the Court of Chancery demanding appraisal will be dismissed as to any stockholder without the approval of the Court of Chancery and such approval may be conditioned on such terms as the Court of Chancery deems just; provided, however, that any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the per share merger consideration offered pursuant to the merger agreement within 60 days after the effective time of the merger.

If you desire to exercise your appraisal rights, you must not vote for adoption of the merger agreement and must strictly comply with the procedures set forth in Section 262 of the DGCL.

Failure to take any required step in connection with the exercise of appraisal rights will result in the termination or waiver of such rights.

Certain Material United States Federal Income Tax Consequences

The following is a summary of certain material U.S. federal income tax consequences to holders of common shares upon the exchange of common shares for cash pursuant to the merger. This summary does not purport to be a comprehensive description of all of the tax consequences that may be relevant to a decision to dispose of common shares in the merger, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of investors or that are generally assumed to be known by investors. This summary is based on the Internal Revenue Code of 1986, as amended (the **Code**), Treasury regulations, administrative rulings and court decisions, all as in effect as of the date hereof and all of which are subject to differing interpretations and/or change at any time (possibly with retroactive effect). In addition, this summary is not a complete description of all the tax consequences of the merger and, in particular, may not address U.S. federal income tax considerations to holders of common shares subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, dealers in securities or currencies, traders that mark to market, holders who hold their common shares as part of a hedge, straddle or conversion transaction, insurance companies, tax-exempt entities and holders who obtained their common shares by exercising options or warrants). In addition, this summary does not discuss any consequences to holders of options or warrants to purchase common shares or any aspect of state, local or foreign tax law that may be applicable to any holder of common shares, or any U.S. federal tax considerations other than U.S. federal income tax considerations. This summary assumes that holders own common shares as capital assets.

We urge holders of common shares to consult their own tax advisors with respect to the specific tax consequences to them in connection with the offer and the merger in light of their own particular circumstances, including the tax consequences under state, local, foreign and other tax laws.

Table of Contents

U.S. Holders

Except as otherwise set forth below, the following discussion is limited to the U.S. federal income tax consequences relevant to a beneficial owner of common shares that is a citizen or resident of the United States, a domestic corporation (or any other entity or arrangement treated as a corporation for U.S. federal income tax purposes), any estate (other than a foreign estate), and any trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust, and (ii) one or more U.S. persons have the authority to control all substantial decisions of the trust (a **U.S. Holder**).

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds common shares, the tax treatment of a holder that is a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Such holders should consult their own tax advisors regarding the tax consequences of exchanging the common shares pursuant to the offer or pursuant to the merger.

Payments with Respect to common shares

The exchange of common shares for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes, and a U.S. Holder who receives cash for common shares pursuant to the merger will recognize gain or loss, if any, equal to the difference between the amount of cash received and the holder s adjusted tax basis in the common shares. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if such U.S. Holder s holding period for the common shares is more than one year at the time of the exchange of such holder s common shares for cash. Long-term capital gains recognized by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. There are limitations on the deductibility of capital losses.

Backup Withholding Tax and Information Reporting

Payments made with respect to common shares exchanged for cash in the merger will be subject to information reporting and U.S. federal backup withholding tax (at a rate of 28 percent) unless the U.S. Holder (i) furnishes an accurate tax identification number or otherwise complies with applicable U.S. information reporting or certification requirements (typically, by completing and signing a substitute Form W-9) or (ii) is a corporation or other exempt recipient and, when required, demonstrates such fact. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. Holder s United States federal income tax liability, if any, provided that such U.S. Holder furnishes the required information to the Internal Revenue Service in a timely manner.

Non-U.S. Holders

The following is a summary of certain U.S. federal income tax consequences that will apply to you if you are a Non-U.S. Holder of common shares. The term **Non-U.S. Holder** means a beneficial owner, other than a partnership, of common shares that is not a U.S. Holder.

Non-U.S. Holders should consult their own tax advisors to determine the specific U.S. federal, state, local and foreign tax consequences that may be relevant to them.

Payments with Respect to common shares

Payments made to a Non-U.S. Holder with respect to common shares exchanged for cash pursuant to the merger generally will be exempt from U.S. federal income tax, unless:

(a) the gain on common shares, if any, is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States (and, if certain income tax treaties apply, is attributable to the

Table of Contents

Non-U.S. Holder s permanent establishment in the United States) (in which event (i) the Non-U.S. Holder will be subject to U.S. federal income tax as described under *U.S. Holders*, but such Non-U.S. Holder should provide a Form W-8ECI instead of a Form W-9, and (ii) if the Non-U.S. Holder is a corporation, it may be subject to branch profits tax on such gain at a 30 percent rate (or such lower rate as may be specified under an applicable income tax treaty));

(b) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more in the taxable year and certain other conditions are met (in such event the Non-U.S. Holder will be subject to tax at a flat rate of 30 percent (or such lower rate as may be specified under an applicable income tax treaty) on the gain from the exchange of the common shares net of applicable U.S. losses from sales or exchanges of other capital assets recognized during the year); or

(c) the Non-U.S. Holder is an individual subject to tax pursuant to U.S. tax rules applicable to certain expatriates.

Backup Withholding Tax and Information Reporting

In general, if you are a Non-U.S. Holder you will not be subject to backup withholding and information reporting with respect to a payment made with respect to common shares exchanged for cash in the merger if you have provided the Depositary with an IRS Form W-8BEN (or a Form W-8ECI if your gain is effectively connected with the conduct of a U.S. trade or business). If shares are held through a foreign partnership or other flow-through entity, certain documentation requirements also apply to the partnership or other flow-through entity. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against a Non-U.S. Holder s United States federal income tax liability, if any, provided that such Non-U.S. Holder furnishes the required information to the Internal Revenue Service in a timely manner.

Delisting and Deregistration of Cogent Common Shares

If the merger is completed, Cogent common shares will be delisted from the NASDAQ Global Select Market and deregistered under the Exchange Act of 1934, as amended, and our common shares will no longer be publicly traded.

Litigation Relating to the Merger

Between August 31 and September 16, 2010, ten purported class action lawsuits were filed against Cogent, its directors and, in some of the complaints, 3M and Ventura, in connection with the proposed merger. Three suits were filed in Delaware Chancery Court, six were filed in California Superior Court for Los Angeles County, and one in the U.S. District Court for the Central District of California. These suits allege that the defendants breached and/or aided and abetted the breach of their fiduciary duties to Cogent by seeking to sell Cogent through an allegedly unfair process and for an unfair price and on unfair terms. The suits seek various equitable relief that would delay or enjoin the merger based on allegations regarding the process by which offers or potential offers were evaluated by Cogent.

