

Cogent, Inc.  
Form DEF 14A  
June 17, 2008

**United States**  
**Securities and Exchange Commission**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

**Cogent, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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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:

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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):

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1). Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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COGENT, INC.

639 North Rosemead Blvd., Building 1

Pasadena, CA 91107

(626) 799-8090

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JULY 24, 2008

TO THE STOCKHOLDERS OF COGENT, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Cogent, Inc., a Delaware corporation (the Company), will be held on July 24, 2008 at 8:30 a.m. Pacific Time at the Company's corporate headquarters, 639 North Rosemead Blvd., Building 1, Pasadena, California 91107 for the following purposes:

1. To elect four directors to hold office until the Company's 2009 Annual Meeting of Stockholders and until their successors are elected and duly qualified. The Company's present Board of Directors has nominated and recommends for election the following persons:

Ming Hsieh

John C. Bolger

John P. Stenbit

Kenneth R. Thornton

2. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008.

3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice.

The Board of Directors has fixed the close of business on June 16, 2008 as the record date for the determination of stockholders entitled to notice of and to vote at this Annual 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., Building 1, Pasadena, California.

Accompanying this Notice is a proxy. **Whether or not you expect to be at the Annual Meeting, please complete, sign and date the enclosed proxy and return it promptly.** If you plan to attend the Annual Meeting and wish to vote your shares personally, you may do so at any time before the proxy is voted.

All stockholders are cordially invited to attend the Annual Meeting.

By Order of the Board of Directors

Ming Hsieh  
*President and Chief Executive Officer*

Pasadena, California

June 24, 2008

**PROXY STATEMENT**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held July 24, 2008**

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

The enclosed proxy is solicited on behalf of the Board of Directors (the Board of Directors or the Board) of Cogent, Inc., a Delaware corporation (the Company), for use at the Annual Meeting of Stockholders to be held on July 24, 2008, at 8:30 a.m. Pacific Time (the Annual Meeting), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the Company's corporate headquarters, 639 North Rosemead Blvd., Building 1, Pasadena, CA 91107. Directions to attend the meeting may be found on our website at <http://investor.cogentsystems.com>. The Company intends to mail this proxy statement and accompanying proxy card on or about June 24, 2008 to all stockholders entitled to vote at the Annual Meeting.

**Solicitation**

The Company will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of the Company's stock beneficially owned by others to forward to such beneficial owners. The Company may reimburse persons representing beneficial owners of the Company's stock for their costs of forwarding solicitation materials to such beneficial owners. Solicitation of proxies by mail may be supplemented by telephone or personal solicitation by directors, officers or other regular employees of the Company. No additional compensation will be paid to directors, officers or other regular employees for such services.

**Voting Rights and Outstanding Shares**

Only holders of record of shares of our common stock at the close of business on June 16, 2008 (the official record date) will be entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. At the close of business on June 16, 2008 the Company had outstanding and entitled to vote 89,359,930 shares of common stock.

Each holder of record of shares of our common stock on the record date will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting.

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the Company's outstanding shares entitled to vote are represented at the meeting, either in person or by proxy. All votes will be tabulated by the inspector of elections appointed for the meeting by the Company's Board of Directors, who will tabulate affirmative and negative votes, abstentions and broker non-votes. Votes for and against, abstentions and broker non-votes will each be counted for determining the presence of a quorum.

**Abstentions and Broker Non-Votes**

Abstentions and broker non-votes will not be considered in determining whether director nominees have received the requisite number of affirmative votes. With respect to the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year 2008, abstentions will have the effect of a vote against such proposals, and broker non-votes will have the effect of a vote neither for nor against such proposals.

**Voting and Revocability of Proxies**

All valid proxies received before the Annual Meeting will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder's choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal.

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with the Chief Financial Officer of the Company at the Company's principal executive offices located at 639 North Rosemead Blvd., Building 1, Pasadena, CA 91107, a written notice of revocation or a duly executed proxy bearing a later date, or it may be revoked by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2008 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 24, 2008**

Copies of this proxy statement and our 2007 Annual Report to stockholders are also available online at <http://investor.cogentsystems.com>.

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

Our Board of Directors currently consists of four members. The directors are elected at each annual meeting of stockholders and serve until the next annual meeting of stockholders and until their successors have been duly elected and qualified. The nominees for election by the stockholders are Ming Hsieh, John C. Bolger, John P. Stenbit and Kenneth R. Thornton, who are each members of our present Board of Directors.

A plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors is required to elect directors. If no contrary indication is made, proxies in the accompanying form are to be voted for our Board of Directors nominees or, in the event any of such nominees is not a candidate or is unable to serve as a director at the time of the election (which is not currently expected), for any nominee who shall be designated by our Board of Directors to fill such vacancy.

**Information Regarding Directors**

The information set forth below as to the nominees for director has been furnished to us by the nominees:

**Nominees for Election to the Board of Directors**

<b>Name</b>	<b>Age</b>	<b>Present Position with the Company</b>
Ming Hsieh	52	President, Chief Executive Officer and Chairman of the Board of Directors
John C. Bolger	61	Director
John P. Stenbit	67	Director
Kenneth R. Thornton	66	Director

*Ming Hsieh* has served as our Chief Executive Officer, President and Chairman of the Board of Directors since founding Cogent in 1990. Mr. Hsieh is responsible for our executive management and his responsibilities include long-range planning and corporate growth, as well as developing and implementing company policies, procedures and philosophy. Prior to founding Cogent, Mr. Hsieh founded and was Vice President of AMAX Technology from 1987 to 1990. Prior to that, Mr. Hsieh was a research and development engineer at International Rectifier from 1985 to 1987. Mr. Hsieh received a B.S.E.E. from University of Southern California in 1983 and an M.S.E.E. from University of Southern California in 1984.

*John C. Bolger* has served as a director since March 2004. Mr. Bolger is a retired Vice President of Finance and Administration of Cisco Systems, Inc., a manufacturer of computer networking systems. Mr. Bolger is currently a private investor and has served as a director of Wind River Systems, Inc. since 2000 and Mattson Technology, Inc. since 2006, all of which are public companies. In addition, Mr. Bolger served as a director of Integrated Device Technology, Inc., a public company, from 1993 until his retirement in January 2008. Mr. Bolger received a B.A. from the University of Massachusetts in 1969 and an M.B.A. from Harvard University in 1971. He is a Certified Public Accountant.

*John P. Stenbit* has served as a director since April 2004. Mr. Stenbit participated as a member of Secretary Rumsfeld's staff in conjunction with the transformation of the entire Department of Defense during his two terms of service from September 1973 to April 1977. Mr. Stenbit served as the Assistant Secretary of Defense Networks and Information Integration (NII), previously known as Command, Control, Communications, and Intelligence (C3I), at the Pentagon from August 2001 to March 2004. Mr. Stenbit also worked at TRW, Inc. from September 1968 to August 1973, and from May 1977 to April 2001, most recently as an executive vice president. Mr. Stenbit has chaired advisory committees for the Administrator of the Federal Aviation Administration, as well as served as a member of advisory committees on information security, strategic systems, telecommunications, submarines, and future warfare defense communications. Mr. Stenbit has served as a director of SMA, Inc. since 2004, SI International, Inc. since 2004, Viasat, Inc. since 2004 and Loral Space & Communications since 2006, all of which are public companies. Mr. Stenbit received a B.S. in 1961 and an M.S. in 1962 from the California Institute of Technology and attended the Technische Hogeschool in the Netherlands from 1962 to 1963 and 1965 to 1967.

*Kenneth R. Thornton* has served as a director since June 2004. Mr. Thornton worked for International Business Machines (IBM) from November 1967 until April 2001 when he retired as General Manager Worldwide Public Sector. Mr. Thornton has served as a director of CyberSource Corporation, a public company, since April 2001, Hire Networks Corporation since November 2001 and Security Storage since November 2004. Mr. Thornton received his B.S. from Barton College in 1964.

