BOK FINANCIAL CORP ET AL
Form 5
February 13, 2008

FORM 5

OMB APPROVAL

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).
Form 3 Holdings Reported
Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
BELL SHARON

(Last) (First) (Middle)

C/O FREDERIC DORWART,Â 124 E FOURTH STREET

(Street)

TULSA,Â OKÂ 74103

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
BOK FINANCIAL CORP ET AL [BOKF]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Reporting

(check applicable line)

_X_ Form Filed by One Reporting Person
___ Form Filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	07/26/2007	Â	G	849	D	$ 50.64	41,872 (1)	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. of D Se Bo O Er Is Fi (I
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BELL SHARON C/O FREDERIC DORWART 124 E FOURTH STREET TULSA, OK 74103	X			

Signatures

Frederic Dorwart	02/13/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Ms. Bell also indirectly owns the following shares: 18,440 shares - J.A. Chapman and Leta M. Chapman Trust (1949) 21,329 shares - Leta McFarlin Chapman Memorial Trust (1974) 2,791 shares - spouse

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure.
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Issuances of preferred stock, net

(2,370

)

Explanation of Responses:

1,913

2,370

2,575

2,545

Issuances of options for preferred stock

(4,711

)

Explanation of Responses:

4,711

Conversion of preferred stock into common stock

Explanation of Responses:

173,920

3,808

(9

)

(9

Explanation of Responses:

)

(4,338

)

(3,797

)

Beneficial conversion charge

43,896

Reclassification of beneficial conversion charge to additional paid in capital

(43,896

)

Contribution of capital LNG related party

410

Explanation of Responses:

Net loss

Explanation of Responses:

Balance at December 31, 2004

827,487

1

236,692

(22,533

)

(90

)

764

11,000

10,904

41,021

40,778

45,821

44,309

2,575

2,545

Total, December 31, 2004

Explanation of Responses:

Explanation of Responses:

Forfeitures of shares granted to employees

(23,069

)

(686

)

697

(14

)

(11

)

Equity-based compensation expense

13,306

Explanation of Responses:

Foreign currency translation

Issuances of common stock, net

11,719,231

11

64,712

Explanation of Responses:

(1,150

)

Conversion of preferred stock into common stock

31,569,003

32

139,782

(11,000

)

(10,904

)

(41,021

)

(40,778

)

(45,807

)

(44,298

)

(2,575

)

(2,545

)

Net loss

Explanation of Responses:

Balance at December 31, 2005

44,092,652

44

440,500

(9,680

)

(90

)

764

Total, December 31, 2005

Explanation of Responses:

Forfeitures of shares granted to employees

Explanation of Responses:

(646

)

Adoption of SFAS 123(R) reclassification of deferred compensation

(9,680

)

9,680

Explanation of Responses:

Equity-based compensation expense

10,509

Explanation of Responses:

Foreign currency translation

Issuances of common stock, net

4,732,500

5

36,474

Exercises of options for common stock

103,602

427

Treasury stock retirement

(90

)

90

Net loss

Balance at December 31, 2006

48,928,108

$ 49

$ 478,140

$

$

$ 764

$

$

$

$

Total, December 31, 2006

The accompanying notes are an integral part of these consolidated statements.

COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2004 DECEMBER 31, 2005 AND DECEMBER 31, 2006
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	Preferred Stock J		Preferred Stock K		Preferred Stock L		Preferred Stock M		Foreign Currency Translation	Accumulated	Total Stockholder	Comprehensive Income
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Adjustment	Deficit	Equity	(Loss)
Balance at December 31, 2003		**$**		**$**		**$**		**$**	**$ 628**	**$ (54,024)**	**$ 244,754**	**$**
Cancellations of shares granted to employees											1	
Equity-based compensation expense											12,262	
Foreign currency translation									887		887	887
Issuances of preferred stock, net	3,891	19,421	2,600	2,588	185	927					25,481	
Issuances of options for preferred stock												
Conversion of preferred stock into common stock							3,701	18,353			18,355	
Beneficial conversion charge										(43,896)		
Reclassification of beneficial conversion charge to additional paid in capital										43,896		
Contribution of capital LNG related party											410	
Net loss										(89,660)	(89,660)	(89,660)
Balance at December 31, 2004	**3,891**	**19,421**	**2,600**	**2,588**	**185**	**927**	**3,701**	**18,353**	**1,515**	**(143,684)**	**212,490**	
Total, Year Ended December 31, 2004												**(88,773)**
Cancellations of shares granted to employees												
Equity-based compensation expense											13,306	
Foreign currency translation									(850)		(850)	(850)
Issuances of common stock, net											63,573	
Conversion of preferred stock into common stock	(3,891)	(19,421)	(2,600)	(2,588)	(185)	(927)	(3,701)	(18,353)				
Net loss										(67,518)	(67,518)	(67,518)
Balance at December 31, 2005									**665**	**(211,202)**	**221,001**	
Total, Year Ended December 31, 2005												**(68,368)**
Cancellations of shares granted to employees												
Adoption of SFAS 123(R) reclassification of deferred compensation												
Equity-based compensation expense											10,509	
Foreign currency translation									973		973	973
Issuances of common stock, net											36,479	
Exercises of options for common stock											427	
Treasury stock retirement												
Net loss										(53,757)	(53,757)	(53,757)
		$		**$**		**$**		**$**	**$ 1,638**	**$ (264,959)**	**$ 215,632**	

Balance at December 31, 2006	
Total, Year Ended December 31, 2006	**$ (52,784)**

The accompanying notes are an integral part of these consolidated statements.

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COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2004, DECEMBER 31, 2005 AND DECEMBER 31, 2006
(IN THOUSANDS)

	2004	2005	2006
Cash flows from operating activities:			
Net loss	$ (89,660)	$ (67,518)	$ (53,757)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	56,645	55,600	58,414
Amortization of debt discount convertible notes	1,058	1,548	2,265
Equity-based compensation expense	12,262	13,305	10,509
Gains Cisco credit facility related party		(842)	
Gains capital lease obligation restructurings and dispositions of assets, net	(6,124)	(3,983)	(540)
Changes in assets and liabilities:			
Accounts receivable	2,274	(3,645)	(2,758)
Prepaid expenses and other current assets	2,256	34	(1,321)
Other assets	1,565	(3,700)	563
Accounts payable and accrued liabilities	(6,701)	139	(8,090)
Net cash (used in) provided by operating activities	(26,425)	(9,062)	5,285
Cash flows from investing activities:			
Purchases of property and equipment	(10,135)	(17,342)	(21,526)
Purchases of intangible assets	(317)	(129)	(100)
(Purchases) maturities of short term investments, net	3,026	(774)	1,203
Cash acquired acquisitions	2,336		
Purchase of fiber optic network in Germany	(1,949)	(932)	
Proceeds from asset sales	4,338	5,122	945
Net cash used in investing activities	(2,701)	(14,055)	(19,478)
Cash flows from financing activities:			
Repayment of capital lease obligations	(6,630)	(6,899)	(9,861)
Repayment of advance from LNG Holdings related party	(1,242)		
Cash acquired mergers	42,358		
Proceeds from sales of common stock, net		63,723	36,479
Proceeds from exercises of common stock options			427
Proceeds from issuance of subordinated note related party		10,000	
Repayment of subordinated note related party		(10,000)	
Repayment of Cisco note		(17,000)	
Borrowings under credit facility		10,000	
Repayments under credit facility		(10,000)	
Net cash provided by financing activities	34,486	39,824	27,045
Effect of exchange rate changes on cash	609	(668)	(93)
Net increase in cash and cash equivalents	5,969	16,039	12,759
Cash and cash equivalents, beginning of year	7,875	13,844	29,883
Cash and cash equivalents, end of year	$ 13,844	$ 29,883	$ 42,642
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 10,960	$ 12,598	$ 12,235
Non-cash financing activities			
Capital lease obligations incurred	968	1,213	2,087

The accompanying notes are an integral part of these consolidated statements.

COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2004, DECEMBER 31, 2005 AND DECEMBER 31, 2006
(IN THOUSANDS)

	2004
Issuance of Series I preferred stock for Symposium Gamma common stock	$ 2,575
Issuance of Series J preferred stock for Symposium Omega common stock	19,454
Issuance of Series K preferred stock for UFO Group common stock	2,600
Issuance of Series L preferred stock for Global Access assets	927
Issuance of Series M preferred stock for Cogent Potomac common stock	18,352
Symposium Gamma (Cogent Europe) Acquisition	
Fair value of assets acquired	$ 155,468
Negative goodwill	(77,232)
Less: valuation of preferred stock	(2,575)
Fair value of liabilities assumed	$ 75,661
Symposium Omega Acquisition	
Fair value of assets acquired	$ 19,454
Less: valuation of preferred stock	$ (19,454)
Fair value of liabilities assumed	
UFO Group Acquisition	
Fair value of assets acquired	$ 3,326
Less: valuation of preferred stock	(2,600)
Fair value of liabilities assumed	$ 726
Global Access Acquisition	
Fair value of assets acquired	$ 1,931
Less: valuation of preferred stock	(927)
Fair value of liabilities assumed	$ 1,004
Cogent Potomac (Aleron) Acquisition	
Fair value of assets acquired	$ 20,622
Less: valuation of preferred stock	(18,352)
Fair value of liabilities assumed	$ 2,270
Verio Acquisition	
Fair value of assets acquired	$ 4,493
Fair value of liabilities assumed	$ 4,493

The accompanying notes are an integral part of these consolidated statements.

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COGENT COMMUNICATIONS GROUP, INC., AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2004, 2005 and 2006

1. Description of the business and summary of significant accounting policies:

Description of business

Cogent Communications, Inc. (Cogent) was formed on August 9, 1999, as a Delaware corporation and is headquartered in Washington, DC. In 2001, Cogent formed Cogent Communications Group, Inc., (the Company), a Delaware corporation. Effective on March 14, 2001, Cogent s stockholders exchanged all of their outstanding common and preferred shares for an equal number of shares of the Company, and Cogent became a wholly owned subsidiary of the Company. This was a tax-free exchange that was accounted for by the Company at Cogent s historical cost.

The Company is a leading facilities-based provider of low-cost, high-speed Internet access and Internet Protocol (IP) communications services. The Company s network is specifically designed and optimized to transmit data using IP. The Company delivers its services to small and medium-sized businesses, communications service providers and other bandwidth-intensive organizations through over 12,300 customer connections in North America and Western Europe.

The Company s primary on-net service is Internet access at a speed of 100 Megabits per second, much faster than typical Internet access currently offered to businesses. The Company offers this on-net service exclusively through its own facilities, which run all the way to its customers premises. Because of its integrated network architecture, the Company is not dependent on local telephone companies to serve its on-net customers. The Company s typical customers in multi-tenant office buildings are law firms, financial services firms, advertising and marketing firms and other professional services businesses. The Company also provides on-net Internet access to certain bandwidth-intensive users such as universities, other Internet service providers, telephone companies, cable television companies and commercial content providers at speeds up to 10 Gigabits per second.

In addition to providing on-net services, the Company also provides Internet connectivity to customers that are not located in buildings directly connected to its network. The Company serves these off-net customers using other carriers facilities to provide the last mile portion of the link from its customers premises to the Company s network. The Company operates data centers throughout North America and Western Europe that allow customers to collocate their equipment and access the Company s network. The Company also provides certain non-core services that resulted from acquisitions. The Company continues to support but does not actively sell these non-core services.

The Company has created its network by acquiring optical fiber from carriers with large amounts of unused fiber and directly connecting Internet routers to the existing optical fiber national backbone. The Company has expanded its network through several acquisitions of financially distressed companies or their assets. The overall impact of these acquisitions on the operation of its business has been to extend the physical reach of the Company s network in both North America and Europe, expand the breadth of its service offerings, and increase the number of customers to whom the Company provides its services.

Management s plans, liquidity and business risks

The Company has experienced losses since its inception in 1999 and as of December 31, 2006 had an accumulated deficit of $265.0 million. The Company operates in the rapidly evolving Internet services industry, which is subject to intense competition and rapid technological change, among other factors. The successful execution of the Company s business plan is dependent upon the Company s ability to increase and retain its customers, the Company s ability to retain and attract key employees, and the Company s ability to manage its growth including its increased sales and marketing efforts and geographic expansion,

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among other factors. Although management believes that the Company will successfully mitigate its risks, management cannot give any assurance that it will be able to do so or that the Company will ever operate profitably.

On June 7, 2006 the Company sold 4.35 million shares of common stock at $9.00 per share in a public offering. This public offering resulted in net proceeds to the Company of approximately $36.5 million. Management believes that cash on hand, cash from this public offering and cash generated from the Company s operations will be adequate to meet the Company s future funding requirements.

Any future acquisitions, other significant unplanned costs or cash requirements may require the Company to raise additional funds through the issuance of debt or equity. Such financing may not be available on terms acceptable to the Company or its stockholders, or at all. Insufficient funds may require the Company to delay or scale back the number of buildings that it serves, scale back its planned sales and marketing efforts, or require the Company to restructure its business. If the Company issues equity securities, substantial dilution to existing stockholders may result.

Summary of Significant Accounting Policies

Principles of consolidation

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles and include the accounts of the Company and all of its wholly owned and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Revenue recognition and allowance for doubtful accounts

The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, Revenue Recognition. The Company s service offerings consist of telecommunications services provided under month-to-month or annual contracts billed monthly in advance. Net revenues from telecommunication services are recognized when the services are performed, evidence of an arrangement exists, the fee is fixed and determinable and collection is probable. The probability of collection is determined by an analysis of a new customer s credit history and historical payment patterns for existing customers. Service discounts and incentives related to telecommunication services are recorded as a reduction of revenue when granted. Fees billed in connection with customer installations are deferred and recognized ratably over the estimated customer life determined by a historical analysis of customer retention.

The Company invoices certain customers for amounts contractually due for unfulfilled minimum contractual obligations and recognizes a corresponding sales allowance equal to this revenue resulting in the recognition of no net revenue at the time the customer is billed. The Company recognizes net revenue as these billings are collected in cash. The Company vigorously seeks payment of these amounts.

The Company establishes a valuation allowance for collection of doubtful accounts and other sales credit adjustments. Valuation allowances for sales credits are established through a reduction of revenue, while valuation allowances for doubtful accounts are established through a charge to selling, general and administrative expenses. The Company assesses the adequacy of these reserves by evaluating general

factors, such as the length of time individual receivables are past due, historical collection experience, and changes in the credit worthiness of its customers. The Company believes that its established valuation allowances were adequate as of December 31, 2005 and 2006. If circumstances relating to specific customers change or economic conditions change such that the Company s past collection experience and assessment of the economic environment are no longer relevant, the Company s estimate of the recoverability of its trade receivables could be impacted.

Network operations

Network operations include costs associated with service delivery, network management, and customer support. This includes the costs of personnel and related operating expenses associated with these activities, network facilities costs, fiber and equipment maintenance fees, leased circuit costs, and access fees paid to building owners. The Company estimates its accruals for any disputed leased circuit obligations based upon the nature and age of the dispute. Network operations costs are impacted by the timing and amounts of disputed circuit costs. The Company generally records these disputed amounts when billed by the vendor and reverses these amounts when the vendor credit has been received or the dispute has otherwise been resolved. The Company does not allocate depreciation and amortization expense to its network operations expense.

International operations

Revenue for Cogent Canada for the years ended December 31, 2004, 2005 and 2006 was $6.2 million, $8.0 million and $10.7 million, respectively. The net income (loss) for Cogent Canada for the years ended December 31, 2004, 2005 and 2006, was $0.3 million, $1.8 million and $(1.6) million, respectively. Cogent Canada s total assets were $12.0 million at December 31, 2005 and $12.6 million at December 31, 2006.

Revenue for the Company s European operations for the years ended December 31, 2004, 2005 and 2006 was $23.3 million, $27.0 million and $31.6 million, respectively. The net loss for Cogent Europe for the years ended December 31, 2004, 2005 and 2006, was $14.4 million, $11.0 million and $11.0 million, respectively. Cogent Europe s total consolidated assets were $57.1 million at December 31, 2005 and $57.2 million at December 31, 2006.

Foreign currency translation adjustment and comprehensive income (loss)

The functional currency of Cogent Canada is the Canadian dollar. The functional currency of Cogent Europe is the euro. The consolidated financial statements of Cogent Canada, and Cogent Europe, are translated into U.S. dollars using the period-end foreign currency exchange rates for assets and liabilities and the average foreign currency exchange rates for revenues and expenses. Gains and losses on translation of the accounts of the Company s non-U.S. operations are accumulated and reported as a component of other comprehensive income (loss) in stockholders equity.

Statement of Financial Accounting Standard (SFAS) No. 130, Reporting of Comprehensive Income requires comprehensive income and the components of other comprehensive income to be reported in the financial statements and/or notes thereto. The Company s only components of other comprehensive income are currency translation adjustments for all periods presented.

Financial instruments

The Company considers all highly liquid investments with an original maturity of three months or less at purchase to be cash equivalents. The Company determines the appropriate classification of its investments at the time of purchase and evaluates such designation at each balance sheet date. At December 31, 2005 and 2006, the Company s investments consisted of money market accounts and certificates of deposit.