Table of Contents

Additional details regarding the ten lawsuits are as follows:

Court	Filing Date	Case Name	Case Number
Court of Chancery of the State of Delaware	September 15, 2010	Cockle v. Cogent, Inc.	5819-VCP
Court of Chancery of the State of Delaware	September 1, 2010	St. Nevan US Ltd. v. Cogent, Inc.	5780-VCP
Court of Chancery of the State of Delaware	September 1, 2010	Bell v. Hsieh	5784-VCP
Superior Court of California, County of Los Angeles	September 13, 2010	Berman v. Cogent, Inc.	BC445456
Superior Court of California, County of Los Angeles	September 10, 2010	Kepple v. Hsieh	BC445362
Superior Court of California, County of Los Angeles	September 8, 2010	Berman v. Cogent, Inc.	BC445189
Superior Court of California, County of Los Angeles	September 2, 2010	Gusinsky Revocable Trust v. Cogent, Inc.	BC444852
Superior Court of California, County of Los Angeles	August 30, 2010	Slovin v. Cogent, Inc.	BC444654
Superior Court of California, County of Los Angeles	September 16, 2010	Lau v. Cogent, Inc.	BC445738
United States District Court, Central District of California	September 16, 2010	Shanhan v. Cogent, Inc.	CV-10-6911-RGK-FMOX

On September 24, 2010, the California state cases were ordered stayed pending a status conference set for November 2, 2010. That status conference was continued by the Court until December 16, 2010. The Delaware cases were consolidated, and on October 5, 2010, Delaware Chancery Court Vice Chancellor Donald F. Parsons, Jr. denied plaintiffs motion for a preliminary injunction to enjoin the offer. The plaintiff in the suit filed in United States District Court for the Central District of California moved for expedited proceedings and on October 7, 2010, the court denied plaintiff s motion. On October 19, 2010, the Delaware Supreme Court refused a shareholder plaintiff s petition that the Court accept an interlocutory appeal from the Delaware Chancery Court s October 5, 2010 opinion denying plaintiff s motion for an injunction to enjoin the offer. On November 1, 2010, defendants filed a motion to dismiss the Delaware lawsuits, which will be scheduled for hearing at a later date.

Cogent believes the allegations in the lawsuits are without merit, and is defending the actions vigorously. The absence of an injunction or court order preventing the consummation of the transaction is a condition to 3M s obligation to complete the merger pursuant to the merger agreement.

Table of Contents

THE MERGER AGREEMENT

This section of the proxy statement describes certain material provisions of the merger agreement but does not purport to describe all of the terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Annex A to this proxy statement. We urge you to read the full text of the merger agreement because it is the legal document that governs the merger. Neither the merger agreement nor this summary is intended to provide you with any other factual information about us.

The Merger

The Merger; Closing; Effective Time. The merger agreement provides that, after satisfaction or waiver of certain conditions, Ventura will be merged with and into Cogent and Cogent will be the surviving corporation. The closing date of the merger will occur on a date to be specified by the parties to the merger agreement, which shall be no later than the second business day after satisfaction or waiver of all of the conditions to the merger (other than any such conditions which by their nature cannot be satisfied until the closing) set forth in the merger agreement (or such other date as the parties to the merger agreement may agree), which conditions are described below in Conditions to the Merger. The effective time of the merger will occur at the time specified in the certificate of merger that the surviving corporation will file with the Secretary of State of the State of Delaware.

Charter, Bylaws, Directors, and Officers. At the effective time of the merger, the certificate of incorporation of Cogent will be amended to conform to Exhibit B of the merger agreement. Also at the effective time of the merger, the bylaws of Cogent will be amended to read as the bylaws of Ventura as in effect immediately prior to the effective time of the merger, except that such bylaws will be amended to reflect that the name of the surviving corporation will be Cogent, Inc. The directors of Ventura immediately prior to the effective time of the merger will be the initial directors of the surviving corporation and the officers of Cogent immediately prior to the effective time of the merger will be the initial officers of the surviving corporation.

Conversion of Common Shares. Each common share issued and outstanding immediately prior to the effective time of the merger (other than common shares held in the treasury of Cogent or owned by 3M or Ventura, or by any direct or indirect wholly-owned subsidiary of 3M, Ventura or Cogent, in each case immediately prior to the effective time of the merger and any common shares that are issued and outstanding immediately prior to the effective time of the merger and held by a Cogent stockholder who is entitled to demand and properly demands appraisal of such common shares pursuant to, and who complies in all material respects with, Section 262 of the DGCL, which is attached hereto as Annex C) will, by virtue of the merger and without any action on the part of 3M, Ventura, Cogent or the holder, be cancelled and converted at the effective time of the merger into the right to receive the merger consideration, without interest thereon and less any required withholding tax. At the effective time of the merger, each common share of Cogent owned by 3M, Ventura or any wholly-owned subsidiary of 3M or Cogent and common shares held by Cogent in treasury will be cancelled, and no payment or distribution will be made with respect to such common shares. At the effective time of the merger, each share of Ventura common stock issued and outstanding immediately prior to the effective time of the merger will, by virtue of the merger and without any action on the part of the holder thereof, be converted into one share of common stock of the surviving corporation.

Payment for Common Shares in the Merger. 3M will deposit with Wells Fargo Bank, N.A. (or an affiliate thereof), as paying agent for the merger, for the benefit of the holders of common shares, sufficient funds to pay the aggregate merger consideration in an exchange fund. After the merger is completed, you will have the right to receive $10.50 per common share, but you will no longer have any rights as a Cogent shareholder. You will receive the merger consideration in exchange for your common shares in accordance with the instructions that will be contained in the letter of transmittal that will be sent to you shortly after completion of the merger. If your common shares are held in street name by your broker, dealer, commercial bank, trust company or other nominee, you will receive instructions from your broker, dealer, commercial bank, trust company or other

Table of Contents

nominee as to how to surrender your street name common shares and receive cash for those common shares. If your shares are held in book-entry form, you will receive instructions from Wells Fargo as to how to surrender your book-entry common shares and receive cash for those shares.

Any portion of the exchange fund (including the proceeds of any investments thereof) that remains unclaimed for one year after the effective time of the merger will be delivered to 3M. Holders of shares outstanding before the effective time of the merger will thereafter be entitled to look only to 3M for payment of any claims for merger consideration to which they may be entitled (after giving effect to any required withholding tax). None of the surviving corporation, 3M, the paying agent or any other person will be liable to any person in respect of any merger consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

Transfer of Common Shares. After the effective time of the merger, there will be no transfers on our share transfer books of common shares outstanding immediately prior to the effective time of the merger. If, after the effective time of the merger, any certificate for our common shares is presented to the surviving corporation, 3M or the paying agent for transfer, it will be cancelled and exchanged for the per share merger consideration, multiplied by the number of shares represented by the certificate.

