

3M to acquire Cogent for about \$943 million

August 30 2010, By BARBARA ORTUTAY , AP Technology Writer



In this file photo made Tuesday, Jan. 26, 2010, the 3M Co. logo is seen on some of their products in Philadelphia. Technology company 3M Co. said Monday, Aug. 30, 2010, it has agreed to acquire Cogent Inc. in a deal worth about \$933 million. (AP Photo/Matt Rourke, file)

(AP) -- 3M Co., the conglomerate whose products range from Post-Its to respirators, computer arms and films for LCD TV screens, is trying to expand into the security market by buying Cogent Inc. for about \$943 million.

Cogent develops automated systems that read finger and palm prints, and it makes iris and face recognition systems used by government, law enforcement and border patrol agencies.

Cogent's board of directors already has agreed to the deal and is recommending that shareholders accept it. 3M said Monday it will pay \$10.50 per share for Cogent, or nearly 18 percent above Cogent's closing

price on Friday.

Shares of Cogent, which is based in Pasadena, Calif., rose \$1.75, or 19.6 percent, to \$10.66 - slightly above the offered price - in morning trading Monday.

3M already operates a division for identification and authentication systems. Ming Hsieh, Cogent's founder and CEO, said the acquisition would help 3M compete in border control and law enforcement markets.

"Together, we'll deliver a broader range of identification and authentication solutions to the security industry and to our customers," Hsieh said in a statement.

Nicholas P. Heymann, an analyst with Sterne Agee, said Cogent would complement 3M's existing business of making border-management products such as passports, visas and document readers and laminates.

As smart phones begin to replace credit cards as methods of payment, Heymann said Cogent should help put 3M supply biometric security authorization products - that is, systems that use characteristics such as palm prints or the eyes to identify people.

3M's tender offer for Cogent is expected to last 10 days. The acquisition is expected to close by year's end. Once completed, the deal should result in a charge of 9 cents to 10 cents per share during the next 12 months.

But 3M said it also expects the acquisition to boost its earnings by 1 cents to 2 cents per share over the same period, excluding accounting adjustments and integration expenses.

Shares of St. Paul, Minn.-based 3M slid 89 cents to \$80.11 in midday trading amid a broader market decline.

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