At December 31, 2005 and 2006, the carrying amount of cash and cash equivalents, short-term investments, accounts receivable, prepaid and other current assets, accounts payable, and accrued expenses approximated fair value because of the short maturity of these instruments. Based upon the borrowing rates for debt arrangements with similar terms the Company estimates the fair value of the Allied Riser convertible subordinated notes at $10.2 million using a discounted cash flows method and using an interest rate for obligations of similar characteristics. The Allied Riser convertible subordinated notes due in June 2007 have a face value of $10.2 million. The notes were recorded at their fair value of approximately $2.9 million at the Allied Riser merger date. The resulting discount is being amortized to interest expense through the maturity date using the effective interest rate method.

Short-term investments

Short-term investments consist of certificates of deposit with original maturities beyond three months, but less than 12 months. Such short-term investments are carried at cost, which approximates fair value due to the short period of time to maturity. Investments underlying our cash equivalents and short-term investments are classified as held-to-maturity in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities.

The Company was party to letters of credit totaling approximately $2.2 million as of December 31, 2005 and $1.0 million at December 31, 2006. These letters of credit are secured by certificates of deposit of approximately $2.4 million at December 31, 2005 and $1.1 million at December 31, 2006 that are restricted and included in short-term investments and other assets.

Credit risk

The Company s assets that are exposed to credit risk consist of its cash equivalents, short-term investments, other assets and accounts receivable. The Company places its cash equivalents and short-term investments in instruments that meet high-quality credit standards as specified in the Company s investment policy guidelines. Accounts receivable are due from customers located in major metropolitan areas in the United States, Western Europe and Ontario, Canada. Receivables from the Company s net centric (wholesale) customers and customers obtained through business combinations are subject to a higher degree of credit risk than other customers.

Property and equipment

Property and equipment are recorded at cost and depreciated once deployed using the straight-line method over the estimated useful lives of the assets. Useful lives are determined based on historical usage with consideration given to technological changes and trends in the industry that could impact the asset utilization. System infrastructure costs include capitalized interest, the capitalized salaries and benefits of employees directly involved with construction activities and costs incurred by third party contractors. Assets and liabilities under capital leases are recorded at the lesser of the present value of the aggregate future minimum lease payments or the fair value of the assets under lease. Leasehold improvements include costs associated with building improvements. The Company determines the number of renewal option periods included in the lease term for purposes of amortizing leasehold improvements based upon its assessment at the inception of the lease of the number of option periods that are reasonably assured in accordance with SFAS No. 13 Accounting for Leases. Expenditures for maintenance and repairs are expensed as incurred.

Depreciation and amortization periods are as follows:

Type of asset	**Depreciation or amortization period**
Indefeasible rights of use (IRUs)	Shorter of useful life or IRU lease agreement; generally 15 to 20 years, beginning when the IRU is ready for use
Network equipment	3 to 8 years
Leasehold improvements	Shorter of lease term with reasonably assured renewal term or useful life; generally 8 to 15 years
Software	2 to 5 years
Owned buildings	40 years
Office and other equipment	1 to 10 years
System infrastructure	5 to 10 years

Long-lived assets

The Company s long-lived assets include property and equipment and identifiable intangible asset. These long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount should be addressed pursuant to Statement of Financial Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Pursuant to SFAS No. 144, impairment is determined by comparing the carrying value of these long-lived assets to management s probability weighted estimate of the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. The cash flow projections used to make this assessment are consistent with the cash flow projections that management uses internally to assist in making key decisions. In the event an impairment exists, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset, which is generally determined by using quoted market prices or valuation techniques such as the discounted present value of expected future cash flows, appraisals, or other pricing models. Management believes that no such impairment existed as of December 31, 2005 or 2006. In the event there are changes in the planned use of the Company s long-term assets or the Company s expected future undiscounted cash flows are reduced significantly, the Company s assessment of its ability to recover the carrying value of these assets under SFAS No. 144 could change.

Asset retirement obligations

In accordance with SFAS No. 143, Accounting for Asset Retirement Obligations, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The Company measures changes in the liability for an asset retirement obligation due to passage of time using the effective interest rate method. The interest rate used to measure that change is the credit-adjusted risk-free rate that existed when the liability was initially measured.

Income taxes

The Company accounts for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. Under SFAS No. 109, deferred tax assets or liabilities are computed based upon the differences between financial statement and income tax bases of assets and liabilities using the enacted marginal tax rate. Deferred income tax expense or benefits are based upon the changes in the assets or liability from period to period.

Equity-based compensation

Prior to January 1, 2006, the Company accounted for its equity-based compensation plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (Opinion 25), and related Interpretations, as permitted by FASB Statement No. 123, Accounting for Stock-Based Compensation (Statement 123). Effective January 1, 2006, the Company adopted FASB Statement No. 123(R), Share-Based Payment (Statement 123(R)), using the modified-prospective transition method.

Under the modified-prospective transition method, compensation cost recognized in 2006 includes: (a) compensation cost for all equity-based payments granted prior to but not yet vested as of January 1, 2006, based on the grant date fair value, and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value. Results for prior periods have not been restated. As a result of adopting Statement 123(R), the Company s net loss for the year ended December 31, 2006, was approximately $0.7 million greater than if it had continued to account for share-based compensation under Opinion 25. Upon the adoption of Statement 123(R), $9.7 million of deferred compensation was offset against additional paid-in-capital.

The following table illustrates the effect on net loss and net loss per share if the Company had applied the fair value recognition provisions of Statement 123 for the years ended December 31, 2004 and December 31, 2005 (in thousands except per share amounts):

	Year Ended December 31, 2004	**Year Ended December 31, 2005**
Net loss available to common shareholders, as reported	$ (133,646)	$ (67,518)
Add: stock-based employee compensation expense included in reported net loss, net of related tax effects	12,262	13,305
Deduct: total stock-based employee compensation expense determined under fair value based method, net of related tax effects	(12,523)	(13,918)
Pro forma net loss available to common shareholders	$ (133,907)	$ (68,131)
Loss per share available to common shareholders, as reported basic and diluted	$ (175.03)	$ (1.96)
Pro forma loss per share available to common shareholders, basic and diluted	$ (175.38)	$ (1.98)

Pro forma information regarding net loss and net loss per share is required by Statement 123 and, in periods prior to January 1, 2006, had been determined as if the Company had accounted for its employee stock options under the fair value method. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model. The Company determines the fair value of grants of its restricted common stock by the closing trading price of its common stock on the grant date. The weighted-average per share grant date fair value of options for common stock was $6.21 in 2004, $4.95 in 2005 and $6.16 in 2006.

The following assumptions were used for determining the fair value of options granted in the three years ended December 31, 2006:

	Year Ended December 31, 2004	Year Ended December 31, 2005	Year Ended December 31, 2006
Dividend yield	0.0 %	0.0 %	0.0 %
Expected volatility average	151.0 %	159.8 %	58.2 %
Risk-free interest rate average	4.0 %	4.1 %	4.8 %
Expected life of the option term (in years)	5.0	5.0	5.0

Basic and diluted net loss per common share

Net loss per share is presented in accordance with the provisions of SFAS No. 128 Earnings per Share . SFAS No. 128 requires a presentation of basic EPS and diluted EPS. Basic EPS excludes dilution for common stock equivalents and is computed by dividing net income or loss available to common stockholders by the weighted-average number of common shares outstanding for the period, adjusted, using the if-converted method, for the effect of common stock equivalents arising from the assumed conversion of participating convertible securities, if dilutive. Diluted net loss per common share is based on the weighted- average number of shares of common stock outstanding during each period, adjusted for the effect of common stock equivalents arising from the assumed exercise of stock options, warrants, the conversion of preferred stock and conversion of participating convertible securities, if dilutive. Common stock equivalents have been excluded from the net loss per share calculations for all periods presented because their effect would be anti-dilutive.

For the years ended December 31, 2004, 2005 and 2006 options to purchase 1.1 million, 1.2 million shares and 1.2 million shares of common stock at weighted-average exercise prices of $2.30, $2.68 and $2.73 per share, respectively, are not included in the computation of diluted earnings per share as they are anti-dilutive. Unvested restricted stock is not included in the computation of earnings per share until vested. For the years ended December 31, 2005 and 2006, 0.3 million shares and 0.4 million shares of unvested restricted stock, respectively, are not included in the computation of basic earnings per share and will be included as this stock vests. For the year ended December 31, 2004, preferred stock, which was convertible into 31.6 million shares of common stock was not included in the computation of diluted earnings per share as a result of its anti-dilutive effect. For each of the three years ended December 31, 2006 approximately 6,300 shares, of common stock issuable on the conversion of the Allied Riser convertible subordinated notes and warrants were not included in the computation of diluted earnings per share as a result of their anti-dilutive effect.