Representations and Warranties

In the merger agreement, Cogent has made customary representations and warranties to 3M and Ventura with respect to, among other matters, organization and qualification, capitalization, authority, the vote of Cogent s stockholders required to approve and adopt the merger agreement, consents and approvals, its compliance with law, subsidiaries, permits, public filings, financial statements, the absence of any Cogent Material Adverse Effect (as defined in the merger agreement), litigation, employee benefit plans, labor and employment matters, insurance, properties, tax matters, information to be included in the offer to purchase, the Schedule 14D-9 and other ancillary documents related to the offer (collectively, the **offer documents**) and in any proxy or information statement to be sent to stockholders in connection with the merger, intellectual property, environmental matters, material contracts, affiliate transactions, anticorruption, the opinion of Credit Suisse, and brokers fees. Each of 3M and Ventura has made customary representations and warranties to Cogent with respect to, among other matters, organization and qualification, authority, consents and approvals, litigation, information to be included in the Schedule 14D-9, the offer documents and information proxy, brokers fees, Section 203 of the DGCL, and financing.

Treatment of Equity Awards

The merger agreement provides that the Cogent board of directors shall take such action so that, at the effective time of the merger, and without any action on the part of any holder of any outstanding option, whether vested or unvested, exercisable or unexercisable, each option that is outstanding and unexercised immediately prior thereto shall vest and become fully exercisable in accordance with the terms and conditions of the applicable Stock Plan (as defined in the merger agreement) under which such option was granted and the applicable stock option agreement for such option and each holder of an option will be entitled to receive an amount equal to the excess, if any, of the merger consideration, without interest, over the exercise price per common share of such option, less any required withholding taxes. If the exercise price per share of any option equals or exceeds the merger consideration, such amount shall be zero.

The merger agreement further provides that the Cogent board or directors shall take such action so that, at the effective time of the merger, each restricted stock unit that is outstanding under any Stock Plan immediately prior to the effective time of the merger, whether or not then vested or earned, shall without any action on the part of the holder thereof, immediately prior to the effective time of the merger be vested and settled for common shares, each of which common share will thereafter solely represent the right to receive from Ventura the merger consideration.

Table of Contents

Conduct of Business

The merger agreement obligates Cogent and its wholly-owned subsidiaries, from the date of the merger agreement until the effective time of the merger, to conduct their operations according to their ordinary and usual course of business consistent with past practices, and to use commercially reasonable efforts to maintain and preserve intact their business organizations. The merger agreement also contains specific restrictive covenants as to certain activities of Cogent prior to the effective time of the merger, which provide that Cogent will not take certain actions without the prior written consent of 3M (not to be unreasonably withheld or delayed) including, among other things and subject to certain exceptions and materiality thresholds, acquiring or selling material assets or entering into, terminating, canceling or materially modifying commitments, transactions, lines of business or other agreements material to Cogent s business, changing Cogent s material operating policies, making material acquisitions, amending Cogent s certificate of incorporation or bylaws, declaring or paying any dividends, reclassifying or redeeming its securities, issuing or selling its securities or granting options, incurring any indebtedness or making any loans, entering into or amending any employment, severance or similar agreements, entering into any collective bargaining agreement, making any changes in tax reporting or accounting methods, commencing or settling litigation, paying or discharging liabilities, authorizing or making any capital expenditures, entering into any new licenses other than non-exclusive licenses, entering into non-competition agreements, making any investments other than as specified in the Company Disclosure Letter (as defined in the merger agreement) or agreeing to take any of the foregoing actions.

Filings and Other Actions

The merger agreement provides that, subject to its terms and conditions, each of Cogent, Ventura and 3M will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the offer, the merger and the other transactions contemplated by the merger agreement, including (i) obtaining all consents, approvals, authorizations and actions or nonactions required for or in connection with the consummation by the parties of the offer, the merger and the other transactions, (ii) the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, a governmental authority, (iii) the obtaining of all necessary consents from third parties, (iv) contesting and resisting of any action, including any administrative or judicial action, and seeking to have vacated, lifted, reversed or overturned, any judgment (whether temporary, preliminary or permanent) that restricts, prevents or prohibits the consummation of the offer, the merger or the other transactions and (v) the execution and delivery of any additional instruments necessary to consummate the transactions and to fully carry out the purposes of the merger agreement.

Employee Matters

In the merger agreement, 3M has agreed with Cogent that for the twelve month period following the effective time of the merger, 3M will cause the surviving corporation to maintain for the individuals employed by Cogent on the date of the merger agreement (**Current Employees**) employee benefits no less favorable than those benefits provided under Cogent s employee benefit plans in effect on the date of the merger agreement.

Services rendered by Current Employees to Cogent prior to the effective time of the merger will be taken into account by the employee benefit plans of 3M, its subsidiaries and the surviving corporation in which such Current Employees participate in the same manner as such services were taken into account by Cogent, for vesting and eligibility purposes, under such employee benefit plans.

The merger agreement further provides that the foregoing obligations shall not prevent the amendment or termination of any employee benefit plan of Cogent or limit the right of 3M, Ventura, the surviving corporation or any of their subsidiaries to terminate the employment of any Current Employees, and that the applicable provisions of the merger agreement are not intended to confer on any person other than the parties to the merger agreement any rights or remedies, with the exception of the treatment of existing options and RSUs as described above.

Table of Contents

Directors

Pursuant to the merger agreement, 3M was entitled, upon payment of shares tendered pursuant to the offer, to designate a number of directors of Cogent, rounded up to the next whole number, that is equal to the product of the total number of directors on Cogent s board and the percentage that the number of common shares owned by Ventura or any other subsidiary of 3M bears to the total number of common shares outstanding. Accordingly, on October 21, 2010, 3M s designees, Michael P. Delkoski, Carol. A. Peterson, Rudy Pitera, Maureen C. Faricy and Kimberly Torseth, were appointed to the Cogent board.

The merger agreement requires that until the effective time of the merger, the Cogent board of directors have at least two independent directors.

Indemnification and Insurance of Our Directors and Officers

In the merger agreement, 3M and Ventura have agreed that the certificate of incorporation and bylaws of the surviving corporation in the merger will contain provisions no less favorable with respect to indemnification and exculpation from liabilities of the present and former directors, officers and employees of Cogent than those in effect as of the date of the merger agreement.

The merger agreement further provides that Cogent shall maintain its officers and directors liability insurance policies, in effect on the date of the merger agreement, but only to the extent related to actions or omissions prior to the effective time of the merger. Cogent may cause coverage to be extended by obtaining a six-year tail policy on terms and conditions no less advantageous than Cogent s current insurance to satisfy this obligation. Under the terms of the merger agreement, such insurance coverage is required to be maintained only to the extent that the coverage can be maintained at an aggregate cost of not greater than 300 percent of the current annual premium for Cogent s directors and officers liability insurance policies.

Conditions to the Merger

The obligations of the parties to complete the merger are subject to the satisfaction or waiver of the following mutual conditions:

- the merger agreement must have been approved and adopted by the affirmative vote of at least a majority of the votes entitled to be cast by the holders of the outstanding common shares (as a result of the tender offer, Ventura beneficially owns a total of approximately 73.3% of the outstanding common shares, which is sufficient to assure approval and adoption of the merger agreement at the special meeting, and Ventura will vote all of its shares in favor of approving and adopting the merger agreement); and

- no temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any court or agency of competent jurisdiction or other law, rule, legal restraint or prohibition is in effect preventing, restraining or rendering illegal the consummation of the merger.