#### **Note Regarding Controlled Company Status**

Our company is a controlled company under the Nasdaq Stock Market qualitative listing standards, and therefore we are entitled to exemptions from certain of the Nasdaq Stock Market qualitative listing standards. These requirements are generally intended to increase the likelihood that a Board of Directors will make decisions in the best interests of stockholders. Specifically, we are not required to have a majority of our directors be independent or to have compensation, nominating and corporate governance committees comprised solely of independent directors. We currently do not avail ourselves of the controlled company exemptions. However, we may avail ourselves of the controlled company exemptions in the future.

#### **Board Committees and Meetings**

During the fiscal year ended December 31, 2007, the Board of Directors held four meetings and acted by unanimous written consent three times. The Board of Directors has established three standing committees: an Audit Committee; a Compensation Committee; and a Nominating and Corporate Governance Committee.

The members of our Audit Committee are John C. Bolger, John P. Stenbit and Kenneth R. Thornton. Mr. Bolger is the chair of our Audit Committee, and the Board of Directors has determined that Mr. Bolger is an Audit Committee financial expert, as defined in the rules of the Securities and Exchange Commission ( SEC ). The Audit Committee oversees, reviews and evaluates our financial statements, accounting and financial reporting processes, internal control functions and the audits of our financial statements. The Audit Committee is responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm. The Audit Committee held four meetings during the fiscal year ended December 31, 2007. The Board of Directors has determined that all members of the Audit Committee are independent (as independence is defined in the Nasdaq Stock Market qualitative listing standards). The Audit Committee acts pursuant to a written charter.

The members of our Compensation Committee are John C. Bolger, John P. Stenbit and Kenneth R. Thornton. Mr. Thornton is the chair of our Compensation Committee. The Compensation Committee reviews and makes recommendations to our Board of Directors concerning the compensation and benefits of our executive officers, including the Chief Executive Officer, and directors, oversees the administration of our stock option and employee benefits plans, and reviews general policy relating to compensation and benefits. The Compensation Committee may from time to time delegate duties or responsibilities to subcommittees or to one member of the Compensation Committee. The Compensation Committee held four meetings during the fiscal year ended December 31, 2007 and acted by unanimous written consent one time. The Board of Directors has determined that all members of the Compensation Committee are independent (as independence is defined in the Nasdaq Stock Market qualitative listing standards). The Compensation Committee acts pursuant to a written charter.

The members of our Nominating and Corporate Governance Committee, referred to as the Nominating Committee, are John C. Bolger, John P. Stenbit and Kenneth R. Thornton. Mr. Stenbit is the chair of our Nominating Committee. The Nominating Committee identifies prospective candidates to serve on the Board of Directors, recommends nominees for election to the Board of Directors, develops and recommends Board member selection criteria, considers committee member qualification, recommends corporate governance principles to the Board of Directors, and provides oversight in the evaluation of the Board of Directors and each committee. The Nominating Committee held one meeting during the fiscal year ended December 31, 2007. The Board of Directors has determined that all members of the Nominating Committee are independent (as independence is defined in the Nasdaq Stock Market qualitative listing standards). The Nominating Committee acts pursuant to a written charter.



During the fiscal year ended December 31, 2007, each member of the Board of Directors attended 75% or more of the aggregate number of the meetings of the Board of Directors and of the committees on which he or she served, held during the period for which he was a director or committee member, respectively. Each member of the Board of Directors attended the Company's 2007 Annual Meeting of Stockholders.

### **Director Nominations**

The Nominating Committee evaluates and recommends to the Board of Directors director nominees for each election of directors.

In fulfilling its responsibilities, the Nominating Committee considers the following factors: (i) the appropriate size of the Board of Directors and its committees; (ii) the needs of the Company with respect to the particular talents and experience of its directors; (iii) the knowledge, skills and experience of nominees, including experience in the biometrics industry, business, finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board of Directors; (iv) experience with accounting rules and practices; (v) applicable regulatory and securities exchange/association requirements; and (vi) a balance between the benefit of continuity and the desire for a fresh perspective provided by new members.

The Nominating Committee's goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Nominating Committee also considers candidates with appropriate non-business backgrounds.

Other than the foregoing factors, there are no stated minimum criteria for director nominees. However, the Nominating Committee may also consider such other factors as it may deem are in the best interests of the Company and its stockholders. The Nominating Committee does, however, recognize that under applicable regulatory requirements at least one member of the Board of Directors must, and believes that it is preferable that more than one member of the Board of Directors should, meet the criteria for an audit committee financial expert as defined by SEC rules. In addition, although the Company is a Controlled Company under the Nasdaq Stock Market qualitative listing standards and therefore is not required to have a majority of its directors be independent, the Nominating Committee currently believes that it is preferable that at least a majority of the members of the Board of Directors be independent (as independence is defined in the Nasdaq Stock Market qualitative listing standards). The Nominating Committee also believes it appropriate for the Company's Chief Executive Officer to participate as a member of the Board of Directors.

The Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board of Directors with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective. If any member of the Board of Directors up for re-election at an upcoming annual meeting of stockholders does not wish to continue in service, the Nominating Committee identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the Nominating Committee and Board of Directors will be polled for suggestions as to individuals meeting the criteria of the Nominating Committee. Research may also be performed to identify qualified individuals. If the Nominating Committee believes that the Board of Directors requires additional candidates for nomination, the Nominating Committee may explore alternative sources for identifying additional candidates. This may include engaging, as appropriate, a third party search firm to assist in identifying qualified candidates.

The Nominating Committee will evaluate any recommendation for director nominee proposed by a stockholder who (i) has continuously held at least 1% of the outstanding shares of the Company's common stock entitled to vote at the annual meeting of stockholders for at least one year by the date the stockholder makes the recommendation and (ii) undertakes to continue to hold the common stock through the date of the meeting. In order to be evaluated in connection with the Company's established procedures for evaluating potential director

nominees, any recommendation for director nominee submitted by a qualifying stockholder must be received by the Company no later than 120 days prior to the anniversary of the date a proxy statement was mailed to stockholders in connection with the prior year's annual meeting of stockholders. Any stockholder recommendation for director nominee must be submitted to the Company's Chief Financial Officer in writing at 639 North Rosemead Blvd., Building 1, Pasadena, CA 91107 and must contain the following information:

a statement by the stockholder that he/she/it is the holder of at least 1% of the outstanding shares of the Company's common stock and that the stock has been held for at least a year prior to the date of the submission and that the stockholder will continue to hold the shares through the date of the annual meeting of stockholders;

the candidate's name, age, contact information and current principal occupation or employment;

a description of the candidate's qualifications and business experience during, at a minimum, the last five years, including his/her principal occupation and employment and the name and principal business of any corporation or other organization in which the candidate was employed;

the candidate's resume; and

three (3) references.

The Nominating Committee will evaluate recommendations for director nominees submitted by directors, management or qualifying stockholders in the same manner, using the criteria stated above.

All directors and director nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating Committee.

#### **Communications with Directors**

The Board of Directors has adopted a Stockholders Communications with Directors Policy. The Stockholders Communications with Directors Policy is available at the Company's website at [www.cogentsystems.com](http://www.cogentsystems.com). Once on our home page, click on Investor Relations, then click on Corporate Governance and then click on Stockholder Communications with Directors Policy. The policy is on this web page.

#### **Director Attendance at Annual Meetings**

The Board of Directors has adopted a Board Member Attendance at Annual Meetings Policy. This policy may be found at [www.cogentsystems.com](http://www.cogentsystems.com). Once on our home page, click on Investor Relations, then click on Corporate Governance and then click on Board Member Attendance at Annual Meetings Policy. The policy is on this web page.

#### **Code of Ethics**

The Board of Directors has adopted a Code of Ethics that applies to all of our employees, officers and directors. The Code of Ethics contains general guidelines for conducting the business of our company consistent with the highest standards of business ethics, and is intended to qualify as a code of ethics within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and Item 406 of Regulation S-K.