The weighted-average basic and diluted common shares outstanding increased from 34.4 million for the year ended December 31, 2005 to 46.3 million for the year ended December 31, 2006 primarily due to the effect of the conversion of the Company s shares of preferred stock into 31.6 million shares of common stock on February 14, 2005, the Company s public offering of 11.5 million shares of common stock which closed in June 2005 and the Company s public offering of 4.35 million shares of common stock which closed in June 2006.

The weighted-average basic and diluted common shares outstanding increased from 0.8 million for the year ended December 31, 2004 to 34.4 million for the year ended December 31, 2005 primarily due to the effect of the conversion of the Company s shares of preferred stock into 31.6 million shares of common stock on February 14, 2005 and the Company s public offering of 11.5 million shares of common stock which closed in June 2005.

Cash flows from financing activities

In connection with the acquisitions of Cogent Europe, Symposium Omega, UFO and Cogent Potomac, certain of the Company s shareholders invested in the entities that were used by the Company to

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acquire the operating assets and liabilities of the businesses acquired. As a result, these amounts are included in cash flows from financing activities in the accompanying consolidated statement of cash flows for 2004.

Recent accounting pronouncements

In June 2006, the FASB issued FIN No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109. FIN No. 48 requires that management determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets this recognition threshold, the position is measured to determine the amount of benefit to be recognized in the financial statements. The Company will adopt the provisions of FIN No. 48 beginning in the first quarter of 2007. The Company is currently evaluating the effect, if any, the adoption of FIN No. 48 will have on its financial statements. Based upon the analysis performed to date, the Company does not believe that the adoption of FIN No. 48 will have a material effect on its financial position.

2. Property and equipment:

Property and equipment consisted of the following (in thousands):

	December 31, 2005	2006
Owned assets:		
Network equipment	$ 233,275	$ 244,688
Leasehold improvements	63,327	68,452
System infrastructure	36,549	38,670
Software	7,688	7,800
Office and other equipment	5,973	7,395
Buildings	1,435	1,418
Land	226	125
	348,473	368,548
Less Accumulated depreciation and amortization	(167,768)	(213,625)
	180,705	154,923
Assets under capital leases:		
IRUs	139,669	143,773
Less Accumulated depreciation and amortization	(27,587)	(35,428)
	112,082	108,345
Property and equipment, net	$ 292,787	$ 263,268

Depreciation and amortization expense related to property and equipment and capital leases was $48.3 million, $53.7 million and $56.8 million for the years ended December 31, 2004, 2005 and 2006, respectively.

Asset sales

In 2005, the Company sold a building and land for net proceeds of $5.1 million. This transaction resulted in a gain of approximately $3.9 million. In 2006, the Company sold another building and land for net proceeds of $0.8 million. This transaction resulted in a gain of approximately $0.3 million.

Capitalized labor and related costs

The Company capitalizes the salaries and related benefits of employees directly involved with its construction activities. In 2004, 2005 and 2006, the Company capitalized salaries and related benefits of

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$1.7 million, $2.2 million and $2.1 million, respectively. These amounts are included in system infrastructure costs.

3. Accrued liabilities:

Paris office lease restructuring charges

In 2004, the French subsidiary of Cogent Europe re-located its Paris headquarters. The estimated net present value of the remaining lease obligation, net of estimated sublease income, was approximately $1.8 million and was recorded as a restructuring charge in 2004. In 2005, the Company revised its estimate for sublease income and estimated that the net present value of the remaining lease obligation had increased by approximately $1.3 million and recorded an additional restructuring charge. A reconciliation of the amounts related to these contract termination costs is as follows (in thousands):

Restructuring accrual	
Charged to costs 2004	$1,821
Amortization of discount	145
Amounts paid	(355)
Balance December 31, 2004	1,611
Amortization of discount	144
Charged to costs - 2005	1,319
Effect of exchange rates	(236)
Amounts paid	(1,286)
Balance December 31, 2005	1,552
Effect of exchange rates	40
Amortization of discount	114
Amounts paid	(1,313)
Balance December 31, 2006 (included in accrued liabilities)	$393

Acquired lease obligations

In December 2004, the Company accrued for the net present value of estimated cash flows for amounts related to leases of abandoned facilities acquired in its Verio acquisition. In 2005, the Company revised its estimate for sublease income and estimated that the net present value of the remaining lease obligation increased by approximately $1.6 million and recorded a corresponding increase to the acquired intangible assets. In August 2006, the Company placed one of these facilities into service and reversed the associated liability resulting in an increase to other income of approximately $0.4 million. A reconciliation of the amounts related to these contract termination costs is as follows (in thousands):

Lease accrual	
Assumed obligation balance December 31, 2004	$ 1,894
Increase to obligation 2005	1,563
Amortization of discount	105
Amounts paid	(842)
Balance December 31, 2005	2,720
Amortization of discount	154
Facility placed into service included in other income	(395)
Amounts paid	(725)
Balance December 31, 2006	1,754
Current portion (included in accrued liabilities)	(512)
Long term portion (included in other long term liabilities)	$ 1,242

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Asset retirement obligations

The Company provides for asset retirement obligations for certain points of presence in its networks. A reconciliation of the amounts related to these obligations as follows (in thousands):

Asset Retirement Obligations	
Beginning balance	$
Acquired balance Cogent Europe	1,226
Amortization of discount	40
Amounts paid	(64)
Balance December 31, 2004	1,202
Effect of exchange rates	(128)
Amortization of discount	45
Amounts paid	(274)
Balance December 31, 2005	845
Effect of exchange rates	101
Amortization of discount	40
Balance December 31, 2006 (recorded as other long term liabilities)	$ 986

Accrued liabilities as of December 31 consist of the following (in thousands):

	2005	**2006**
General operating expenditures	$ 7,890	$ 6,828
Restructuring accrual	1,198	393
Due to LNG related party (Note 10)	24	
Acquired lease accruals Verio acquisition	657	512
Deferred revenue	1,302	1,265
Payroll and benefits	1,271	1,465
Taxes non income based	817	585
Interest	3,116	1,566
Total	$ 16,275	$ 12,614

4. Intangible assets:

Intangible assets as of December 31 consist of the following (in thousands):

	2005	**2006**
Peering arrangements	$ 16,440	$ 16,440
Customer contracts	12,350	12,435
Trade name	1,764	1,764
Non-compete agreements	431	431
Licenses	465	615
Total	31,450	31,685
Less accumulated amortization	(28,896)	(30,535)
Intangible assets, net	$ 2,554	$ 1,150

Intangible assets are being amortized over periods ranging from 12 to 60 months. Intangible assets are amortized on a straight-line basis or using an accelerated method consistent with expected cash flows. Amortization expense for the years ended December 31, 2004, 2005 and 2006 was approximately $8.3 million, $2.0 million and $1.6 million, respectively. Future amortization expense related to intangible assets is expected to be $1.0 million, $0.1 million and $0.1 million, for the years ending December 31, 2007, 2008 and 2009, respectively.

5. Long-term debt and credit facility:

Subordinated note

On February 24, 2005, the Company issued a subordinated note in the principal amount of $10.0 million to Columbia Ventures Corporation, a stockholder, in exchange for $10.0 million in cash. The note had an initial interest rate of 10.0% per annum. The Company could prepay the note in whole or in part at any time without penalty. The terms of the note required the payment of all principal and accrued interest upon the occurrence of a liquidity event, which was defined as an equity offering of at least $30.0 million in net proceeds. The Company s June 2005 public offering was considered a liquidity event and in June 2005 the Company repaid the $10.0 million subordinated note, plus accrued interest of $0.3 million.

Credit facility

The Company has a credit facility with a commercial bank that provides for borrowings up to $20.0 million. The credit facility matures on April 1, 2007 and is secured by a first priority lien on the Company s accounts receivable and on a majority of the Company s other assets. The borrowing base is determined primarily by the aging characteristics related to the Company s accounts receivable and the amount of the Company s cash held at the commercial bank. In March 2005, the Company borrowed $10.0 million that was repaid in June 2005. Borrowings under the credit facility accrue interest at the prime rate plus 1.5% and may, in certain circumstances, be reduced to the prime rate plus 0.5%. Interest is paid monthly. The line includes an unused facility fee of 0.375% and a 0.75% prepayment penalty. The agreements governing the credit facility contain certain customary representations and warranties, covenants, notice provisions and events of default including a requirement to maintain a certain percentage of the Company s unrestricted cash with the commercial bank and financial covenants based upon the Company s operating performance and capital expenditures. There have been no amounts borrowed since June 2005 and there were no amounts outstanding under the credit facility at December 31, 2006. The Company does not plan to renew the credit facility when it expires on April 1, 2007.