Modification or Amendment

The merger agreement may be amended by the parties, by an instrument in writing signed on behalf of each of the parties, at any time (subject, in the case of Cogent, to an amendment requiring the approval of the Independent Directors (as defined in the merger agreement)) before or after approval of the merger agreement and the transactions by Cogent s board of directors, but after adoption of the merger agreement by Cogent stockholders, no amendment may be made for which the DGCL requires the further approval of Cogent stockholders without such further approval.

Table of Contents

Voting and Tender Agreement

In connection with the execution of the merger agreement, Mr. Ming Hsieh, President and Chief Executive Officer of Cogent, and certain entities controlled by Mr. Hsieh, in their capacity as stockholders of Cogent, entered into a voting and tender agreement, dated as of August 29, 2010. The outstanding common shares subject to the voting and tender agreement represented, as of August 29, 2010, approximately 39% of the total outstanding common shares. Pursuant to the voting and tender agreement, the stockholder signatories agreed, among other things, subject to the termination of the voting and tender agreement to (a) tender in the offer (and not to withdraw) all common shares beneficially owned or thereafter acquired by them, (b) vote such common shares in support of the merger in the event stockholder approval is required to consummate the merger pursuant to Section 251 of the DGCL and against any competing transaction, (c) appoint Ventura as their proxy to vote such shares in connection with the merger agreement, and (d) not otherwise transfer any of their common shares. On October 8, 2010, Ventura accepted for payment approximately 46.4 million Cogent common shares that were validly tendered into, and not withdrawn from the offer, including 34,369,965 shares tendered by Mr. Hsieh and certain entities controlled by him.

Table of Contents

STOCK OWNERSHIP

The following table sets forth certain data with respect to those persons known by Cogent to be the beneficial owners of more than 5% of the issued and outstanding Cogent common shares as of November 2, 2010.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
3M c/o Corporation Trust Center 1209 Orange Street Wilmington, Delaware 19801	64,921,969(1)	73.3%

(1) This figure represents the shares beneficially owned by 3M, including 64,921,969 shares directly owned by Ventura in connection with the offer.

The following table sets forth the beneficial ownership of Cogent common shares as of November 2, 2010, by each director, each named executive officer for the year ended December 31, 2009 and by all directors and executive officers currently employed by Cogent as a group. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power with respect to all common shares shown as beneficially owned by such stockholder. Unless otherwise indicated, the address of the individuals listed below is the Company s principal executive offices.

Name or Group of Beneficial Owners	Shares Beneficially Owned Number	Percent(1)
Named Executive Officers:		
Ming Hsieh		%
Paul Kim		
Michael Hollowich(2)	23,500	*
James Jasinski(3)	34,750	*
Directors:		
John Bolger		
John P. Stenbit		
Kenneth R. Thornton		
Michael P. Delkoski(4)	64,921,969	73.3%
Carol. A. Peterson(4)	64,921,969	73.3%
Rudy Pitera(4)	64,921,969	73.3%
Maureen C. Faricy(4)	64,921,969	73.3%
Kimberly Torseth(4)	64,921,969	73.3%
Executive officers and directors as a group (12 persons)	64,980,219	73.3%

* Represents less than 1%.

(1) Applicable percentage ownership is based on 88,616,989 shares of our Common Stock outstanding as of November 2, 2010. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, based on factors including voting and investment power with respect to shares, subject to the applicable community property laws. Shares of our Common Stock subject to RSUs that may be settled within 60 days after November 2, 2010 are deemed outstanding for the purpose of computing the percentage ownership of the person holding such RSUs, but are not deemed outstanding for computing the percentage ownership of any other person.

57

Table of Contents

(2) Consists of 23,500 shares issuable upon settlement of RSUs that may be settled within 60 days after November 2, 2010.
(3) Consists of 34,750 shares issuable upon settlement of RSUs that may be settled within 60 days after November 2, 2010.
(4) Each of Michael P. Delkoski, Carol A. Peterson, Rudy Pitera, Maureen C. Faricy and Kimberly Torseth were designated to serve on Cogent s board by 3M and serve as executive officers of Ventura. 3M and Ventura have shared beneficial ownership of 64,921,969 Cogent common shares. Each of Michael P. Delkoski, Carol A. Peterson, Rudy Pitera, Maureen C. Faricy and Kimberly Torseth disclaim beneficial ownership of these common shares.

Table of Contents

MARKET PRICE OF COGENT S COMMON SHARES

Cogent s common shares are currently publicly traded on the NASDAQ Global Select Market under the symbol COGT. The following table sets forth the high and low sales prices per common share on the NASDAQ Global Select Market for the periods indicated.

Fiscal Year	High	Low
2008:		
First Quarter	$ 11.50	$ 8.28
Second Quarter	$ 12.77	$ 8.85
Third Quarter	$ 12.38	$ 9.60
Fourth Quarter	$ 14.40	$ 7.88
2009:		
First Quarter	$ 13.59	$ 9.50
Second Quarter	$ 12.74	$ 9.93
Third Quarter	$ 11.63	$ 9.84
Fourth Quarter	$ 10.56	$ 7.96
2010:		
First Quarter	$ 11.33	$ 9.76
Second Quarter	$ 10.72	$ 8.48
Third Quarter	$ 11.26	$ 8.37
Fourth Quarter (through November 3, 2010)	$ 10.90	$ 10.48

Cogent has never paid dividends. Pursuant to the merger agreement Cogent is prohibited from declaring any dividends following execution of the merger agreement on August 29, 2010. Further, 3M has informed us that its designees to the board of directors do not intend to approve any dividends with respect to the common shares prior to the consummation of the merger. **Accordingly, we do not expect to declare or pay any further dividends prior to the merger**.

On August 27, 2010, the last full trading day prior to the public announcement of the terms of the offer and the merger, the reported closing sales price per common share on the NASDAQ Global Select Market was $8.92 per Share. The $10.50 per share to be paid for each Cogent common share in the merger represents a premium of approximately 18% to the closing price on August 27, 2010. On November 3, 2010, the closing price per share was $10.49.

As of November 2, 2010, there were approximately 12 record holders of our common shares.

OTHER MATTERS

As of the date of this proxy statement, our board of directors knows of no other matters which may be presented for consideration at the special meeting. However, if any other matter is presented properly for consideration and action at the meeting or any adjournment or postponement thereof, it is intended that the proxies will be voted with respect thereto in accordance with the best judgment and in the discretion of the proxy holders.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy this information at the SEC s public reference room at the following location:

Public Reference Room

450 Fifth Street, N.W.

Room 1024

Washington, D.C. 20549

59

Table of Contents

Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Cogent s public filings are also available to the public from document retrieval services and the Internet website maintained by the SEC at www.sec.gov.