#### **Corporate Governance Documents**

The Company's corporate governance documents, including the Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Committee Charter and Code of Ethics, are available, free of charge, on our website at [www.cogentsystems.com](http://www.cogentsystems.com). Please note, however, that the information contained on the website is not incorporated by reference in, or considered part of, this Proxy Statement. We will



also provide copies of these documents, free of charge, to any stockholder upon written request to Investor Relations, Cogent, Inc., 639 North Rosemead Blvd., Building 1, Pasadena, CA 91107.

### **Board Member Independence**

The Board of Directors has determined that, except for Mr. Hsieh, all of the members of the Board of Directors are independent as independence is defined in the Nasdaq Stock Market qualification standards. Mr. Hsieh is not considered independent because he is currently employed by the Company. As previously noted, the Company is a Controlled Company, and therefore is not required to have a majority of directors that are independent under the Nasdaq Stock Market qualitative listing standards.

### **Report of the Audit Committee**

The audit committee oversees our financial reporting process on behalf of our board of directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the audit committee reviewed the audited financial statements in our annual report with management, including a discussion of any significant changes in the selection or application of accounting principles, the reasonableness of significant judgments, the clarity of disclosures in the financial statements and the effect of any new accounting initiatives.

The audit committee reviewed with Deloitte & Touche LLP, who are responsible for expressing an opinion on the conformity of these audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the audit committee under generally accepted auditing standards, including the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, *Communication with Audit Committees*. In addition, the audit committee has discussed with Deloitte & Touche LLP their independence from management and our company, has received from Deloitte & Touche LLP the written disclosures and the letter required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has considered the compatibility of non-audit services with the auditors' independence.

The audit committee met with Deloitte & Touche LLP to discuss the overall scope of their audit. The meetings with Deloitte & Touche LLP were held, with and without management present, to discuss the results of their examination, their evaluation of our internal controls and the overall quality of our financial reporting.

Based on the reviews and discussions referred to above, the audit committee has recommended to our board of directors that the audited financial statements be included in our annual report for the year ended December 31, 2007. The audit committee and our board of directors also have recommended the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2008.

This Audit Committee Report is not soliciting material, is not deemed to be filed with the SEC, and is not incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made by us before or after the date hereof, regardless of any general incorporation language in any such filing, except to the extent we specifically incorporate this material by reference into any such filing.

The foregoing report has been furnished by the Audit Committee.

John C. Bolger

John P. Stenbit

Kenneth R. Thornton

## Compensation of Directors

Each of our non-employee directors is paid \$20,000 annually and is reimbursed for reasonable expenses incurred in connection with performance of their duties as directors. Upon their election to our board of directors, each of our non-employee directors is granted an initial option to purchase up to 40,000 shares of our common stock at the then fair market value pursuant to the terms of our 2004 Plan. In addition, each non-employee director is automatically granted an option to purchase up to 10,000 shares of our common stock if he or she remains on the board of directors on the date of each annual meeting of stockholders (unless he or she joined our board of directors within six months of such meeting). Each non-employee director also receives cash compensation of \$2,000 for attendance at each board meeting. Additionally, the chairperson of each of the audit committee and the compensation committee receives \$2,500 and \$1,500, respectively, and members of the audit committee and compensation committee (not including chairpersons) receive \$1,500, and \$1,000, respectively, for attendance at each meeting of such committees.

### Director Compensation Table

The following table summarizes compensation that our directors (other than directors who are named executive officers) earned during 2007 for services as members of our board of directors.

Name	Fees earned or paid in cash (\$)	Option Awards \$(1)	Total (\$)
John Bolger(2)	\$ 42,000	\$ 67,290	\$ 109,290
John P. Stenbit(3)	38,000	67,290	105,290
Kenneth R. Thornton(4)	40,000	67,290	107,290

- (1) Valuation based on the dollar amount of option grants recognized for financial statement reporting purposes pursuant to SFAS 123R with respect to 2007. The assumptions we used with respect to the valuation of option grants are set forth in Note 2 to our consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2007.
- (2) Mr. Bolger has options to purchase 40,000 shares outstanding as of December 31, 2007.
- (3) Mr. Stenbit has options to purchase 70,000 shares outstanding as of December 31, 2007.
- (4) Mr. Thornton has options to purchase 70,000 shares outstanding as of December 31, 2007.

**Our board of directors recommends a vote FOR each nominee listed above. Proxies solicited by our board of directors will be so voted unless stockholders specify otherwise on the accompanying proxy card.**

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information concerning the beneficial ownership of the shares of our common stock as of April 1, 2008, by (i) each person we know to be the beneficial owner of 5% or more of the outstanding shares of our common stock; (ii) each executive officer listed in the Summary Compensation Table; (iii) each of our directors; and (iv) all of our executive officers and directors 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 shares of our common stock shown as beneficially owned by such stockholder. Unless otherwise indicated, the address of the individuals listed below is the address appearing on the cover of this Annual Report.

Name or Group of Beneficial Owners	Shares Beneficially Owned	
	Number	Percent(1)
<b>Named Executive Officers:</b>		
Ming Hsieh	50,769,965	56.6%
Paul Kim(2)	497,089	*
Michael Hollowich(3)	122,063	*
James Jasinski(4)	199,965	*
<b>Directors:</b>		
John Bolger(5)	24,250	*
John P. Stenbit(6)	51,250	*
Kenneth R. Thornton(7)	53,750	*
<b>5% Stockholders:</b>		
Deutsche Bank AG(8) Theodor Heuss Alle 70 60468 Frankfurt am Main Federal Republic of Germany	5,050,572	5.6%
<b>Executive officers and directors as a group(7 persons)(9)</b>	<b>51,718,332</b>	<b>57.2%</b>

\* Represents less than 1%.

- (1) Applicable percentage ownership is based on 89,664,541 shares of our common stock outstanding as of April 1, 2008 and excludes 5,402,721 shares held by the company. 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 options currently exercisable, or exercisable within 60 days after April 1, 2008, are deemed outstanding for the purpose of computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person.
- (2) Includes 397,089 shares issuable upon the exercise of options that are exercisable within 60 days after April 1, 2008.
- (3) Includes 107,063 shares issuable upon the exercise of options that are exercisable within 60 days after April 1, 2008.
- (4) Includes 183,750 shares issuable upon the exercise of options that are exercisable within 60 days after April 1, 2008.
- (5) Includes 21,250 shares issuable upon the exercise of options that are exercisable within 60 days after April 1, 2008.
- (6) Consists of 51,250 shares issuable upon the exercise of options that are exercisable within 60 days after April 1, 2008.
- (7) Includes 48,750 shares issuable upon the exercise of options that are exercisable within 60 days after April 1, 2008.
- (8) Based solely upon a Schedule 13G dated January 29, 2008.
- (9) Includes an aggregate of 809,152 shares issuable upon the exercise of options granted to our executive officers and directors that are exercisable within 60 days after April 1, 2008.

**Equity Compensation Plan Information**

Information about our equity compensation plans at December 31, 2007 that were either approved or not approved by our stockholders was as follows:

<b>Plan Category</b>	<b>Number of Shares to be Issued Upon Exercise of Outstanding Options(a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options(b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column(a))(c)</b>
Equity compensation plans approved by our stockholders(1)	2,265,112	\$ 5.86	2,506,873
Equity compensation plans not approved by our stockholders(2)			
<b>Total</b>			

- (1) Includes our 2000 Stock Option Plan and our 2004 Equity Incentive Plan. However, no future grants may be made under our 2000 Stock Option Plan.
- (2) All of our equity compensation plans were approved by our stockholders.

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**EXECUTIVE COMPENSATION AND OTHER INFORMATION**
**Our Executive Officers**

The following table sets forth information as to persons who serve as our executive officers as of June 1, 2008:

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Ming Hsieh	52	President, Chief Executive Officer and Chairman of the Board of Directors
Paul Kim	40	Chief Financial Officer
Michael Hollowich	61	Executive Vice President, Operations
James Jasinski	58	Executive Vice President, Federal and State Systems
For information regarding Mr. Hsieh, see	Proposal 1	Election of Directors.