Cisco note

In June 2005, the Company used a portion of the proceeds from its public offering to repay its $17.0 million amended and restated Cisco note. The note was subject to mandatory prepayment in full, without prepayment penalty, upon the completion of any equity financing or receipt of loan proceeds in excess of $30.0 million. The repayment of the note resulted in a gain of $0.8 million representing the amount of the estimated future interest payments.

Allied Riser convertible subordinated notes

The Company s 7.50% convertible subordinated notes are due on June 15, 2007. The $10.2 million of notes were recorded at their fair value of approximately $2.9 million at the Allied Riser merger date. The discount is amortized to interest expense through the maturity date. The notes are convertible at the option of the holders into approximately 1,050 shares of the Company s common stock. Interest is payable semiannually on June 15 and December 15, and is payable, at the election of the Company, in either cash or registered shares of the Company s common stock. The Company has paid interest in cash.

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6. Income taxes:

The net deferred tax asset is comprised of the following (in thousands):

	December 31	
	2005	**2006**
Net operating loss carry-forwards	$ 275,283	$ 319,768
Depreciation	(47,764)	(38,370)
Start-up expenditures	3,724	2,838
Accrued liabilities	3,407	(497)
Deferred compensation	4,760	4,783
Other	4	15
Valuation allowance	(239,414)	(288,537)
Net deferred tax asset	$	$

Due to the uncertainty surrounding the realization of its net deferred tax asset, the Company has recorded a valuation allowance for the full amount of its net deferred tax asset. Should the Company achieve taxable income, its deferred tax assets may be available to offset future income tax liabilities. The Company has combined net operating loss carry-forwards of approximately $927 million. The federal and state net operating loss carry-forwards for the United States of approximately $426 million expire from 2023 to 2027. The Company has net operating loss carry forwards related to its European operations of approximately $501 million, which do not expire. The federal and state net operating loss carry-forwards of Allied Riser Communications Corporation of approximately $183 million are subject to certain limitations on annual utilization due to the change in ownership as a result of the merger as prescribed by federal and state tax laws. The Company s net operating loss carry-forwards could also be subject to certain additional limitations on annual utilization if certain changes in ownership have occurred or were to occur as prescribed by the laws in the respective jurisdictions.

The following is a reconciliation of the Federal statutory income tax rate to the effective rate reported in the financial statements.

	2004	**2005**	**2006**
Federal income tax (benefit) at statutory rates	34.0 %	34.0 %	34.0 %
State income tax (benefit) at statutory rates, net of Federal benefit	4.0	4.0	4.0
Impact of foreign operations	(0.4)	(0.4)	(0.6)
Impact of permanent differences	0.1	0.1	7.5
Change in valuation allowance	(37.7)	(37.7)	(44.9)
Effective income tax rate	%	%	%

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7. Commitments and contingencies:

Capital leases fiber lease agreements

The Company has entered into lease agreements with several providers for intra-city and inter-city dark fiber primarily under 15-25 year IRUs with additional renewal terms. These IRUs connect the Company s international backbone fibers with the multi-tenant office buildings and the customers served by the Company. Once the Company has accepted the related fiber route, leases of intra-city and inter-city fiber-optic rings that meet the criteria for treatment as capital leases are recorded as a capital lease obligation and IRU asset. The future minimum commitments under these agreements are as follows (in thousands):

For the year ending December 31,	
2007	$ 12,694
2008	10,811
2009	10,811
2010	15,171
2011	9,714
Thereafter	87,180
Total minimum lease obligations	146,381
Less amounts representing interest	(58,335)
Present value of minimum lease obligations	88,046
Current maturities	(6,027)
Capital lease obligations, net of current maturities	$ 82,019

Capital lease obligation amendments

Cogent Spain has negotiated modifications to certain of its IRU capital lease obligations. These modifications have generally reduced IRU lease payments and extended the lease terms. A 2004 lease modification resulted in a gain of approximately $5.2 million. A 2005 lease modification resulted in a gain of approximately $0.8 million. A 2006 lease modification resulted in a gain of approximately $0.3 million. These transactions resulted in gains since the differences between the carrying values of the old IRU obligations and the net present values of the new IRU obligations were greater than the carrying values of the related IRU assets.

In March 2004, Cogent France paid approximately $0.3 million and settled amounts due from and due to a vendor. The vendor leased Cogent France its office facility and an intra-city IRU. The settlement agreement also restructured the IRU capital lease by reducing the lease payments. This transaction resulted in a reduction to the capital lease obligation and IRU asset of approximately $1.9 million in 2004.

Current and potential litigation

The Company is involved in disputes with certain telephone companies that provide it local circuits or leased optical fibers. The total amount claimed by these vendors is $1.5 million. The Company does not believe any of these amounts are owed to these providers and intends to vigorously defend its position and believes that it has adequately reserved for any potential liability.

The Company has been made aware of several other companies in its own and in other industries that use the word Cogent in their corporate names. One company has informed the Company that it believes the Company s use of the name Cogent infringes on its intellectual property rights in that name. If such a challenge is successful, the Company could be required to change its name and lose the value associated

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with the Cogent name in its markets. Management does not believe such a challenge, if successful, would have a material impact on the Company s business, financial condition or results of operations.

In December 2003, several former employees of Cogent Spain filed claims related to their termination of employment. One case has been resolved and the others are in various stages of appeal. The Company intends to continue to vigorously defend its position related to these charges and feels that it has adequately reserved for any potential liability.

In the normal course of business the Company is involved in other legal activities and claims. Because such matters are subject to many uncertainties and the outcomes are not predictable with assurance, the liability related to these legal actions and claims cannot be determined with certainty. Management does not believe that such claims and actions will have a material impact on the Company s financial condition or results of operations.

Operating leases, maintenance and tenant license agreements

The Company leases office space, network equipment sites, and facilities under operating leases. The Company also enters into building access agreements with the landlords of its targeted multi- tenant office buildings. The Company pays fees for the maintenance of its intra-city and inter-city leased fiber and in certain cases the Company connects its customers to its network under operating lease commitments for fiber. Future minimum annual commitments under these arrangements are as follows (in thousands):

2007	$ 28,960
2008	22,073
2009	17,699
2010	14,203
2011	9,981
Thereafter	60,766
	$ 153,682

Expense related to these arrangements was $33.7 million in 2004, $36.8 million in 2005 and $33.8 million in 2006. The Company has sublet certain office space and facilities. Future minimum payments under these sub-lease agreements are approximately $0.6 million, $0.3 million, and $0.1 million for the years ending December 31, 2007 through December 31, 2009, respectively.

Unconditional purchase obligations

Unconditional purchase obligations for equipment and services totaled approximately $1.2 million at December 31, 2006 and are expected to be fulfilled within one year.

8. Stockholders equity:

Treasury stock retirement

In September 2006, the Company retired its 61,462 shares of treasury stock. As a result, $0.1 million of treasury stock was offset against additional paid-in-capital.

Equity conversion

In February 2005, holders of the Company s preferred stock elected to convert all of their shares of preferred stock into 31.6 million shares of the Company s common stock. As a result, the Company no longer has outstanding shares of preferred stock. The accounting for this transaction resulted in the

elimination of the balances of the Series F through M preferred stock and an increase of approximately $139.7 million to additional paid-in-capital.

Public offerings

On June 13, 2005 the Company sold 10.0 million shares of common stock at $6.00 per share in a public offering. On June 16, 2005 the underwriters exercised their option to purchase an additional 1.5 million shares of common stock at $6.00 per share. This public offering resulted in net proceeds to the Company of $63.7 million, after underwriting, legal, accounting and printing costs.

On June 7, 2006 the Company sold 4.35 million shares of common stock at $9.00 per share and certain selling shareholders sold 6.0 million shares of common stock at the same price in a public offering. This public offering resulted in net proceeds to the Company, after underwriting, legal, accounting and printing costs of approximately $36.5 million.

In May 2004, the Company filed a registration statement to sell shares of common stock in a public offering. In October 2004, the Company withdrew the public offering and expensed the associated costs of approximately $0.8 million.

Warrants

In connection with the February 2002 merger with Allied Riser, the Company assumed warrants that convert into approximately 5,000 shares of the Company s common stock. All of the warrants are exercisable at exercise prices ranging from $0 to $9,500 per share.

Dividends

The Company s line of credit prohibits the Company from paying cash dividends and restricts the Company s ability to make other distributions to its stockholders.