You should rely only on the information contained in this proxy statement. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement does not extend to you. You should not assume that the information contained in this proxy statement is accurate as of any date other than the date of this proxy statement, unless the information specifically indicates that another date applies. The mailing of this proxy statement to our shareholders does not create any implication to the contrary.

Table of Contents

Annex A

AGREEMENT AND PLAN OF MERGER

among

3M COMPANY,

VENTURA ACQUISITION CORPORATION

and

COGENT, INC.

Dated as of August 29, 2010

Table of Contents

TABLE OF CONTENTS

Table of Contents

TABLE OF CONTENTS

(cont d)

Table of Contents

TABLE OF CONTENTS

(cont d)

Table of Contents

EXHIBITS

Table of Contents

Defined Terms

Table of Contents

Table of Contents

Table of Contents

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this *Agreement*), dated as of August 29, 2010, among 3M COMPANY, a Delaware corporation (*Parent*), VENTURA ACQUISITION CORPORATION, a Delaware corporation and wholly-owned subsidiary of Parent (*Merger Sub*), and COGENT, INC., a Delaware corporation (the *Company*).

RECITALS

WHEREAS, the respective Boards of Directors of Parent, Merger Sub and the Company have approved the acquisition of the Company by Parent on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in furtherance of such acquisition, Parent has agreed to cause Merger Sub to commence a tender offer (as it may be amended from time to time as permitted under this Agreement, the *Offer*) to purchase all the shares of common stock, par value $0.001 per share, of the Company (the *Company Common Stock*) issued and outstanding (each, a *Share* and, collectively, the *Shares*) at a price per Share of $10.50 (such amount, or any other amount per Share paid pursuant to the Offer and this Agreement, the *Offer Price*), net to the seller in cash, on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, following consummation of the Offer, the parties intend that Merger Sub will be merged with and into the Company (the *Merger*), with the Company surviving the Merger as a wholly owned subsidiary of Parent in accordance with the General Corporation Law of the State of Delaware (the *DGCL*), and each share of Company Common Stock that is not tendered and accepted pursuant to the Offer will thereupon be canceled and converted into the right to receive cash in an amount equal to the Offer Price, on the terms and subject to the conditions set forth herein;

WHEREAS, simultaneously with the execution and delivery of this Agreement, certain stockholders of the Company have entered into a Voting and Tender Agreement, dated as of the date hereof, with Parent (the *Voting and Tender Agreement*); and

WHEREAS, the Board of Directors of the Company (the *Company Board*) has (i) determined that this Agreement and the Transactions, including the Offer and the Merger, are advisable, fair to and in the best interests of the Company s stockholders and (ii) approved this Agreement and the Transactions (as defined in Section 1.2(a)), including the Offer and the Merger, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and of the representations, warranties, covenants and agreements set forth in this Agreement, the parties hereto agree as follows:

ARTICLE 1

THE OFFER AND THE MERGER

Section 1.1 The Offer.

(a) (i) Provided that this Agreement shall not have been terminated in accordance with Section 8.1, as promptly as practicable but in no event later than ten business days (as defined in Rule 14d-1(g)(3) promulgated by the United States Securities and Exchange Commission (the *SEC*) under the Securities Exchange Act of 1934, as amended (the *Exchange Act*)), after the date of this Agreement, Merger Sub shall, and Parent shall cause Merger Sub to, commence the Offer within the meaning of the applicable rules and regulations of the SEC. The obligations of Merger Sub to, and of Parent to cause Merger Sub to, accept for payment, and pay for, any shares of Company Common Stock tendered pursuant to the Offer are subject to the conditions set forth in

Exhibit A (the *Offer Conditions*). The initial expiration date of the Offer shall be the 20th business day following the commencement of the Offer (determined using Exchange Act Rule 14d-1(g)(3)). Merger Sub expressly reserves the right to waive any condition to the Offer or modify the terms of the Offer, except that, without the consent of the Company, Merger Sub shall not (A) reduce the number of shares of Company Common Stock subject to the Offer, (B) reduce the Offer Price, (C) waive the Minimum Tender Condition (as defined in Exhibit A) unless (and only to the extent) the Minimum Tender Condition is not satisfied solely by reason of the failure of any holder of Shares to comply with his or its obligations under Section 3 of the Voting and Tender Agreement, (D) add to the Offer Conditions or modify any Offer Condition in a manner adverse to the holders of Company Common Stock, (E) extend the Offer (except as required or permitted by the other provisions of this Section 1.1), (F) change the form of consideration payable in the Offer or (G) otherwise amend the Offer in any manner adverse to the holders of Company Common Stock.

(ii) Parent and Merger Sub agree that Merger Sub shall be permitted to (without the consent of the Company), and shall (and Parent shall cause Merger Sub to):

(A) extend the Offer for any period required by any rule, regulation, interpretation or position of the SEC or the staff thereof applicable to the Offer; and

(B) if, on the initial expiration date or any subsequent date as of which the Offer is scheduled to expire, any Offer Condition is not satisfied and has not been waived, then Merger Sub shall, and Parent shall cause it to, extend the Offer on one or more occasions in consecutive increments of up to ten business days each (or such longer period as the parties hereto may agree), until such time as such Offer Conditions are satisfied;

provided, *however*, that (1) Merger Sub shall not be required to extend the Offer beyond the Outside Date (as defined in Section 8.1(b)(i)) or the termination of this Agreement and (2) if, at any expiration of the Offer, all of the Offer Conditions, except for the Minimum Tender Condition, are satisfied or have been waived, Merger Sub shall only be required to extend the Offer for one or more additional periods not to exceed an aggregate of twenty business days.

(iii) If fewer than 90% of the issued and outstanding shares of Company Common Stock are accepted for payment pursuant to the Offer, then Merger Sub may, and at the request of the Company, shall, and upon any such request of the Company, Parent shall cause Merger Sub to, make available a subsequent offering period, in accordance with Rule 14d-11 promulgated by the SEC under the Exchange Act, of not less than ten business days.

(iv) On the terms and subject to the conditions of the Offer and this Agreement, Merger Sub shall, and Parent shall cause Merger Sub to, pay for all shares of Company Common Stock validly tendered and not withdrawn pursuant to the Offer that Merger Sub becomes obligated to purchase pursuant to the Offer as soon as practicable after the expiration of the Offer.

(v) Nothing contained in this Section 1.1(a) shall affect any termination rights in Article 8, as to the Agreement, or in Exhibit A, as to the Offer.