*Paul Kim* has served as our Chief Financial Officer since January 2004. Prior to that, Mr. Kim was the Chief Financial Officer of JNI Corporation, a storage area network technology company, from September 2002 until December 2003. From October 1999 to August 2002, Mr. Kim was Vice President, Finance and Corporate Controller of JNI. Prior to joining JNI, he served as Vice President of Finance and Administration for Datafusion Inc., a privately held software development company, from January 1998 until October 1999. From April 1996 to January 1998, Mr. Kim was the Corporate Controller for Interlink Computer Sciences, Inc., a public enterprise software company. From January 1990 to April 1996, Mr. Kim worked for Coopers and Lybrand L.L.P., leaving as an audit manager. Mr. Kim received a B.A. from the University of California at Berkeley in 1989 and is a Certified Public Accountant.

*Michael Hollowich* joined Cogent in February 2001. He currently serves as Executive Vice President, Operations. Mr. Hollowich is responsible for internal operations related to new project management and user support, as well as qualification of new business targets and preparation of proposals. Prior to joining us, Mr. Hollowich served at TRW (Northrup Grumman) from April 1969 to February 2001, where he held senior business development and project management positions including project director for the United Kingdom's National Automated Fingerprint Identification System as well as the project manager for the NASA Spacelab Payload Integration project. While at TRW, Mr. Hollowich worked overseas on projects in the United Kingdom, Germany, Belgium and Denmark. Mr. Hollowich received a B.S. from the University of California at Los Angeles in 1969.

*James Jasinski* joined Cogent in May 2002. He currently serves as Executive Vice President, Federal and State Systems. Mr. Jasinski is responsible for support of existing clients at the federal and state levels, development of new business opportunities, and establishment of new project offices as needed for the management of new contracts. He also manages our Reston, Virginia, Ohio and London offices. Prior to joining us, Mr. Jasinski was a Vice President for DynCorp Systems and Solutions from December 2000 to May 2002. From May 1978 through December 2000, Mr. Jasinski worked at the Federal Bureau of Investigation. Mr. Jasinski received a JD from Union University, Albany Law School in 1976 and a B.A. from State University of New York at Buffalo in 1973.



## EXECUTIVE COMPENSATION

### *Compensation Discussion and Analysis*

#### **Overview**

This compensation discussion and analysis explains the material elements of the compensation awarded to, earned by, or paid to each of Ming Hsieh, our President and Chief Executive Officer, Paul Kim, our Chief Financial Officer, Michael Hollowich, our Executive Vice President, Operations, and James Jasinski, our Executive Vice President, Federal and State Systems. These individuals are also referred to herein as our named executive officers.

#### **Compensation Program Objectives and Philosophy**

The compensation committee of our board of directors currently oversees the design and administration of our executive compensation program. Our compensation committee's primary objectives in structuring and administering our executive officer compensation program are to:

1. attract, motivate and retain talented and dedicated executive officers;
2. tie annual and long-term cash and stock incentives to achievement of measurable corporate and individual performance objectives; and
3. reinforce business strategies and objectives for enhanced stockholder value.

To achieve these goals, our compensation committee maintains compensation plans that tie a portion of executives' overall compensation to key strategic goals such as financial and operational performance, as measured by metrics such as revenue and adjusted operating income. Our compensation committee evaluates individual executive performance with a goal of setting compensation at levels the committee believes are comparable with those of executives at other companies of similar size and stage of growth, while taking into account our relative performance and our own strategic goals.

Our compensation committee performs at least annually a review of our executive officers' compensation to determine whether we provide adequate incentives and motivation to our executive officers and whether we adequately compensate our executive officers relative to comparable officers in other similarly situated companies. In February 2007 our compensation committee reviewed compensation and retained a compensation consulting firm to assist it in evaluating our compensation practices.

The principal elements of our executive compensation program are base salary, annual cash bonus awards, long-term equity incentives in the form of stock options and restricted stock, other benefits and perquisites, post-termination severance and acceleration of stock option and restricted stock vesting for certain named executive officers upon termination and/or a change in control. Our other benefits and perquisites consist of life and health insurance benefits and a qualified 401(k) savings plan.

We view these components of compensation as related but distinct. Although our compensation committee does review total compensation, we do not believe that significant compensation derived from one component of compensation should negate or offset compensation from other components. We determine the appropriate level for each compensation component based in part, but not exclusively, on competitive benchmarking consistent with our recruiting and retention goals, our view of internal equity and consistency, and other considerations we deem relevant, such as rewarding extraordinary performance.

When determining compensation for our Chief Executive Officer, our compensation committee gives significant consideration to the distinct nature of our ownership, which has existed since prior to our initial public offering in 2004 (the "IPO") and continues today. Specifically, Mr. Hsieh, our Chief Executive Officer, was our sole stockholder prior to our IPO, continues to hold a majority of our common stock and has received significant liquidity since our IPO.

### **Role of Executive Officers in Compensation Decisions**

Our compensation committee reviews and approves the compensation paid to our Chief Executive Officer. With regard to the compensation paid to each executive officer other than the Chief Executive Officer, the Chief Executive Officer reviews, on an annual basis, the compensation paid to each such executive officer during the past year and submits to the compensation committee his recommendations regarding the compensation to be paid to such persons during the next year. Following a review of such recommendations, the committee will take such action regarding such compensation as it deems appropriate, including approving compensation in an amount the compensation committee deems reasonable.

Management plays a significant role in the compensation-setting process for executive officers, other than the Chief Executive Officer, by:

evaluating employee performance;

recommending business performance targets and establishing objectives; and

recommending salary levels, bonuses and equity-based awards.

Management also prepares meeting information for most compensation committee meetings, and the Chief Executive Officer participates in committee meetings at the compensation committee's request to provide:

background information regarding our strategic objectives;

his evaluation of the performance of the executive officers; and

compensation recommendations as to executive officers (other than himself).

### **Benchmarking of Compensation.**

The compensation committee believes it is important when making its compensation-related decisions to be informed as to current practices of similarly situated companies. As a result, the compensation committee reviews third-party surveys and other information collected from public sources for executive officers at peer companies. Prior to 2007, the compensation committee had not engaged third party consultants to advise the compensation committee on compensation matters. However, in early 2007, the compensation committee commissioned a study conducted by an outside consulting firm that specializes in executive compensation. This study reviewed the cash and equity compensation practices of two groups of companies with annual revenues ranging from \$100 million to \$200 million: (i) a group of 32 companies in the industries in which we compete and (ii) a group of 65 technology companies. The names of the companies reviewed by the study are listed below. While benchmarking may not always be appropriate as a stand-alone tool for setting compensation due to the aspects of our business and objectives that may be unique to us, we generally believe that gathering this information is an important part of our compensation-related decision-making process.

The following companies were reviewed in the study prepared by our outside consulting firm: Actel Corp., Actuate Corporation, Advent Software, Inc., American Science & Engineering, Anadigics, Inc., Applied Signal Technology, Ask.com, Avanex, Bcgi, Blue Coat Systems, Bookham Technology, CAE, Inc., CCC Information Services, Cirrus Logic, Inc., ComGlobal Systems, Inc., Nektar Therapeutics, Digimarc Corporation, Dupont/ EKC Technology, E-Loan, Emageon, Inc., Exponent, First Aviation Services, Intevac, Lightbridge, Inc., Magma Design Automation, Inc., Mindspeed Technologies, Miva, Moody's Corporation, Navisite, NDS Goup plc, ENOVIA MatrixOne, Novatel Wireless, Omnicell, Inc., Packeteer, Pegasystems, Inc., Photon Dynamics, Pixelworks, Inc., Presstek, Provide Commerce, Proxim Wireless, Radiant Systems, Inc., Rambus, Inc., Redback Networks, S1 Corporation, SBS Technologies, Inc., Secure Computing Corp., Software AG, SonoSite, Inc., Sonus Networks, Sparton, SurfControl plc, Symyx Technologies, Inc., Synaptics, Terayon Communication Systems, TiVo, Ultraclean Technology, Ultratech, Vicor, Vignette Corporation, Walt Disney Internet Group and Websense, Inc.