Beneficial conversion charges

Beneficial conversion charges of $2.5 million, $19.5 million, $2.6 million, $0.9 million and $18.5 million were recorded on January 5, 2004, March 30, 2004, August 12, 2004, September 15, 2004, and October 26, 2004 respectively, since the price per common share at which the Series I, Series J, Series K, Series L and Series M preferred stock were convertible into were less than the quoted trading price of the Company s common stock on that date.

9. Stock option and award plan:

Incentive Award Plan

In September 2003, the Compensation Committee of the board of directors adopted and the stockholders approved, the Company s Incentive Award Plan (the Award Plan). Stock options granted under the Award Plan generally vest over a four-year period and have a term of ten years. Grants of shares of restricted stock granted under the Award Plan vest over periods ranging from immediate vesting to over a four-year period. Certain option and share grants provide for accelerated vesting if there is a change in control, as defined. For grants of restricted stock, when an employee terminates prior to full vesting the employee retains their vested shares and the employees unvested shares are returned to the plan. For grants of options for common stock, when an employee terminates prior to full vesting the employee may elect to exercise their vested options for a period of ninety days and any unvested options are returned to the plan. Compensation expense for all awards is recognized ratably over the service period. Shares issued to satisfy awards are provided from the Company s authorized shares. As of December 31, 2006, of the 3.8 million authorized shares under the Award Plan there were a total of 0.2 million shares available for grant.

Stock options exercised, granted, and canceled under the Company s Award Plan during the period from December 31, 2003 to December 31, 2006, was as follows:

	Number of Options	Weighted-average exercise price
Outstanding at December 31, 2003		
Granted	1,057,667	$ 2.27
Cancellations	(2,347)	$ 6.17
Outstanding at December 31, 2004	1,055,320	$ 2.26
Granted	216,053	$ 5.59
Cancellations	(36,733)	$ 7.66
Outstanding at December 31, 2005	1,234,640	$ 2.68
Granted 13,840 granted below market value	82,220	$ 8.13
Cancellations	(60,282)	$ 6.73
Exercised intrinsic value $0.8 million; cash received $0.4 million	(103,602)	$ 4.11
Outstanding at December 31, 2006 - $15.6 million intrinsic value and 7.9 years weighted-average remaining contractual term	1,152,976	$ 2.73
Exercisable at December 31, 2006 - $12.0 million intrinsic value and 7.7 years weighted-average remaining contractual term	810,127	$ 1.46
Expected to vest - $14.6 million intrinsic value and 7.8 years weighted-average remaining contractual term	1,056,246	$ 2.45

Stock options outstanding and exercisable under the Award Plan by price range at December 31, 2006 were as follows:

Range of Exercise Prices	Number Outstanding 12/31/2006	Weighted Average Remaining Contractual Life (years)	Weighted-Average Exercise Price	Number Exercisable As of 12/31/2006	Weighted-Average Exercise Price
$0.00 to $0.01 (granted below market value)	658,014	7.72	$ 0.00	616,823	$ 0.00
$0.02 to $5.94	129,489	8.75	$ 4.90	25,922	$ 4.95
$5.95 to $6.00	286,233	7.50	$ 6.00	157,896	$ 6.00
$6.01 to $32.00	79,240	9.13	$ 10.04	9,486	$ 11.09
$0.00 to $32.00	1,152,976	7.88	$ 2.73	810,127	$ 1.46

Compensation expense related to stock options and restricted stock was approximately $12.3 million, $13.3 million and $10.5 million for the years ended December 31, 2004, December 31, 2005 and December 31, 2006, respectively. As of December 31, 2006 there was approximately $5.5 million of total unrecognized compensation cost related to non-vested equity-based compensation awards. That cost is expected to be recognized over a weighted average period of approximately twenty-seven months. In January 2007, the Company granted approximately 51,000 vested shares of common stock to its non-management Directors resulting in approximately $0.9 million of equity-based compensation expense.

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A summary of the status of the Company s non-vested restricted stock awards as of December 31, 2006 and the changes during the year ended December 31, 2006 is as follows:

Non-vested awards	Shares	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2005	407,991	$ 20.57
Granted	382,500	$ 18.63
Vested	(419,365)	$ 17.11
Forfeited	(646)	$ 38.73
Non-vested at December 31, 2006	370,480	$ 17.66

The weighted- average per share grant date fair value of restricted stock granted to employees was $32.31 in 2004 (92,808 shares), $4.93 in 2005 (200,000 shares) and $18.63 in 2006 (382,500 shares). The fair value was determined using the trading price of the Company s common stock on the date of grant. The fair value of shares of restricted stock vested in the years ending December 31, 2004, 2005 and 2006 was approximately $8.5 million, $6.0 million and $4.1 million, respectively.

10. Related party transactions:

Office lease

The Company s headquarters is located in an office building owned by an entity controlled by the Company s Chief Executive Officer. The Company paid $409,000 in 2004, $417,000 in 2005 and $464,000 in 2006 in rent and related costs to this entity. The lease expires in August 2010.

LNG Holdings SA (LNG)

In November 2003, approximately 90% of the stock of LNG, the then parent company of Cogent Europe was acquired by Symposium Inc. (Symposium) a Delaware corporation. The Company s Chief Executive Officer owns 100% of Symposium. In January 2004, LNG transferred its interest in Cogent Europe to Symposium Gamma, Inc. (Gamma), a Delaware corporation. Symposium continues to own approximately 90% of the stock of LNG. LNG operates as a holding company. Its subsidiaries that have not been sold hold assets related to their former telecommunications operations (which operations have been terminated). Prior to the Company s January 2004 merger with Gamma, and advanced as part of the Gamma merger, LNG transferred $1.2 million to Cogent France. Cogent France repaid the $1.2 million to LNG in March 2004.

In 2005, the Company reimbursed LNG for the approximate $200,000 of salaries paid to two employees of LNG that were providing Cogent Europe accounting and management services during 2004. In November 2004, these two employees became employees of Cogent Europe. In 2006, the Company paid approximately $208,000 for professional services performed for LNG.

Vendor settlement

In 2004, Cogent Spain and LNG settled a number of disputes between those entities and Iberbanda, a Spanish entity from whom Cogent Spain had been leasing space and obtaining services. In the settlement, LNG released to Iberbanda a $0.4 million bond that had been put in place by LNG with the Spanish government as part of a bid for the right to construct a wireless network. LNG s release of the bond has been recorded as a contribution of capital from a shareholder as a result of the Company s Chief Executive Officer s ownership of LNG.

Customers

Certain of the Company s directors are either directors or owners of customers of the Company. The Company has billed and recorded revenue of approximately $15,000 per month to these companies.

Transactions with One Communications, Hibernia Atlantic, and Pacwest

The Company purchases local loops from a subsidiary of One Communications Corp. and Pacwest Telecomm Inc.; and it obtains transatlantic circuits from Hibernia Atlantic U.S. LLC. A Company director and a shareholder through his wholly-owned company, Columbia Ventures Corporation has a substantial interest in each of these companies. In 2006, the Company paid these companies approximately $1.1 million for these services. Each service was acquired after the Company considered alternative suppliers and the Company believes that the terms under which these circuits were acquired are at least as advantageous as those the Company could have received from an unaffiliated party. None of the leases of these circuits have a term of service in excess of twelve months.

11. Segment information:

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has one operating segment. Below are the Company s net revenues and long lived assets by geographic region (in thousands):

	Years Ended December 31,		
	2004	**2005**	**2006**
Service Revenue, net			
North America	$ 68,009	$ 108,260	$ 117,475
Europe	23,277	26,953	31,596
Total	$ 91,286	$ 135,213	$ 149,071

	December 31, 2005	**December 31, 2006**
Long lived assets, net		
North America	$ 252,343	$ 221,942
Europe	42,998	42,476
Total	$ 295,341	$ 264,418

12. Quarterly financial information (unaudited):

	Three months ended March 31, 2005	**June 30, 2005**	**September 30, 2005**	**December 31, 2005**
	(in thousands, except share and per share amounts)			
Service revenue, net	$ 34,414	$ 33,806	$ 33,772	$ 33,222
Network operations, including equity-based compensation expense	23,033	21,494	21,590	20,077
Operating loss	(15,694)	(13,659)	(14,814)	(17,981)
Gains asset sales, lease and debt obligations	3,372	842	844	
Net loss	(14,973)	(16,151)	(16,106)	(20,288)
Net loss per common share basic and diluted	(0.96)	(0.48)	(0.37)	(0.47)
Weighted-average number of shares outstanding basic and diluted	15,610,722	33,963,566	43,474,555	43,619,506

In the fourth quarter of 2005, the Company revised the number of lease renewal periods used in determining the lease term for purposes of amortizing certain of its leasehold improvements resulting in a net increase in depreciation expense of approximately $3.0 million.