(b) On the date of commencement of the Offer, Parent and Merger Sub shall file with the SEC a Tender Offer Statement on Schedule TO with respect to the Offer, which shall contain an offer to purchase and a related letter of transmittal and summary advertisement (such Schedule TO and the documents included therein pursuant to which the Offer will be made, together with any supplements or amendments thereto, the *Offer Documents*). Unless previously withdrawn in accordance with Section 6.8(d), Parent and Merger Sub shall be entitled to include the Company Recommendations (as defined in Section 3.3(b)) in the Offer Documents. Each of Parent, Merger Sub and the Company shall promptly correct any information provided by it for use in the Offer Documents if and to the extent that such information shall have become false or misleading in any material respect, and each of Parent and Merger Sub shall take all steps necessary to amend or supplement the Offer

Table of Contents

Documents and to cause the Offer Documents as so amended or supplemented to be filed with the SEC and disseminated to the holders of Company Common Stock, in each case as and to the extent required by applicable federal securities Laws. The Company and its counsel shall be given reasonable opportunity to review and comment upon the Offer Documents and any amendments thereto prior to filing such documents with the SEC or dissemination of such documents to the stockholders of the Company. Parent and Merger Sub shall provide the Company and its counsel in writing any comments Parent, Merger Sub or their counsel may receive from the SEC or its staff with respect to the Offer Documents promptly after the receipt of such comments, shall consult with the Company and its counsel prior to responding to such comments, and shall provide to the Company and its counsel a copy of any written responses thereto and telephonic notice of any oral responses or discussions with the SEC staff.

(c) Parent shall provide or cause to be provided to Merger Sub on a timely basis the funds necessary to purchase any shares of Company Common Stock that Merger Sub becomes obligated to purchase pursuant to the Offer.

Section 1.2 Company Actions.

(a) The Company hereby approves of and consents to the Offer, the Merger and the other transactions contemplated by this Agreement and the Voting and Tender Agreement (collectively, the *Transactions*).

(b) Within ten business days after the date of this Agreement, the Company shall file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 with respect to the Offer (such Schedule 14D-9, as amended from time to time, the *Schedule 14D-9*) including the Company Recommendation (subject to Section 6.8(d)) and shall mail the Schedule 14D-9 to the holders of Company Common Stock. Each of the Company, Parent and Merger Sub shall promptly correct any information provided by it for use in the Schedule 14D-9 if and to the extent that such information shall have become false or misleading in any material respect, and the Company shall take all steps necessary to amend or supplement the Schedule 14D-9 and to cause the Schedule 14D-9 as so amended or supplemented to be filed with the SEC and disseminated to the holders of Company Common Stock, in each case as and to the extent required by applicable federal securities Laws. The Company shall provide Parent and Merger Sub and its counsel in writing with any comments the Company or its counsel may receive from the SEC or its staff with respect to the Schedule 14D-9 promptly after the receipt of such comments, shall consult with Parent and Merger Sub and their counsel prior to responding to such comments, and shall provide to Parent and Merger Sub and their counsel a copy of any written responses thereto and telephonic notice of any oral responses or discussions with the SEC staff.

(c) In connection with the Offer, the Company shall instruct its transfer agent to furnish Merger Sub promptly with mailing labels containing the names and addresses of the record holders of Company Common Stock as of a recent date and of those persons becoming record holders subsequent to such date, together with copies of all lists of stockholders, security position listings and computer files and all other information in the Company s possession or control regarding the beneficial owners of Company Common Stock, and shall furnish to Merger Sub such information and assistance (including updated lists of stockholders, security position listings and computer files) as Parent may reasonably request in communicating the Offer to the holders of Company Common Stock. Subject to the requirements of applicable Law, and except for such steps as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Transactions, Parent and Merger Sub shall hold in confidence the information contained in any such labels, listings and files, shall use such information only in connection with the Offer and the Merger and, if this Agreement shall be terminated, shall, upon request, deliver to the Company all copies of such information then in their possession.

Section 1.3 The Merger. At the Effective Time (as defined in Section 1.6), in accordance with this Agreement and the DGCL, Merger Sub shall be merged with and into the Company, the separate existence of Merger Sub shall cease, and the Company shall continue as the surviving corporation. For purposes of this Agreement, (i) the corporation surviving the Merger after the Effective Time may be referred to as the *Surviving Corporation* and (ii) the Company and Merger Sub are collectively referred to as the *Constituent Corporations*.

Table of Contents

Section 1.4 Effects of the Merger. The Merger shall have the effects set forth in Section 259 of the DGCL.

Section 1.5 Closing. The closing of the Merger (the *Closing*) shall take place at 10:00 a.m. (New York time) on a date to be specified by the parties, which shall be no later than the second business day after satisfaction or (to the extent permitted by applicable Law (as defined in Section 3.3(c)) waiver of the conditions set forth in Article 7 (other than any such conditions which by their nature cannot be satisfied until the Closing Date, which shall be required to be so satisfied or (to the extent permitted by applicable Law) waived on the Closing Date), at the offices of Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, NY, unless another time, date or place is agreed to in writing by the parties hereto (such date upon which the Closing occurs, the *Closing Date*).

Section 1.6 Consummation of the Merger. As soon as practicable after the Closing, the parties hereto shall cause the Merger to be consummated by filing with the Secretary of State of the State of Delaware a certificate of merger or other appropriate documents (in any such case, the *Certificate of Merger*) in such form as required by, and executed in accordance with, the relevant provisions of the DGCL and shall make all other filings or recordings required under the DGCL. The Merger shall become effective at such time as the Certificate of Merger is duly filed with such Secretary of State, or at such later time as Parent and the Company shall agree and specify in the Certificate of Merger (the time and date the Merger becomes effective being the *Effective Time* and *Effective Date*, respectively).

Section 1.7 Organizational Documents; Directors and Officers. The certificate of incorporation of the Surviving Corporation shall be amended at the Effective Time to conform to Exhibit B, and as so amended, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended as provided therein and under the DGCL. The Bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation until thereafter amended as provided therein and under the DGCL. The directors of Merger Sub immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation and shall serve until the earlier of their resignation or removal or their respective successors are duly elected or appointed and qualified, as the case may be. The officers of the Company immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation and shall serve until the earlier of their resignation or removal or until their respective successors have been duly elected or appointed and qualified, as the case may be.

Section 1.8 Top-Up Option.

(a) Subject to Sections 1.8(b) and (c), the Company grants to Merger Sub an irrevocable option (the *Top-Up Option*) to purchase from the Company the number of shares of Company Common Stock (the *Top-Up Option Shares*) equal to the lesser of (i) the number of shares of Company Common Stock that, when added to the number of shares of Company Common Stock owned by Merger Sub as of immediately prior to the exercise of the Top-Up Option, constitutes one share more than 90% of the number of shares of Company Common Stock then outstanding on a fully diluted basis, determined in accordance with Schedule 1.8 and assuming the issuance of the Top-Up Option Shares and (ii) the aggregate of the number of shares of Company Common Stock held as treasury shares by the Company and any Company Subsidiary (as defined in Section 3.1) and the number of shares of Company Common Stock that the Company is authorized to issue under its certificate of incorporation but that are not issued and outstanding (and are not reserved for issuance pursuant to the exercise of Options (as defined in Section 2.4(a)) or in connection with settlement of Restricted Stock Units (as defined in Section 2.4(a)) as of immediately prior to the exercise of the Top-Up Option. The obligation of the Company to issue and deliver the Top-Up Option Shares upon the exercise of the Top-Up Option is subject only to the condition that no legal restraint (other than any listing requirement of any securities exchange) that has the effect of preventing the exercise of the Top-Up Option or the issuance and delivery of the Top-Up Option Shares in respect of such exercise shall be in effect.