## Base Compensation

We provide our named executive officers and other executives with base salaries that we believe enable us to hire and retain individuals in a competitive environment and to reward individual performance and contribution to our overall business goals, while taking into account the unique circumstances of our company. We review base salaries for our named executive officers annually and increases are generally based on our performance and individual performance. We also take into account the base compensation that is payable by companies that we believe to be our competitors and by other public companies with which we believe we generally compete for executives. The base salary of our Chief Executive Officer, Mr. Hsieh, is reviewed and recommended by our compensation committee, whose members are all of our independent directors.

In February 2007 the compensation committee reviewed the salaries of our named executive officers and made the following determinations:

*Mr. Hsieh.* In reviewing Mr. Hsieh's base salary for 2007, the committee focused on our results of operations for 2006, Mr. Hsieh's continued majority ownership of our company, the liquidity Mr. Hsieh has received through sales of our common stock since our IPO, and the report provided by our outside consulting firm, which showed that Mr. Hsieh's base salary trails that of the chief executive officers of the companies with which we compete for executives. Based on Mr. Hsieh's continued majority ownership of our company and the significant liquidity Mr. Hsieh has received since our IPO, as well as the decline in revenues we experienced in 2006, our compensation committee determined that only a modest increase in Mr. Hsieh's base salary was appropriate at that time.

*Mr. Kim.* In reviewing Mr. Kim's base salary for 2007, the compensation committee focused on the compensation information provided by our outside consultants and our need to retain the services of Mr. Kim, as well as the recommendation of our Chief Executive Officer. The compensation information showed that Mr. Kim's base salary trailed that of the chief financial officers of the companies with which we compete for executives. As a result, the committee determined that, in order to continue to retain Mr. Kim's services in a highly competitive market, it was appropriate to increase Mr. Kim's base salary so that it would be at or near the 50th percentile of salaries for chief financial officers at our peer companies. Mr. Kim's 2007 base salary was increased by 13% over his 2006 base salary.

*Messrs. Hollowich and Jasinski.* In reviewing the base salaries of Messrs. Hollowich and Jasinski for 2007, the committee focused on the salary and compensation information provided by our outside consultants, which showed that these executive officers received base salaries that were comparable to executives holding similar positions at peer companies, the liquidity these executive officers had received through sales of shares of our common stock since our IPO, and the recommendations of our Chief Executive Officer. Based on these factors, our compensation committee determined that only modest increases in the base salaries of Messrs. Hollowich and Jasinski were appropriate at that time.

## Annual Cash Bonus Awards

We believe a cash-based incentive compensation program is important in order to focus our management on achieving key company and personal objectives. However, prior to 2007 we did not have formal cash-based compensation programs on a year-to-year basis. In February 2007, our compensation committee evaluated our cash bonus compensation practices in light of the objectives of our compensation program. Based on this evaluation, our compensation committee determined that it was appropriate for our executive officers to be eligible for cash compensation pursuant to a formal annual cash bonus plan. Under the terms of the bonus plan, the compensation committee establishes performance objectives and annual target bonus amounts for each executive officer. In determining the appropriate level of bonus for each officer the compensation committee considers information provided through independent, third-party surveys and other information collected from public sources for similar positions at peer companies, relative base salary and bonus amounts for each individual and internal equity with non-executive employees.

## 2007 Bonus Plan

In the first quarter of 2007, the compensation committee worked with senior management to establish the bonus amounts and performance objectives under the bonus plan. For fiscal 2007, each executive officer was eligible to receive a bonus that ranged from 2% to 70% of the individual's base salary. As described in greater detail below, the performance objectives consisted of company objectives and individual objectives. For each performance objective the committee assigned a relative weighting to provide guidelines for setting actual cash payouts for each executive officer based on a percentage of the individual's base salary.

The compensation committee retained wide discretion to interpret the terms of the bonus plan, including interpreting and determining whether the performance objectives had been met and the amount of cash bonus that may be paid pursuant to the bonus plan.

For the 2007 bonus plan, our company objectives consisted of achieving at least \$120 million in revenue and \$41 million in adjusted operating income for 2007, reaching a favorable result in our lawsuit to protect our intellectual property, expanding our customer base, and winning contracts with large customers. Importantly, the compensation committee determined that we had to achieve at least 80% of the revenue and adjusted operating income targets in order for our named executive officers to receive any pay-outs under the 2007 bonus plan. Adjusted operating income is a non-GAAP financial measure we calculate by excluding stock based compensation expense and legal expenses relating to our action against Northrop Grumman from operating expenses.

The following is a discussion of the personal objectives under the 2007 bonus plan for each of our named executive officers, as well as a discussion of the determinations our compensation committee made with respect to pay-outs to our named executive officers under the 2007 bonus plan.

*Mr. Hsieh.* For the 2007 bonus plan, Mr. Hsieh's personal performance objectives were closely tied to our company objectives. Specifically, his personal objectives consisted of (i) growing our business (this objective was allocated the greatest weight in determining the bonus Mr. Hsieh could receive), (ii) leading our efforts to reach a favorable result in our lawsuit to protect our intellectual property, and (iii) advancing strategic alternatives that fuel our growth or bring value to our company. Because we did not achieve meaningful revenue growth in 2007 over 2006 levels, the compensation committee determined that Mr. Hsieh should not receive any bonus pay-out under the 2007 bonus plan.

*Mr. Kim.* For the 2007 bonus plan, Mr. Kim's personal performance objectives consisted of (i) continuing to build a public infrastructure for the company, including Sarbanes-Oxley compliance, (ii) successfully managing our investor relations program, (iii) supporting our vice presidents, (iv) controlling corporate costs, (v) assisting our Chief Executive Officer in evaluating strategic alternatives that fuel our growth or bring value to our company, and (vi) helping manage the risks associated with being a public company. The committee assigned the greatest weight to objectives (i) and (ii). Objectives (iii), (iv) and (v) were assigned roughly equal weighting to each other, and objective (vi) less weight than the others. Our compensation committee determined that Mr. Kim performed well enough against his personal objectives to receive a bonus under the 2007 bonus plan near the mid-point of his bonus range; however, because we did not achieve the revenue and adjusted operating income targets for 2007 (although we did achieve greater than 80% of those targets), the compensation committee reduced the actual amount of the bonus paid to Mr. Kim.

*Mr. Hollowich.* For the 2007 bonus plan, Mr. Hollowich's personal performance objectives consisted of (i) supervising our efforts to win contracts with large customers, (ii) supervising our efforts to win contracts with state and local governments, and (iii) helping us reach a favorable result in our lawsuit to protect our intellectual property. The committee assigned the greatest weight to objective (i), followed by objectives (ii) and (iii). Our compensation committee determined that Mr. Hollowich performed well enough against his personal objectives to receive a bonus under the 2007 bonus plan near the mid-point of his bonus range; however, because we did not achieve the revenue and adjusted operating income targets for 2007 (although we did achieve greater than 80% of those targets), the compensation committee reduced the actual amount of the bonus paid to Mr. Hollowich.

*Mr. Jasinski.* For the 2007 bonus plan, Mr. Jasinski's personal performance objectives consisted of (i) supervising our efforts to win contracts with large customers, and (ii) helping us reach a favorable result in our lawsuit to protect our intellectual property. The committee assigned the greatest weight to objective (i). Our compensation committee determined that Mr. Jasinski performed well enough against his personal objectives to receive a bonus under the 2007 bonus plan near the mid-point of his bonus range; however, because we did not achieve the revenue and adjusted operating income targets for 2007 (although we did achieve greater than 80% of those targets), the compensation committee reduced the actual amount of the bonus paid to Mr. Jasinski.

#### **2007 Discretionary Bonuses**

The compensation committee may also award discretionary bonuses based on our achievements and the individual's contributions to those achievements. Based on the contributions Mr. Hsieh and Mr. Jasinski made in achieving the settlement of our litigation with Northrop Grumman in 2007, the compensation committee awarded discretionary bonuses of \$200,000 to Mr. Hsieh and \$60,000 to Mr. Jasinski. However, Mr. Hsieh declined to accept the discretionary bonus and, as a result, he did not and will not receive a 2007 discretionary bonus.