	Three months ended March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006
	(in thousands, except share and per share amounts)			
Service revenue, net	$ 34,447	$ 36,155	$ 37,954	$ 40,515
Network operations, including equity-based compensation expense	20,442	20,177	19,432	20,371
Operating loss	(14,318)	(13,545)	(10,645)	(8,044)
Gains asset sales and lease obligations			255	254
Net loss	(16,441)	(15,491)	(11,854)	(9,971)
Net loss per common share basic and diluted	(0.38)	(0.34)	(0.24)	(0.21)
Weighted-average number of shares outstanding basic and diluted	43,841,837	45,099,826	48,463,130	48,510,716

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), an evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our management, including our principal executive officer and our principal financial officer, concluded that the design and operation of these disclosure controls and procedures were effective at the reasonable assurance level.

There has been no change in our internal controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for the preparation and integrity of our published financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, include amounts based on judgments and estimates made by our management. We also prepared the other information included in the annual report and are responsible for its accuracy and consistency with the financial statements.

We are responsible for establishing and maintaining a system of internal control over financial reporting, which is intended to provide reasonable assurance to our management and Board of Directors regarding the reliability of our financial statements. The system includes but is not limited to:

- a documented organizational structure and division of responsibility;
- established policies and procedures, including a code of conduct to foster a strong ethical climate which is communicated throughout the company;
- Regular reviews of our financial statements by qualified individuals; and
- the careful selection, training and development of our people.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Also, the effectiveness of an internal control system may change over time. We have implemented a system of internal control that was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

We have assessed our internal control system in relation to criteria for effective internal control over financial reporting described in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based upon these criteria, we believe that, as of December 31, 2006, our system of internal control over financial reporting was effective.

The independent registered public accounting firm, Ernst & Young LLP, has audited our 2006 financial statements. Ernst & Young LLP was given unrestricted access to all financial records and related data, including minutes of all meetings of stockholders, the Board of Directors and committees of the Board. Ernst & Young LLP has issued an unqualified audit opinion on our 2006 financial statements as a result of the audit and also has issued an attestation report on management s assessment of its internal control over financial reporting which is attached hereto.

Cogent Communications Group, Inc.

March 13, 2007

By:

/s/ DAVID SCHAEFFER
David Schaeffer
Chief Executive Officer
/s/ THADDEUS WEED
Thaddeus Weed
Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholders
Cogent Communications Group, Inc.

We have audited management s assessment, included in the accompanying Management s Report on Internal Control Over Financial Reporting, that Cogent Communications Group, Inc. maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Cogent Communications Group, Inc. s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management s assessment and an opinion on the effectiveness of the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management s assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management s assessment that Cogent Communications Group, Inc. maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Cogent Communications Group, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2006 consolidated financial statements of Cogent Communications Group Inc. and our report dated March 13, 2007 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

McLean, Virginia
March 13, 2007

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ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item 10 is incorporated in this report by reference to the information set forth under the captions entitled Election of Directors, The Board of Directors and Committees, and Section 16(a) Beneficial Ownership Reporting Compliance in the 2007 Proxy Statement for the 2007 Annual Meeting of Stockholders, which is expected to be filed with the Commission within 120 days after the close of our fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated in this report by reference to the information set forth under the captions entitled The Board of Directors and Committees, Executive Compensation , Employment Agreements , Compensation Committee Report on Executive Compensation, and Compensation Committee Interlocks and Insider Participation in the 2007 Proxy Statement**.**

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 12 is incorporated in this report by reference to the information set forth under the caption Security Ownership of Certain Beneficial Owners and Management in the 2007 Proxy Statement**.**

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item 13 is incorporated in this report by reference to the information set forth under the caption Certain Transactions in the 2007 Proxy Statement**.**

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated in this report by reference to the information set forth under the caption Relationship With Independent Public Accountants in the 2007 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)

1. Financial Statements. A list of financial statements included herein is set forth in the Index to Financial Statements appearing in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.
2. Financial Statement Schedules. The Financial Statement Schedule described below is filed as part of the report.
   Description
   Schedule II Valuation and Qualifying Accounts.
   All other financial statement schedules are not required under the relevant instructions or are inapplicable and therefore have been omitted.

(b) Exhibits.

Exhibit	Description
2.1	Agreement and Plan of Merger, dated as of January 2, 2004, among Cogent Communications Group, Inc., Lux Merger Sub, Inc. and Symposium Gamma, Inc. (previously filed as Exhibit 2.1 to our Periodic Report on Form 8-K, filed on January 8, 2004, and incorporated herein by reference)
2.2	Agreement and Plan of Merger, dated as of March 30, 2004, among Cogent Communications Group, Inc., DE Merger Sub, Inc. and Symposium Omega, Inc. (incorporated by reference to Exhibits 2.6 of our Annual Report on Form 10-K for the year ended December 31, 2003, filed on March 30, 2004)
2.3	Agreement and Plan of Merger, dated as of August 12, 2004, among Cogent Communications Group, Inc., Marvin Internet, Inc., and UFO Group, Inc. (previously filed as Exhibit 2.6 to our Annual Report on Form 10-K, filed on March 31, 2005, and incorporated herein by reference)
2.4	Asset Purchase Agreement, dated as of September 15, 2004, between Global Access telecommunications Inc., Symposium Gamma, Inc. and Cogent Communications Group, Inc. (previously filed as Exhibit 2.7 to our Annual Report on Form 10-K, filed on March 31, 2005, and incorporated herein by reference)
2.5	Agreement and Plan of Merger, dated as of October 26, 2004, among Cogent Communications Group, Inc., Cogent Potomac, Inc. and NVA Acquisition, Inc. (previously filed as Exhibit 2.8 to our Annual Report on Form 10-K, filed on March 31, 2005, and incorporated herein by reference)
2.6	Agreement for the Purchase and Sale of Assets, dated December 1, 2004, among Cogent Communications Group, Inc., SFX Acquisition, Inc. and Verio Inc. (previously filed as Exhibit 2.9 to our Annual Report on Form 10-K, filed on March 31, 2005, and incorporated herein by reference)
3.1	Fifth Amended and Restated Certificate of Incorporation (previously filed as Exhibit 3.1 to our Annual Report on Form 10-K, filed on March 31, 2005, and incorporated herein by reference)
3.2	Amended and Restated Bylaws of Cogent Communications Group, Inc. (previously filed as Exhibit 3.2 to our Quarterly Report on Form 10-Q, filed on May 6, 2005, and incorporated herein by reference)
4.1	First Supplemental Indenture, among Allied Riser Communications Corporation, as issuer, Cogent Communications Group, Inc., as co-obligor, and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 4.4 to our Registration Statement on Form S-4, as amended by a Form POS AM (Post-Effective Amendment No. 2), Commission File No. 333-71684, filed February 4, 2002)
4.2	Indenture, dated as of July 28, 2000 by and between Allied Riser Communications Corporation and Wilmington Trust Company, as trustee, relating to Allied Riser s 7.50% Convertible Subordinated Notes due 2007 (incorporated by reference to Exhibit 4.5 to our Registration Statement on Form S-4, as amended by a Form POS AM (Post-Effective Amendment No. 1), Commission File No. 333-71684, filed January 25, 2002)
4.3	Subordinated Note in the principal amount of $10.0 million issued by the Company to Columbia Ventures Corporation, pursuant to a Note Purchase Agreement (previously filed as Exhibit 4.1 to our Periodic Report on Form 8-K, filed on February 28, 2005, and incorporated herein by reference)

10.1	Seventh Amended and Restated Registration Rights Agreement of Cogent Communications Group, Inc., dated October 26, 2004 (previously filed as Exhibit 10.2 to our Annual Report on Form 10-K, filed on March 31, 2005, and incorporated herein by reference)
10.2	Fiber Optic Network Leased Fiber Agreement, dated February 7, 2000, by and between Cogent Communications, Inc. and Metromedia Fiber Network Services, Inc., as amended July 19, 2001 (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S-4, Commission File No. 333-71684, filed on October 16, 2001) *
10.3	Dark Fiber IRU Agreement, dated April 14, 2000, between WilTel Communications, Inc. and Cogent Communications, Inc., as amended June 27, 2000, December 11, 2000, January 26, 2001, and February 21, 2001 (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-4, Commission File No. 333-71684, filed on October 16, 2001) *
10.4	David Schaeffer Employment Agreement with Cogent Communications Group, Inc., dated February 7, 2000 (incorporated by reference to Exhibit 10.6 to our Registration Statement on Form S-4, Commission File No. 333-71684, filed on October 16, 2001)
10.5	Form of Restricted Stock Agreement relating to Series H Participating Convertible Preferred Stock (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-8, Commission File No. 333-108702, filed on September 11, 2003)
10.6	Lease for Headquarters Space by and between 6715 Kenilworth Avenue Partnership and Cogent Communications Group, Inc., dated September 1, 2000 (incorporated by reference to Exhibit 10.10 to our Registration Statement on Form S-4, Commission File No. 333-71684, filed on October 16, 2001)
10.7	Renewal of Lease for Headquarters Space, by and between 6715 Kenilworth Avenue Partnership and Cogent Communications Group, Inc., dated August 5, 2003 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q, filed on November 14, 2003)
10.8	The Amended and Restated Cogent Communications Group, Inc. 2000 Equity Plan (incorporated by reference to Exhibit 10.12 to our Registration Statement on Form S-4, Commission File No. 333-71684, filed on October 16, 2001)
10.9	2003 Incentive Award Plan of Cogent Communications Group, Inc. (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S-8, Commission File No. 333-108702, filed on September 11, 2003)
10.10	2004 Incentive Award Plan of Cogent Communications Group, Inc. (incorporated by reference to Appendix A to our Definitive Information Statement on Schedule 14C, filed on September 22, 2004)
10.11	Dark Fiber Lease Agreement dated November 21, 2001, by and between Cogent Communications, Inc. and Qwest Communications Corporation (incorporated by reference to Exhibit 10.13 to our Registration Statement on Form S-4, as amended by a Form S-4/A (Amendment No. 2), Commission File No. 333-71684, filed on December 7, 2001)
10.12	Robert N. Beury, Jr. Employment Agreement with Cogent Communications Group, Inc., dated June 15, 2000 (incorporated by reference to Exhibit 10.20 to our Annual Report on Form 10-K, filed on March 31, 2003)
10.13	Mark Schleifer Employment Agreement with Cogent Communications Group, Inc., dated September 18, 2000 (incorporated by reference to Exhibit 10.21 to our Annual Report on Form 10-K, filed on March 31, 2003)
10.14	R. Reed Harrison Employment Agreement with Cogent Communications Group, Inc., dated July 1, 2004 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q, filed on August 16, 2004)
10.15	Conversion and Lock-up Letter Agreement, dated as of February 9, 2005, by and among Cogent Communications Group, Inc. and each of the several stockholders signatory thereto (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on February 15, 2005)

10.16	Conversion and Lock-up Letter Agreement, dated as of February 9, 2005, by and among Cogent Communications Group, Inc., Dave Schaeffer and the Schaeffer Descendents Trust (incorporated by reference to Exhibit 10.3 of our Current Report on Form 8-K filed on February 15, 2005)
10.17	Brad Kummer Employment Agreement with Cogent Communications Group, Inc., dated January 11, 2000, (incorporated by reference to Exhibit 10.23 to our Registration Statement on Form S-1, Commission File No. 333-122821, filed on February 14, 2005)
10.18	Note Purchase Agreement by and among Cogent Communications Group, Inc. and Columbia Ventures Corporation dated February 24, 2005 (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on February 28, 2005)
10.19	Extension of Lease for Headquarters Space, by and between 6715 Kenilworth Avenue Partnership and Cogent Communications Group, Inc., dated February 3, 2005 (previously filed as Exhibit 10.27 to our Annual Report on Form 10-K, filed on March 31, 2005, and incorporated herein by reference)
10.20	Amended and Restated Loan and Security Agreement by and between Cogent Communications, Inc., Cogent Communications Group, Inc. and other subsidiaries, and Silicon Valley Bank, dated as of December 16, 2005, (previously filed as Exhibit 10.1 to our Periodic Report on Form 8-K, filed on December 16, 2005, and incorporated herein by reference)
10.21	Notice of Grant, dated November 4, 2005, made to David Schaeffer (previously filed as Exhibit 10.1 to our Periodic Report on Form 8-K, filed on November 7, 2005, and incorporated herein by reference)
10.22	Extension of Lease for Headquarters Space to August 31, 2006, by and between 6715 Kenilworth Avenue Partnership and Cogent Communications Group, Inc., dated July 21, 2005 (previously filed as Exhibit 10.1 to our Quarterly Report on Form 10-K, filed on August 15, 2005, and incorporated herein by reference)
10.23	Option for extension of Lease for Headquarters Space to August 31, 2007, by and between 6715 Kenilworth Avenue Partnership and Cogent Communications Group, Inc., dated July 21, 2005 (previously filed as Exhibit 10.2 to our Quarterly Report on Form 10-K, filed on August 15, 2005, and incorporated herein by reference)
10.24	Extension of Lease for headquarters space to August 31, 2010, by and between 6715 Kenilworth Avenue Partnership and Cogent Communications Group, Inc., dated June 20, 2006 (previously filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q, filed on August 8, 2006, and incorporated herein by reference)
10.25	Jeffery S. Karnes Employment Agreement with Cogent Communications Group, Inc., dated May 17, 2004 (filed herewith)
10.26	David Schaeffer Amendment No. 2 to Employment Agreement with Cogent Communications Group, Inc., dated as of March 12, 2007 (filed herewith)
10.27	Robert N. Beury, Jr. Employment Agreement with Cogent Communications Group, Inc., dated as of March 12, 2007 (filed herewith)
10.28	Thaddeus G. Weed Employment Agreements, dated September 25, 2003 through October 26, 2006 (filed herewith).
21.1	Subsidiaries (filed herewith)
23.1	Consent of Ernst & Young LLP (filed herewith)
31.1	Certification of Chief Executive Officer (filed herewith)
31.2	Certification of Chief Financial Officer (filed herewith)
32.1	Certification of Chief Executive Officer (filed herewith)
32.2	Certification of Chief Financial Officer (filed herewith)

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* **Confidential treatment requested and obtained as to certain portions. Portions have been omitted pursuant to this request where indicated by an asterisk.**

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Schedule II

COGENT COMMUNICATIONS GROUP, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at Beginning of Period	Charged to Costs and Expenses(a)	Acquisitions	Deductions	Balance at End of Period
Allowance for doubtful accounts (deducted from accounts receivable)					
Year ended December 31, 2004	$ 2,868	$ 4,406	$ 2,247	$ 6,292	$ 3,229
Year ended December 31, 2005	$ 3,229	$ 4,831	$	$ 6,623	$ 1,437
Year ended December 31, 2006	$ 1,437	$ 3,410	$	$ 3,614	$ 1,233
Allowance for Credits (deducted from accounts receivable)					
Year ended December 31, 2004	$ 150	$	$	$	$ 150
Year ended December 31, 2005	$ 150	$ 33	$	$	$ 183
Year ended December 31, 2006	$ 183	$	$	$ 61	$ 122
Allowance for Unfulfilled Customer Purchase Obligations (deducted from accounts receivable)					
Year ended December 31, 2004	$ 317	$ 537	$ 1,254	$ 1,944	$ 164
Year ended December 31, 2005	$ 164	$ 2,008	$	$ 1,767	$ 405
Year ended December 31, 2006	$ 405	$ 1,585	$	$ 1,406	$ 584
Restructuring accrual					
Year ended December 31, 2004	$	$ 1,821	$	$ 210	$ 1,611
Year ended December 31, 2005	$ 1,611	$ 1,319	$	$ 1,378	$ 1,552
Year ended December 31, 2006	$ 1,552	$ 114	$	$ 1,273	$ 393

(a) Bad debt expense, net of recoveries, was approximately $4.0 million for the year ended December 31, 2004, $4.6 million for the year ended December 31, 2005 and $2.6 million for the year ended December 31, 2006.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	COGENT COMMUNICATIONS GROUP, INC.	
Dated: March 13, 2007	By:	/s/ DAVID SCHAEFFER
		Name: David Schaeffer
		Title: *Chairman and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ DAVID SCHAEFFER David Schaeffer	Chairman and Chief Executive Officer (Principal Executive Officer)	March 13, 2007
/s/ THADDEUS G. WEED Thaddeus G. Weed	Chief Financial Officer (Principal Financial and Accounting Officer)	March 13, 2007
/s/ EDWARD GLASSMEYER Edward Glassmeyer	Director	March 13, 2007
/s/ EREL MARGALIT Erel Margalit	Director	March 13, 2007
/s/ JEAN-JACQUES BERTRAND Jean-Jacques Bertrand	Director	March 13, 2007
/s/ TIMOTHY WEINGARTEN Timothy Weingarten	Director	March 13, 2007
/s/ STEVEN BROOKS Steven Brooks	Director	March 13, 2007
/s/ RICHARD T. LEIBHABER Richard T. Liebhaber	Director	March 13, 2007
/s/ DAVID BLAKE BATH David Blake Bath	Director	March 13, 2007
/s/ KENNETH D. PETERSON, JR. Kenneth D. Peterson, Jr.	Director	March 13, 2007

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