(b) The Top-Up Option may be exercised by Merger Sub, in whole or in part, at any time at or after the acceptance for payment of, and payment by Merger Sub for, any shares of Company Common Stock pursuant to the Offer (the *Acceptance Time*). The aggregate purchase price payable for the Top-Up Option Shares shall be

Table of Contents

determined by multiplying the number of such Top-Up Option Shares by the Merger Consideration. Such purchase price may be paid by Merger Sub, at its election, either in cash or by executing and delivering to the Company a promissory note having a principal amount equal to such purchase price, or by any combination of cash and such promissory note. Any such promissory note shall be full recourse against Parent and Merger Sub, be due one year from the date the Top-Up Option Shares are issued, bear interest at the rate of 5% per annum and may be prepaid without premium or penalty.

(c) In the event that Merger Sub wishes to exercise the Top-Up Option, it shall deliver to the Company a notice setting forth (i) the number of Top-Up Option Shares that it intends to purchase pursuant to the Top-Up Option, (ii) the manner in which it intends to pay the applicable purchase price and (iii) the place and time at which the closing of the purchase of the Top-Up Option Shares by Merger Sub is to take place. At the closing of the purchase of the Top-Up Option Shares, Merger Sub shall cause to be delivered to the Company the consideration required to be delivered in exchange for such Top-Up Option Shares and the Company shall cause to be issued to Merger Sub a certificate representing such shares.

(d) Parent and Merger Sub acknowledge that the Top-Up Option Shares that Merger Sub may acquire upon exercise of the Top-Up Option will not be registered under the Securities Act of 1933, as amended (the *Securities Act*), and will be issued in reliance upon an exemption thereunder for transactions not involving a public offering. Parent and Merger Sub represent and warrant to the Company that Merger Sub is, or will be upon the purchase of the Top-Up Option Shares, an Accredited Investor, as defined in Rule 501 of Regulation D under the Securities Act. Merger Sub agrees that the Top-Up Option and the Top-Up Option Shares to be acquired upon exercise of the Top-Up Option are being and will be acquired by Merger Sub for the purpose of investment and not with a view to, or for resale in connection with, any distribution thereof in violation of the Securities Act.

ARTICLE 2

EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE CONSTITUENT

CORPORATIONS; EXCHANGE OF CERTIFICATES

Section 2.1 Conversion of Merger Sub Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or any holder of shares of Merger Sub capital stock, each share of Merger Sub capital stock shall be converted into and become one fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation.

Section 2.2 Conversion of Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, the Company or any holder of shares of Company Common Stock:

(a) Merger Consideration. Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than any shares to be canceled pursuant to Section 2.2(b) and Appraisal Shares) shall be canceled and shall be converted automatically into the right to receive the Offer Price without interest thereon (the *Merger Consideration*). As of the Effective Time, all such shares of Company Common Stock shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and each holder of a certificate representing any such shares of Company Common Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration upon surrender of such certificate in accordance with Section 2.3, without interest.

(b) Treasury Shares and Shares Owned by Parent. Each share of Company Common Stock held in the treasury of the Company and each share of Company Common Stock owned by Merger Sub, Parent or any wholly-owned Subsidiary of Parent or of the Company immediately prior to the Effective Time shall be canceled without any conversion thereof and no payment or distribution shall be made with respect thereto.

Table of Contents

(c) Appraisal Rights. Notwithstanding anything in this Agreement to the contrary, shares (*Appraisal Shares*) of Company Common Stock that are outstanding immediately prior to the Effective Time and that are held by any person who is entitled to demand and properly demands appraisal of such Appraisal Shares pursuant to, and who complies in all respects with, Section 262 of the DGCL (*Section 262*) shall not be converted into the right to receive Merger Consideration as provided in Section 2.2(a), but rather the holders of Appraisal Shares shall be entitled to be paid the fair value of such Appraisal Shares in accordance with Section 262; *provided*, *however*, that if any such holder shall fail to perfect or otherwise shall waive, withdraw or lose the right to appraisal under Section 262, then the right of such holder to be paid the fair value of such holder s Appraisal Shares shall cease and such Appraisal Shares shall be deemed to have been converted as of the Effective Time into, and to have become exchangeable solely for the right to receive, Merger Consideration as provided in Section 2.2(a). The Company shall provide prompt notice to Parent of any demands received by the Company for appraisal of any shares of Company Common Stock, and Parent shall have the right to participate in all negotiations and proceedings with respect to such demands. Prior to the Effective Time, the Company shall not, without the prior written consent of Parent (which consent shall not be unreasonably withheld or delayed), make any payment with respect to, or settle or offer to settle, any such demands, or agree to do any of the foregoing. The parties hereby agree and acknowledge that in any appraisal proceeding with respect to the Appraisal Shares and to the fullest extent permitted by applicable Law, the fair value of the Appraisal Shares shall be determined in accordance with Section 262 without regard to the Top-Up Option, the Top-Up Option Shares or any promissory note delivered by Merger Sub to the Company in payment for the Top-Up Option Shares.

Section 2.3 Exchange of Certificates.

(a) Exchange Agent. Prior to the Effective Time, Parent shall enter into an agreement with such bank or trust company as may be designated by Parent and reasonably acceptable to the Company (the *Exchange Agent*), which shall provide for the payment of Merger Consideration in accordance with the terms of this Section 2.3. Parent shall, or shall take all steps necessary to enable and cause the Surviving Corporation to, deposit with the Exchange Agent, for the benefit of the holders of shares of Company Common Stock, for payment by the Exchange Agent in accordance with this Article 2, the cash necessary to pay for the shares of Company Common Stock converted into the right to receive Merger Consideration (the *Exchange Fund*). The Exchange Fund shall not be used for any other purpose.