#### **Equity Compensation**

We believe that equity ownership by our executive officers provides important incentives to build stockholder value and align the interests of executive officers with those of our stockholders. The compensation committee develops its equity award determinations based on its judgments as to whether the complete compensation packages provided to our executives, including prior equity awards, are sufficient to retain, motivate and adequately award the executives. This judgment is based in part on information provided by reviewing the equity compensation practices of companies we believe to be our competitors and by other public companies with which we believe we generally compete for executives.

We grant equity compensation to our executive officers and other employees under our Amended and Restated 2004 Equity Incentive Plan, or the 2004 Plan. Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of FASB Statement 123R.

We granted substantial equity awards, in the form of stock options, to our named executive officers (other than our Chief Executive Officer) prior to our IPO. These options have a 10 year term, vest through 2008 and have exercise prices ranging from \$0.60 to \$4.50. Certain of these option grants are subject to post-termination and change in control provisions. In light of the continued vesting of the awards, as well as the appreciation in value and increase in liquidity resulting from our IPO, it was the position of our compensation committee until 2007 that the pre-IPO grants continued to sufficiently incentivize our executives (excluding our Chief Executive Officer), and thus the objectives of our compensation program were met without granting additional equity awards to our named executive officers. Further, as previously discussed, our Chief Executive Officer was our sole stockholder prior to our IPO and continues to control a majority of our outstanding capital stock. In light of these circumstances, our compensation committee determined that it is not necessary to grant equity awards to Mr. Hsieh in order to fulfill the objectives of our executive compensation program.

In February 2007 our compensation committee determined that it would be appropriate to grant additional equity incentives to our named executive officers (other than our Chief Executive Officer). This determination was primarily based on the committee's conclusion that, in light of the fact that all stock options held by our named executive officers would fully vest in 2008, we needed to provide additional long-term equity compensation to our executive officers to further incentivize them to stay with us for longer periods of time.

Throughout 2007 the committee analyzed several equity alternatives, primarily focusing on grants of stock options or restricted stock. Based on this analysis, the committee determined that granting shares of restricted stock to our named executive officers would best align the interests of our named executive officers with those of our stockholders. It is the view of our compensation committee that restricted stock awards provide a strong incentive to our executives by providing them with actual stock ownership, in contrast to stock options, which

may or may not ultimately result in realizable value to recipients. Additionally, we believe a restricted stock program will consume fewer shares than a similarly structured stock option program in order to achieve similar incentive levels, resulting in less dilution to our stockholders. Further, we also believe that expanding our use of restricted stock may result in lower overall stock compensation expense.

In November 2007, and in connection with grants of restricted stock to a broad group of our employees, our compensation committee approved the issuance of shares of restricted stock to each of Messrs. Kim, Hollowich and Jasinski. The compensation committee set the number of shares granted to each of these individuals based on the recommendations of our Chief Executive Officer, while also taking into account the equity compensation practices of peer companies. Generally, 25% of the shares subject to these grants vest on each anniversary of the grant date, with the result that 100% of the shares subject to these grants will be fully vested on the fourth anniversary of the grant date. If the employment of a named executive officer terminates prior to the vesting of some or all of the shares, then the unvested shares will be forfeited back to us; provided that Mr. Kim is entitled to acceleration of vesting in the event of a change in control of our company. These grants were specifically timed to coincide with a period when individuals are typically not prohibited from selling shares of our common stock under our securities trading policy, with the intent that, upon vesting, individuals could have the ability to sell shares of our stock to satisfy tax liabilities that may arise.

We do not have any stock ownership guidelines for our executive officers.

### **Executive Benefits and Perquisites**

We provide the opportunity for our named executive officers and other executives to receive certain perquisites and general health and welfare benefits. We also offer participation in our defined contribution 401(k) plan. After one year of service we match employee contributions under our 401(k) plan, up to an amount equal to 3% of an individual's annual base salary. We provide these benefits to create additional incentives for our executives and to remain competitive in the general marketplace for executive talent.

### **Change in Control and Severance Benefits**

Pursuant to the employment agreement entered in connection with his hiring in January 2004, as well as the agreement governing restricted stock issued in 2007, we provide the opportunity for our Chief Financial Officer to receive additional compensation and benefits in the event of severance or change in control. Our severance and change in control provisions for our Chief Financial Officer are summarized below in

Employment Agreements and Potential Payments Upon Termination or Change in Control. Our compensation committee believes that Mr. Kim's interests are best aligned with the interests of our stockholders, and we will be better able to retain his services, if he has the benefit of severance and change in control arrangements.

### **Code Section 162(m)**

It is our policy generally to qualify compensation paid to executive officers for deductibility under Section 162(m) of the Internal Revenue Code. Section 162(m) generally prohibits us from deducting the compensation of officers that exceeds \$1,000,000 unless that compensation is based on the achievement of objective performance goals. We believe our 2004 Plan is structured to qualify stock options, restricted share and stock unit awards under such plan as performance-based compensation and to maximize the tax deductibility of such awards. However, we reserve the discretion to pay compensation to our officers that may not be deductible.

### **2008 Compensation Decisions**

In February 2008 our compensation committee approved the following annual base salaries for our named executive officers: (i) \$287,000 for Mr. Hsieh, (ii) \$262,500 for Mr. Kim, and (iii) \$207,000 for each of Messrs. Hollowich and Jasinski. On April 24, 2008, the committee approved a 2008 cash-based incentive bonus program, pursuant to which each named executive may, based upon the achievement of company and individual performance objectives, receive a bonus that ranges from 2% to 70% of an individual's base salary.

### Summary Compensation Table

The following table shows information concerning the annual compensation for services provided to us by our named executive officers during 2007 and 2006.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock	Option	Non-Equity	All Other	Total (\$)
				Awards	Awards(1)	Compensation	Compensation (\$)	
				(\$)(1)		Plan		
						(\$)(2)		
Ming Hsieh, Chief Executive Officer	2007	\$ 273,000	\$	\$	\$	\$	\$	\$ 281,496
	2006	265,226					6,600	\$ 271,826
Paul Kim, Chief Financial Officer	2007	245,333		22,119	1,304,945	45,000	7,360(3)	1,624,757
	2006	222,000	50,000		1,304,938		6,600	1,583,538
Michael Hollowich, Executive Vice President, Operations	2007	197,000		3,818	264,412	40,000	17,218(4)	522,448
	2006	190,534	50,000		305,482		17,039	563,055
James Jasinski, Executive Vice President, Federal and State Systems	2007	197,000	60,000	3,818	268,040	40,000	11,048(5)	579,906
	2006	189,134	50,000		319,837		10,610	569,581

- (1) The amounts shown in these columns represent the compensation costs of restricted stock and options for financial reporting purposes pursuant to FAS 123R. The assumptions we used with respect to the valuation of stock and option grants are set forth in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007.
- (2) The amounts in this column reflect the cash awards paid pursuant to our 2007 bonus plan.
- (3) Consists of contributions made by us to our 401(k) plan on behalf of the named individuals.
- (4) Includes (i) \$11,323 we paid to Mr. Hollowich in lieu of a health insurance contribution and (ii) \$5,895 of contributions made by us to our 401(k) plan on behalf of Mr. Hollowich.
- (5) Includes (i) \$4,935 we paid to Mr. Jasinski in lieu of a health insurance contribution and (ii) \$6,113 of contributions made by us to our 401(k) plan on behalf of Mr. Jasinski.

#### Grants of Plan-Based Awards in 2007

The following table provides information with regard to potential cash bonuses paid or payable in 2007 under our performance-based, non-equity incentive plan, and with regard to the shares of restricted stock granted to Messrs. Kim, Hollowich and Jasinski during 2007.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock Awards (\$)(2)
		Threshold (\$)	Maximum (\$)		
Ming Hsieh		\$ 5,000	\$ 191,000		\$
Paul Kim	11/29/07	5,000	175,000	100,000	1,160,000
Michael Hollowich	11/29/07	4,000	138,000	15,000	174,000
James Jasinski	11/29/07	4,000	138,000	15,000	174,000

- (1) Amounts shown in these columns are the estimated possible payouts under the 2007 bonus plan based on certain assumptions about the achievement of company and individual performance objectives. The actual amounts paid pursuant to the 2007 bonus plan are reported in

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the Summary Compensation Table under the column entitled Non-Equity Incentive Plan Compensation. The company and individual performance objectives under the 2007 bonus plan, as well the compensation committee's pay-out determinations for the



- 2007 bonus plan, are detailed above under Compensation Discussion and Analysis Annual Cash Bonus Awards 2007 Bonus Plan.
- (2) The amounts shown in this column represent the compensation costs of restricted stock for financial reporting purposes pursuant to FAS 123R, assuming for this purpose only no effect of forfeitures. The assumptions we used with respect to the valuation of stock grants are set forth in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

**Outstanding Equity Awards at December 31, 2007**

The following table summarizes the number of securities underlying outstanding equity awards for each named executive officer as of December 31, 2007, as well as the number of outstanding unvested shares of restricted stock held by our named executive officers as of December 31, 2007.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)(4)
Ming Hsieh			\$			\$
Paul Kim					100,000(3)	1,115,000
	24,084	2,408(1)	1.00	1/5/2014		
	341,350	42,123(1)	1.00	1/5/2014		
Michael Hollowich					15,000(3)	167,250
	2		0.60	3/1/2012		
	30,970		0.75	1/1/2013		
	20,000	2,500(2)	1.00	1/1/2014		
	33,969	7,536(2)	4.50	6/22/2014		
	17,373	4,963(2)	4.50	6/22/2014		
James Jasinski					15,000(3)	167,250
	10,000		0.60	5/1/2012		
	40,000		0.75	1/1/2013		
	37,500	2,500(2)	1.00	1/1/2014		
	48,635	6,948(2)	4.50	6/22/2014		
	38,865	5,552(2)	4.50	6/22/2014		

- (1) These options were granted pursuant to our 2000 Stock Option Plan. The remaining unvested options vest on June 1, 2008. In the event of a change of control, all unvested shares will immediately vest.
- (2) These options were granted pursuant to our 2000 Stock Option Plan and vest 25% on the first anniversary of issuance and in equal quarterly installments over the subsequent three years.
- (3) These shares were granted pursuant to our 2004 Plan. 25% of the shares subject to these grants vest on each anniversary of the grant date, with the result that 100% of the shares subject to these grants will be fully vested on the fourth anniversary of the grant date. If the employment of a named executive officer terminates prior to the vesting of some or all of the shares, then the unvested shares will be forfeited back to us; provided that Mr. Kim is entitled to acceleration of vesting in the event of a change in control of our company.
- (4) Determined by multiplying the number of shares by \$11.15, the closing price for our stock on the Nasdaq Global Select Market on December 31, 2007.

**Option Exercises and Stock Vested**

The following table provides information regarding exercises of stock options by each of our named executive officers during 2007. No shares of restricted stock held by our named executive officers vested in 2007.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)
Ming Hsieh		\$
Paul Kim	91,250	1,104,050
Michael Hollowich	20,000	209,319
James Jasinski		

(1) Represents the difference between the exercise price and the fair market value of the common stock on the date of exercise.

**Employment Agreements***Employment Agreement with Paul Kim*

We entered into an employment agreement with Paul Kim, our Chief Financial Officer, on January 5, 2004. The employment agreement provides for an initial annual base salary of \$208,000 and a one-time initial bonus of \$20,000. Pursuant to the employment agreement Mr. Kim is also eligible to receive an annual incentive bonus at the discretion of our compensation committee. Compensation for Mr. Kim is subject to normal periodic review by our compensation committee. Mr. Kim's current annual base salary, as approved by our board of directors, is \$262,500 and he is currently eligible to receive an annual bonus of from 2% to 70% of his annual base salary. Mr. Kim is eligible to participate in any and all plans providing general benefits to our employees, subject to the provisions, rules and regulations applicable to each such plan.

Mr. Kim's employment agreement also provides that he is eligible to participate in our stock incentive plan. On January 5, 2004, Mr. Kim was granted an option to purchase up to 950,000 shares at an exercise price of \$1.00 per share, with 237,500 shares vesting on April 5, 2004, 178,124 shares vesting on January 5, 2005, and 44,532 shares vesting on each subsequent calendar quarter thereafter. In the event of a change of control, all unvested shares will immediately vest. In addition, in November 2007 Mr. Kim was granted 100,000 shares of restricted common stock. 25% of the restricted shares vest on each anniversary of the grant date, with the result that 100% of the restricted shares will be fully vested on the fourth anniversary of the grant date. In the event of a change of control, all unvested shares will immediately vest.

Mr. Kim's employment may be terminated at any time, with or without cause, by Mr. Kim or by us. If Mr. Kim terminates his employment as the result of a status event (as defined in the agreement), we will provide payment of salary for the three months following the termination of employment. In addition, Mr. Kim is eligible for severance pay of up to one year of his annual salary if he terminates his employment following a change in control (as defined in the agreement).

For 2007, Mr. Kim's base salary constituted 15.1% of his total compensation.

*Employment Agreement with Michael Hollowich*

We entered into an employment agreement with Michael Hollowich, our Executive Vice President, Operations, in February 2001. The employment agreement provides for an initial base salary of \$150,000 per year. Compensation for Mr. Hollowich is subject to normal periodic review by our compensation committee.

Mr. Hollowich's current annual base salary, as approved by the board of directors, is \$207,000, and he is currently eligible to receive an annual bonus of from 2% to 70% of his annual base salary. Mr. Hollowich is eligible to participate in any and all plans providing general benefits to our employees, subject to the provisions, rules and regulations applicable to each such plan.

Mr. Hollowich's employment may be terminated at any time, with or without cause and with or without notice, by Mr. Hollowich or us. The employment agreement states that Mr. Hollowich's employment is of no set duration.

In November 2007, Mr. Hollowich was granted 15,000 shares of restricted common stock. 25% of the restricted shares vest on each anniversary of the grant date, with the result that 100% of the restricted shares will be fully vested on the fourth anniversary of the grant date. For 2007, Mr. Hollowich's base salary constituted 37.7% of his total compensation.

#### *Employment Agreement with James J. Jasinski*

We entered into an employment agreement with James J. Jasinski, our Executive Vice President, Federal and State Systems, in May 2002. The employment agreement provides for an initial base salary of \$160,000 per year and a one-time sign-on bonus of \$10,000. Compensation for Mr. Jasinski is subject to normal periodic review by our compensation committee. Mr. Jasinski's current annual base salary, as approved by the board of directors, is \$207,000 and he is currently eligible to receive an annual bonus of from 2% to 70% of his annual base salary. Mr. Jasinski is eligible to participate in any and all plans providing general benefits to our employees, subject to the provisions, rules and regulations applicable to each such plan.

Mr. Jasinski's employment may be terminated at any time, with or without cause and with or without notice, by Mr. Jasinski or us. The employment agreement states that Mr. Jasinski's employment is of no set duration.

In November 2007, Mr. Jasinski was granted 15,000 shares of restricted common stock. 25% of the restricted shares vest on each anniversary of the grant date, with the result that 100% of the restricted shares will be fully vested on the fourth anniversary of the grant date. For 2007, Mr. Jasinski's base salary and bonus constituted 34% of his total compensation.

#### **Potential Payments Upon Termination or Change in Control**

Assuming a change in control occurred on December 31, 2007 and Mr. Kim's employment was terminated, he would have been entitled to change in control benefits totaling an aggregate of \$1,812,323. These benefits are detailed below. The compensation committee believes it is important to provide these benefits in order to retain the services of Mr. Kim.

Pursuant to the employment agreement of Mr. Kim, if he terminates his employment following a Control Event we are required to provide continued payment of Mr. Kim's base salary for the twelve months following the termination of employment. Assuming Mr. Kim terminated his employment as of December 31, 2007 following a Control Event, Mr. Kim would be entitled to be paid \$245,333 over the twelve month period following such termination in accordance with our regular payroll practices.

Mr. Kim holds options that would immediately vest in the event of a Control Event. Assuming a Control Event occurred on December 31, 2007, Mr. Kim would be entitled to accelerated vesting of 44,531 outstanding options with a value of \$451,990, based on the closing price of our common stock on the Nasdaq Global Select Market on December 31, 2007 less the exercise price of the options. In addition, Mr. Kim holds shares of restricted stock that would immediately vest in the event of a Change in Control. Assuming a Change in Control occurred on December 31, 2007, Mr. Kim would be entitled to accelerated vesting of 100,000 shares of restricted stock with a value of \$1,115,000, based on the closing price of our common stock on the Nasdaq Global Select Market on December 31, 2007.

For purposes of Mr. Kim's employment agreement and option agreement, a Control Event is (a) a sale of substantially all of our assets to a natural person not currently affiliated, directly or indirectly, with us or to an entity in which at least 50% of the voting power is held by a person or persons who are not shareholders of us immediately prior to the consummation of such transaction (such natural person or entity, a Non-Affiliate), (b) a sale or transfer, by us or any of our 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 us in which the surviving corporation, whether or not us, 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 Securities and Exchange Commission.

For purposes of Mr. Kim's restricted stock agreement, Change in Control means the occurrence of any of the following: (i) any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of stock of the Company representing more than fifty percent (50%) of the total combined voting power of our then-outstanding voting stock; or (ii) a transaction or series of related transactions in which the stockholders of the Company immediately before the transaction(s) do not retain immediately after the transaction(s) direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of our outstanding voting securities or the entity to which our assets were transferred, as the case may be; or (iii) our liquidation or dissolution.

#### **Compensation Committee Interlocks and Insider Participation**

In fiscal 2007, the members of our Compensation Committee were Messrs. Bolger, Stenbit and Thornton, who are all non-employee directors. None of such committee members (i) was, during fiscal 2007, an officer or employee of us or any of our subsidiaries, or (ii) is formerly an officer of us or any of our subsidiaries.

#### **Report of the Compensation Committee**

The compensation committee establishes and oversees the design and functioning of our executive compensation program. We have reviewed and discussed the foregoing Compensation Discussion and Analysis with the management of the Company. Based on this review and discussion, we recommended to the Board of Directors that the Compensation Discussion and Analysis be included in our Proxy Statement for the 2008 Annual Meeting.

#### **COMPENSATION COMMITTEE**

John Bolger

John P. Stenbit

Kenneth R. Thornton

#### **Certain Relationships and Related Transactions**

Since January 1, 2007, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or are a party in which the amount involved exceeds \$120,000 and in which any director, executive officer or beneficial holder of more than 5% of any class of our voting securities or members of such person's immediate family had or will have a direct or indirect material interest.

#### **Procedures for Approval of Related Party Transactions**

Pursuant to the charter of our audit committee, all transactions between us and any of our directors, executive officers or related parties are subject to review by our audit committee.

**PROPOSAL 2**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008 and has further directed that the appointment of the independent registered public accounting firm be submitted for ratification by the stockholders at the Annual Meeting. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm is not required by the Company's Bylaws or otherwise. However, the Board of Directors is submitting the appointment of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain that firm. Even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of a majority of the votes cast at the meeting, at which a quorum is present, either in person or by proxy, is required to ratify the appointment of Deloitte & Touche LLP.

The following table sets forth the aggregate fees billed to us for the fiscal years ended December 31, 2006 and 2007 by Deloitte & Touche LLP:

	2006	2007
Audit Fees(1)	\$ 1,036,434	\$ 1,040,856
Tax Fees(2)	354,139	395,185

(1) Audit Fees consist of fees billed for professional services rendered in connection with the audit of our consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports.

(2) Tax Fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning.

Our audit committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services. The independent auditor and management are required to periodically report to the audit committee regarding the extent of services provided by the independent auditor in accordance with this pre-approval. All Tax Fees listed in the table above were approved by the audit committee pursuant to its pre-approval policies and procedures.

**Our board of directors recommends a vote FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.**

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**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us and written representations from such reporting persons, we believe that all filing requirements applicable to our executive officers, directors and more than 10% stockholders were met in a timely manner during our fiscal year ended December 31, 2007.

**STOCKHOLDER PROPOSALS**

Proposals of stockholders intended to be presented at our Annual Meeting of Stockholders to be held in 2009 must be received by us no later than February 25, 2009 which is 120 days prior to the first anniversary of the mailing date of this proxy statement, in order to be included in our proxy statement and form of proxy relating to that meeting. These proposals must comply with the requirements as to form and substance established by the SEC for such proposals in order to be included in the proxy statement. Under our Bylaws, a stockholder who wishes to make a proposal at the 2009 Annual Meeting of Stockholders without including the proposal in our proxy statement and form of proxy relating to that meeting must notify us no later than February 25, 2009 unless the date of the 2009 Annual Meeting of Stockholders is more than 30 days before or after the one-year anniversary of the 2008 Annual Meeting of Stockholders. If the stockholder fails to give notice by this date, then the persons named as proxies in the proxies solicited by the Board of Directors for the 2009 Annual Meeting may exercise discretionary voting power regarding any such proposal.

**ANNUAL REPORT**

Our Annual Report for the fiscal year ended December 31, 2007 will be mailed to stockholders of record as of June 16, 2008. Our Annual Report does not constitute, and should not be considered, a part of this Proxy.

A copy of our Annual Report on Form 10-K will be furnished without charge upon receipt of a written request of any person who was a beneficial owner of our common stock on June 16, 2008. Requests should be directed to Cogent, Inc., 639 North Rosemead Blvd., Building 1, Pasadena, CA 91107; Attention: Investor Relations.

**OTHER MATTERS**

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

**All stockholders are urged to complete, sign, date and return the accompanying proxy in the enclosed envelope.**

By Order of the Board of Directors

**Ming Hsieh**  
*President and Chief Executive Officer*

June 24, 2008

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF THE PROXY MATERIALS FOR THE 2008**

**ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 24, 2008**

Copies of the 2008 proxy statement and the 2007 annual report to stockholders are also available online at <http://investor.cogentsystems.com>.

**COGENT, INC.**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JULY 24, 2008**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Ming Hsieh and Paul Kim, or either of them, as proxies, each with full power of substitution, to represent and vote as designated on the reverse side, all the shares of Common Stock of Cogent, Inc. (the Company) held of record by the undersigned on June 16, 2008, at the Annual Meeting of Stockholders to be held at the corporate offices of the Company located at 639 North Rosemead Blvd., Building 1, Pasadena, California, on July 24, 2008, at 8:30 a.m. Pacific Time or any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED STOCKHOLDER. IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR PROPOSAL 2.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE.

(Continued and to be signed on the Reverse Side)

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The Board of Directors recommends a vote **FOR** the directors listed below and a vote **FOR** Proposal 2.

1. To elect four (4) directors for a one-year term to expire at the 2009 Annual Meeting of Stockholders. Our present Board of Directors has nominated and recommends for election as director the following persons:
- Ming Hsieh
  - John C. Bolger
  - John P. Stenbit
  - Kenneth R. Thornton.

**FOR** all nominees listed below

**WITHHOLD AUTHORITY** for all nominees

**FOR ALL EXCEPT** (see instructions below)

**(INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark the FOR ALL EXCEPT box and write the name(s) of such nominee(s) on the space provided below.)**

EXCEPTIONS \_\_\_\_\_

2. To ratify the selection of Deloitte & Touche LLP as independent registered public accounting firm of the Company for the fiscal year ending December 31, 2008.

**FOR**       **AGAINST**       **ABSTAIN**

3. In their discretion, the Proxies, identified on the front of this card, are authorized to vote upon such other business as may property come before the Annual Meeting.

Dated: \_\_\_\_\_, 2008

Signature

Signature

Title(s)

*Note:* Please sign your name exactly as it appears hereon. If signing as attorney, executor, administrator, trustee or guardian, please give full title as such, and, if signing for a corporation, give your title. When shares are in the names of more than one person, each should sign.