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time but in any event not later than three business days thereafter, the Exchange Agent shall mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Common Stock (the *Certificates*) and to each holder of uncertificated shares of Company Common Stock (the *Uncertificated Shares*), in each case whose shares were converted into the right to receive the Merger Consideration pursuant to Section 2.2, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates or the Uncertificated Shares shall pass, only upon delivery of the Certificates or the transfer of the Uncertificated Shares to the Exchange Agent and shall be in such form and have such other provisions as Parent may reasonably specify) and (ii) instructions for use in surrendering the Certificates or transfer of the Uncertificated Shares in exchange for the Merger Consideration. Each holder of shares of Company Common Stock that have been converted into the right to receive the Merger Consideration shall be entitled to receive the Merger Consideration in respect of the Company Common Stock represented by a Certificate or Uncertificated Share, upon (A) surrender of a Certificate for cancellation to the Exchange Agent, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Exchange Agent, or (B) receipt of an agent s message by the Exchange Agent (or such other evidence, if any, of transfer as the Exchange Agent may reasonably request), in the case of a book-entry transfer of Uncertificated Shares. Upon payment of the Merger Consideration pursuant to the provisions of this Article 2, each Certificate or Uncertificated Share so surrendered or transferred shall forthwith be canceled. In the event of a transfer of ownership of Company Common Stock that is not registered in the transfer records of the Company, payment may be made to a Person (as defined in Section 3.4(a)) other than the Person in whose name the Certificate so surrendered or the Uncertificated Shares so transferred is registered if such Certificate shall be

properly endorsed or otherwise be in proper form for transfer or such Uncertificated Shares shall be properly transferred and the Person requesting such issuance shall pay any transfer or other Taxes (as defined in Section 3.12(i)) required by reason of the payment to a Person other than the registered holder of such Certificate or Uncertificated Shares or establish to the satisfaction of Parent that such Tax has been paid or is not applicable. Each Certificate and each Uncertificated Share shall be deemed at any time after the Effective Time to represent only the right to receive upon surrender in accordance with this Section 2.3 the Merger Consideration into which the shares of Company Common Stock shall have been converted pursuant to Section 2.2. No interest shall be paid or shall accrue on any cash payable to holders of Certificates or Uncertificated Shares pursuant to the provisions of this Article 2.

(c) No Further Ownership Rights in Company Common Stock. The Merger Consideration paid upon the surrender for exchange of Certificates or transfer of Uncertificated Shares in accordance with the terms of this Article 2 shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Common Stock theretofore represented by such Certificates or Uncertificated Shares, *subject*, *however*, to the Surviving Corporation s obligation to pay any dividends or make any other distributions with a record date prior to the Effective Time that may have been declared or made by the Company on such shares of Company Common Stock in accordance with the terms of this Agreement or prior to the date of this Agreement and that remain unpaid at the Effective Time, and there shall be no further registration of transfers on the stock transfer books of the Company of the shares of Company Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates or Uncertificated Shares are presented to the Surviving Corporation or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article 2, except as otherwise provided by Law.

(d) Termination of Exchange Fund. Any portion of the Exchange Fund that remains undistributed to the holders of Certificates or Uncertificated Shares for one year after the Effective Time shall be delivered to Parent, upon demand, and any holders of Certificates or Uncertificated Shares who have not theretofore complied with this Article 2 shall thereafter look only to Parent for payment of their claim for Merger Consideration.

(e) No Liability. None of Parent, Merger Sub, the Company or the Exchange Agent shall be liable to any Person in respect of any cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. If any Certificate or Uncertificated Share shall not have been surrendered immediately prior to such date on which any amounts payable pursuant to this Article 2 would otherwise escheat to or become the property of any Governmental Authority (as defined in Section 3.3(d)), any such amounts shall, to the extent permitted by applicable Law, become the property of the Surviving Corporation, free and clear of all claims or interest of any Person previously entitled thereto.

(f) Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond in such reasonable amount as Parent may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed Certificate the applicable Merger Consideration with respect thereto pursuant to this Agreement.

(g) Withholding Rights. Parent, Merger Sub and the Surviving Corporation shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement (including the Offer) to any holder of shares of Company Common Stock, Company Options or Restricted Stock Units such amounts as it is required to deduct and withhold with respect to the making of such payment under the applicable Tax Law. To the extent that amounts are so withheld and paid to the appropriate taxing authorities, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Company Common Stock, Company Options or Restricted Stock Units in respect of which such deduction and withholding was made.

Table of Contents

Section 2.4 Company Options; Restricted Stock Units.

(a) Parent shall not assume or otherwise replace any Company Options in connection with the Transactions. As soon as practicable following the date of this Agreement, the Company Board or, if appropriate, any committee thereof administering the Stock Plans, shall adopt such resolutions or take such other actions as may be required to provide that, at the Effective Time, and without any action on the part of any holder of any outstanding Option (as hereinafter defined), whether vested or unvested, exercisable or unexercisable, each Option that is outstanding and unexercised immediately prior thereto shall vest and become fully exercisable in accordance with the terms and conditions of the applicable Stock Plan (as defined below) under which such Option was granted and the applicable stock option agreement for such Option. Subject to the terms and conditions set forth below in this Section 2.4, each such Option shall terminate and be canceled at the Effective Time and each holder of an Option will be entitled to receive from Parent, Merger Sub or the Surviving Corporation, and shall receive as soon as practicable following the Effective Time, in settlement of each Option a Cash Amount. The *Cash Amount* shall be equal to the net amount of (A) the product of (i) the excess, if any, of the Merger Consideration over the exercise price per share of such Option, multiplied by (ii) the number of shares subject to such Option, less (B) any applicable withholdings for Taxes. If the exercise price per share of any Option equals or exceeds the Merger Consideration, the Cash Amount therefor shall be zero. As used in this Agreement, *Options* means any option granted, and, immediately before the Effective Time not exercised, expired or terminated, to a current or former employee, director or independent contractor of the Company or any Company Subsidiary or any former subsidiary of the Company or predecessor thereof to purchase shares of Company Common Stock pursuant to the Stock Plans. As used in this Agreement, *Stock Plans* means the Amended and Restated 2004 Equity Incentive Plan, the 2000 Stock Option Plan, any other stock option, stock bonus, stock award, or stock purchase plan, program, or arrangement of the Company or any Company Subsidiary or any predecessor thereof or any other Contract (as defined in Section 3.18(a)) or agreement entered into by the Company or any Company Subsidiary.

(b) As soon as practicable following the date of this Agreement, the Company Board (or, if appropriate, any committee thereof administering the Stock Plans) shall adopt such resolutions or take such other actions as may be required to provide that, immediately prior to the Effective Time, each Restricted Stock Unit that is issued and outstanding immediately prior to the Effective Time shall vest in full and be settled for shares of Common Stock with the right to receive the Merger Consideration, without interest, as provided in Section 2.2. As used in this Agreement, *Restricted Stock Units* means any restricted stock unit award entitling the recipient to receive, upon vesting, shares of Company Common Stock under a Stock Plan.

Section 2.5 Taking of Necessary Action; Further Action. Each of Parent, Merger Sub and the Company shall use reasonable best efforts to take all such actions as may be necessary or appropriate in order to effectuate the Merger under the DGCL as promptly as commercially practicable. If at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of either of the Constituent Corporations, the officers and directors of the Surviving Corporation are fully authorized in the name of each Constituent Corporation or otherwise to take, and shall take, all such lawful and necessary action.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY