

COGNEX CORP
Form 10-Q
April 28, 2008

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(Mark One)

- Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 30, 2008 or**
- Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____**
Commission File Number 0-17869
COGNEX CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts

04-2713778

*(State or other jurisdiction of
incorporation or organization)*

(I.R.S. Employer Identification No.)

**One Vision Drive
Natick, Massachusetts 01760-2059
(508) 650-3000**

*(Address, including zip code, and telephone number,
including area code, of principal executive offices)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of March 30, 2008, there were 41,896,769 shares of Common Stock, \$.002 par value, of the registrant outstanding.

INDEX

| | | |
|----------------------|---|----|
| <u>PART I</u> | <u>FINANCIAL INFORMATION</u> | 1 |
| <u>Item 1.</u> | <u>Financial Statements</u> | 1 |
| | <u>Consolidated Statements of Operations for the three-month periods ended March 30, 2008 and April 1, 2007</u> | 1 |
| | <u>Consolidated Balance Sheets at March 30, 2008 and December 31, 2007</u> | 2 |
| | <u>Consolidated Statement of Shareholders Equity for the three-month period ended March 30, 2008</u> | 3 |
| | <u>Consolidated Condensed Statements of Cash Flows for the three-month periods ended March 30, 2008 and April 1, 2007</u> | 4 |
| | <u>Notes to Consolidated Financial Statements (interim periods unaudited)</u> | 5 |
| <u>Item 2.</u> | <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 12 |
| <u>Item 3.</u> | <u>Quantitative and Qualitative Disclosures About Market Risk</u> | 17 |
| <u>Item 4.</u> | <u>Controls and Procedures</u> | 17 |
| <u>PART</u> | | |
| <u>II</u> | <u>OTHER INFORMATION</u> | 18 |
| <u>Item 1.</u> | <u>Legal Proceedings</u> | 18 |
| <u>Item 1A.</u> | <u>Risk Factors</u> | 18 |
| <u>Item 2.</u> | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 18 |
| <u>Item 3.</u> | <u>Defaults Upon Senior Securities</u> | 18 |
| <u>Item 4.</u> | <u>Submission of Matters to a Vote of Security Holders</u> | 18 |
| <u>Item 5.</u> | <u>Other Information</u> | 18 |
| <u>Item 6.</u> | <u>Exhibits</u> | 19 |
| | <u>Signatures</u> | 20 |
| | <u>EX-31.1 Section 302 Certification of CEO</u> | |
| | <u>EX-31.2 Section 302 Certification of CFO</u> | |
| | <u>EX-32.1 Section 906 Certification of CEO</u> | |
| | <u>EX-32.2 Section 906 Certification of CFO</u> | |

Table of Contents**PART I: FINANCIAL INFORMATION****ITEM 1: FINANCIAL STATEMENTS****COGNEX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share amounts)

| | Three Months Ended | |
|---|---------------------------|-----------------|
| | March | |
| | 30, | April 1, |
| | 2008 | 2007 |
| | (unaudited) | |
| Revenue | | |
| Product | \$ 54,947 | \$ 44,913 |
| Service | 5,570 | 6,016 |
| | 60,517 | 50,929 |
| Cost of revenue | | |
| Product (1) | 14,011 | 10,810 |
| Service (1) | 3,063 | 3,611 |
| | 17,074 | 14,421 |
| Gross margin | | |
| Product | 40,936 | 34,103 |
| Service | 2,507 | 2,405 |
| | 43,443 | 36,508 |
| Research, development, and engineering expenses (1) | 9,097 | 7,931 |
| Selling, general, and administrative expenses (1) | 26,528 | 23,973 |
| Operating income | 7,818 | 4,604 |
| Foreign currency gain (loss) | 1,118 | (118) |
| Investment income | 1,977 | 1,965 |
| Other income (loss) | 355 | (187) |
| Income before income tax expense | 11,268 | 6,264 |
| Income tax expense | 2,793 | 1,629 |
| Net income | \$ 8,475 | \$ 4,635 |
| Net income per common and common-equivalent share: | | |
| Basic | \$ 0.20 | \$ 0.10 |
| Diluted | \$ 0.20 | \$ 0.10 |
| Weighted-average common and common-equivalent shares outstanding: | | |

Edgar Filing: COGNEX CORP - Form 10-Q

| | | |
|---------------------------------|----------|----------|
| Basic | 42,978 | 44,434 |
| Diluted | 43,116 | 44,905 |
| Cash dividends per common share | \$ 0.085 | \$ 0.085 |

(1) Amounts include stock-based compensation expense, as follows:

| | | |
|--|----------|----------|
| Product cost of revenue | \$ 170 | \$ 163 |
| Service cost of revenue | 188 | 129 |
| Research, development, and engineering | 865 | 822 |
| Selling, general, and administrative | 650 | 1,878 |
| Total stock-based compensation expense | \$ 1,873 | \$ 2,992 |

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

Table of Contents

COGNEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands)

| | March 30, 2008 (unaudited) | December 31, 2007 |
|---|---|----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 139,464 | \$ 104,144 |
| Short-term investments | 73,469 | 113,179 |
| Accounts receivable, less reserves of \$1,384 and \$1,317 in 2008 and 2007, respectively | 44,009 | 38,923 |
| Inventories, net | 28,128 | 27,459 |
| Deferred income taxes | 7,325 | 7,504 |
| Prepaid expenses and other current assets | 15,147 | 16,470 |
| Total current assets | 307,542 | 307,679 |
| Long-term investments | 41,931 | 50,565 |
| Property, plant, and equipment, net | 27,525 | 26,680 |
| Deferred income taxes | 19,481 | 19,750 |
| Intangible assets, net | 38,593 | 39,724 |
| Goodwill | 87,358 | 86,461 |
| Other assets | 9,733 | 8,687 |
| | \$ 532,163 | \$ 539,546 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 6,501 | \$ 7,245 |
| Accrued expenses | 22,779 | 20,098 |
| Accrued income taxes | 3,180 | 3,242 |
| Deferred revenue and customer deposits | 14,549 | 13,288 |
| Total current liabilities | 47,009 | 43,873 |
| Reserve for income taxes | 19,512 | 19,308 |
| Commitments and contingencies (Notes 5, 6, and 7) | | |
| Shareholders' equity: | | |
| Common stock, \$.002 par value | | |

Edgar Filing: COGNEX CORP - Form 10-Q

Authorized: 140,000 shares, issued: 41,897 and 43,347 shares in 2008 and 2007, respectively

| | | |
|---|------------|------------|
| Additional paid-in capital | 84 | 87 |
| Retained earnings | 113,494 | 140,943 |
| Accumulated other comprehensive gain (loss) | 342,048 | 337,231 |
| | 10,016 | (1,896) |
| Total shareholders' equity | 465,642 | 476,365 |
| | \$ 532,163 | \$ 539,546 |

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

2

Table of Contents

COGNEX CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY
(In thousands)

| | Common Stock Shares | Par Value | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Gain (Loss) | Comprehensive Income | Total Shareholders Equity |
|--|------------------------|--------------|----------------------------------|----------------------|---|-------------------------|---------------------------------|
| Balance at December 31, 2007 | 43,347 | \$ 87 | \$ 140,943 | \$ 337,231 | \$ (1,896) | | \$ 476,365 |
| Issuance of common stock under stock option plans | 217 | | 2,901 | | | | 2,901 |
| Stock-based compensation expense | | | 1,873 | | | | 1,873 |
| Excess tax benefit from stock option exercises | | | 462 | | | | 462 |
| Repurchase of common stock | (1,667) | (3) | (32,685) | | | | (32,688) |
| Payment of dividends | | | | (3,658) | | | (3,658) |
| Comprehensive income: | | | | | | | |
| Net income | | | | 8,475 | | \$ 8,475 | 8,475 |
| Net unrealized gain on available-for-sale investments, net of tax of \$158 | | | | | 269 | 269 | 269 |
| Foreign currency translation adjustment, net of tax of \$1,424 | | | | | 11,643 | 11,643 | 11,643 |
| Comprehensive income | | | | | | \$ 20,387 | |
| Balance at March 30, 2008 (unaudited) | 41,897 | \$ 84 | \$ 113,494 | \$ 342,048 | \$ 10,016 | | \$ 465,642 |

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

Table of Contents

COGNEX CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)

| | Three Months Ended | |
|---|---------------------------|--------------------|
| | March | April 1, |
| | 30, | 2007 |
| | 2008 | (unaudited) |
| Cash flows from operating activities: | | |
| Net income | \$ 8,475 | \$ 4,635 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Stock-based compensation expense | 1,873 | 2,992 |
| Depreciation and amortization | 2,876 | 2,812 |
| Provisions for excess and obsolete inventory | 223 | 579 |
| Excess tax benefit from stock option exercises | (462) | (125) |
| Deferred income tax benefit | (905) | (1,443) |
| Change in operating assets and liabilities | 1,610 | (2,962) |
| Net cash provided by operating activities | 13,690 | 6,488 |
| Cash flows from investing activities: | | |
| Purchase of investments | (16,822) | (109,555) |
| Maturity and sale of investments | 65,254 | 113,278 |
| Purchase of property, plant, and equipment | (1,709) | (1,487) |
| Net cash provided by investing activities | 46,723 | 2,236 |
| Cash flows from financing activities: | | |
| Issuance of common stock under stock option plans | 2,901 | 1,101 |
| Repurchase of common stock | (32,688) | (2,670) |
| Payment of dividends | (3,658) | (3,778) |
| Excess tax benefit from stock option exercises | 462 | 125 |
| Net cash used in financing activities | (32,983) | (5,222) |
| Effect of foreign exchange rate changes on cash | 7,890 | 803 |
| Net increase in cash and cash equivalents | 35,320 | 4,305 |
| Cash and cash equivalents at beginning of period | 104,144 | 87,361 |
| Cash and cash equivalents at end of period | \$ 139,464 | \$ 91,666 |

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

Table of Contents

COGNEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies

As permitted by the rules of the Securities and Exchange Commission applicable to Quarterly Reports on Form 10-Q, these notes are condensed and do not contain all disclosures required by generally accepted accounting principles. Reference should be made to the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

In the opinion of the management of Cognex Corporation (the Company), the accompanying consolidated unaudited financial statements contain all adjustments, consisting of only normal, recurring adjustments, necessary to present fairly the Company's financial position at March 30, 2008, and the results of its operations for the three-month periods ended March 30, 2008 and April 1, 2007, and changes in shareholders' equity and cash flows for the periods presented. The results disclosed in the Consolidated Statements of Operations for the three-month period ended March 30, 2008 are not necessarily indicative of the results to be expected for the full year. Certain amounts presented in the prior period have been restated to be consistent with the current period presentation.

NOTE 2: New Pronouncements**FASB Statement No. 141R, Business Combinations**

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141R, Business Combinations, which establishes principles for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired and liabilities assumed in a business combination, recognizes and measures the goodwill acquired in a business combination, and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of a business combination. The Company is required to apply this Statement prospectively to business combinations for which the acquisition date is on or after January 1, 2009. Earlier application is not permitted.

NOTE 3: Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments consisted of the following (in thousands):

| | March 30, 2008 | December 31, 2007 |
|--|---------------------------|----------------------|
| Cash | \$ 127,976 | \$ 104,144 |
| Cash equivalents | 11,488 | |
| Cash and cash equivalents | \$ 139,464 | \$ 104,144 |
| Municipal bonds | 73,469 | 113,179 |
| Short-term investments | \$ 73,469 | \$ 113,179 |
| Municipal bonds | 34,463 | 43,097 |
| Limited partnership interest (accounted for using cost method) | 7,468 | 7,468 |
| Long-term investments | \$ 41,931 | \$ 50,565 |
| | \$ 254,864 | \$ 267,888 |

Table of Contents

COGNEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: Cash, Cash Equivalents, and Investments (continued)

Debt securities are reported at fair value based upon quoted prices in active markets. Short-term municipal bonds at March 30, 2008 included auction rate securities with a fair value of \$2,000,000 for which interest rates reset annually but for which the contractual maturity date is greater than one year. The Company has established guidelines relative to credit ratings, diversification, and maturities of its debt securities that maintain safety and liquidity.

NOTE 4: Inventories

Inventories consisted of the following (in thousands):

| | March 30, 2008 | December 31, 2007 |
|-----------------|---------------------------|-------------------------|
| Raw materials | \$ 14,198 | \$ 13,070 |
| Work-in-process | 1,268 | 1,336 |
| Finished goods | 12,662 | 13,053 |
| | \$ 28,128 | \$ 27,459 |

NOTE 5: Warranty Obligations

The Company warrants its hardware products to be free from defects in material and workmanship for periods primarily ranging from six months to two years from the time of sale based upon the product being purchased and the terms of the customer arrangement. Warranty obligations are evaluated and recorded at the time of sale since it is probable that customers will make claims under warranties related to products that have been sold and the amount of these claims can be reasonably estimated based upon historical costs to fulfill claims. Obligations may also be recorded subsequent to the time of sale whenever specific events or circumstances impacting product quality become known that would not have been taken into account using historical data. Warranty obligations are included in

Accrued expenses on the Consolidated Balance Sheets.

The changes in the warranty obligation were as follows (in thousands):

| | |
|--|----------|
| Balance at December 31, 2007 | \$ 1,462 |
| Provisions for warranties issued during the period | 374 |
| Fulfillment of warranty obligations | (393) |
| Foreign exchange rate changes | 76 |
| Balance at March 30, 2008 | \$ 1,519 |

NOTE 6: Indemnification Provisions

Except as limited by Massachusetts law, the by-laws of the Company require it to indemnify certain current or former directors, officers, and employees of the Company against expenses incurred by them in connection with each proceeding in which he or she is involved as a result of serving or having served in certain capacities. Indemnification is not available with respect to a proceeding as to which it has been adjudicated that the person did not act in good faith in the reasonable belief that the action was in the best interests of the Company. The maximum potential amount of future payments the Company could be required to make under these provisions is unlimited. The Company has never incurred significant costs related to these indemnification provisions. As a result, the Company believes the estimated fair value of these provisions is minimal.

Table of Contents

COGNEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: Indemnification Provisions (continued)

The Company accepts standard limited indemnification provisions in the ordinary course of business, whereby it indemnifies its customers for certain direct damages incurred in connection with third-party patent or other intellectual property infringement claims with respect to the use of the Company's products. The term of these indemnification provisions generally coincides with the customer's use of the Company's products. The maximum potential amount of future payments the Company could be required to make under these provisions is generally subject to fixed monetary limits. The Company has never incurred significant costs to defend lawsuits or settle claims related to these indemnification provisions. As a result, the Company believes the estimated fair value of these provisions is minimal. In the ordinary course of business, the Company also accepts limited indemnification provisions, whereby it indemnifies customers for certain direct damages incurred in connection with bodily injury and property damage arising from the installation of the Company's products. The term of these indemnification provisions generally coincides with the period of installation. The maximum potential amount of future payments the Company could be required to make under these provisions is generally limited and is likely recoverable under the Company's insurance policies. As a result of this coverage, and the fact that the Company has never incurred significant costs to defend lawsuits or settle claims related to these indemnification provisions, the Company believes the estimated fair value of these provisions is minimal.

NOTE 7: Income Taxes

On January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). Under FIN 48, a tax position is recognized in the financial statements when an entity concludes that the tax position, based solely on its technical merits, is more likely than not (i.e. a likelihood of occurrence greater than fifty percent) to be sustained upon examination by the relevant taxing authority.

During the first quarter of 2008, the Company recorded a \$153,000 increase in liabilities, net of deferred tax benefit, for uncertain tax positions that was recorded as income tax expense. Estimated interest and penalties included in these amounts totaled \$104,000.

The Company's reserve for income taxes, including gross interest and penalties, was \$19,512,000 at March 30, 2008, of which \$1,000,000 would reduce goodwill, \$307,000 would increase additional paid in capital, and the remainder would reduce income tax expense, if the Company's tax positions were sustained. All of the Company's liabilities for uncertain tax positions are classified as non-current liabilities at March 30, 2008.

The Tokyo Regional Taxation Bureau is auditing tax years 2002 through 2005 and has recently issued a permanent establishment finding claiming that the Company's Irish subsidiary should be subject to taxation in Japan. The Company believes it has a substantive defense against this finding and has formally requested Competent Authority intervention in accordance with the Japan/Ireland tax treaty. It is not expected that this audit will be concluded within the next twelve months. To avoid further interest and penalties, the Company has prepaid tax, interest, and penalties through the date of assessment of 766,257,300 Yen (or approximately \$7,714,000 based upon the March 30, 2008 exchange rate) to the Japanese tax authorities. This amount is included in "Other assets" on the Consolidated Balance Sheet.

NOTE 8: Stock-Based Compensation Expense

The Company's share-based payments that result in compensation expense consist solely of stock option grants. At March 30, 2008, the Company had 9,423,750 shares available for grant under three stock option plans: the 1998 Non-Employee Director Stock Option Plan, 13,750; the 2001 General Stock Option Plan, 7,110,000; and the 2007 Stock Option and Incentive Plan (the "2007 Plan"), 2,300,000. Each of

Table of Contents

COGNEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: Stock-Based Compensation Expense (continued)

these plans expires ten years from the date the plan was approved. The Company has not granted any stock options from the 2001 General Stock Option Plan.

In April 2007, the shareholders approved the 2007 Plan. The 2007 Plan took effect when the Company's 1998 Stock Incentive Plan expired on February 27, 2008. The 2007 Plan permits awards of stock options (both incentive and non-qualified options), stock appreciation rights, and restricted stock. The maximum number of shares to be issued under the 2007 Plan is 2,300,000 shares of the Company's common stock.

Stock options are generally granted with an exercise price equal to the market value of the Company's common stock at the grant date, generally vest over four years based upon continuous service, and generally expire ten years from the grant date. Historically, the majority of the Company's stock options have been granted during the first quarter of each year to reward existing employees for their performance. In addition, the Company grants stock options throughout the year for new employees and promotions.

The following table summarizes the Company's stock option activity:

| | Shares (in thousands) | Weighted- Average Exercise Price | Weighted- Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|-----------------------------|---|--|---------------------------------|
| | | | (in years) | (in thousands) |
| Outstanding at December 31, 2007 | 10,940 | \$ 25.50 | | |
| Granted | 1,928 | 18.70 | | |
| Exercised | (217) | 13.37 | | |
| Forfeited or Expired | (126) | 24.72 | | |
| Outstanding at March 30, 2008 | 12,525 | \$ 24.67 | 6.4 | \$ 10,757 |
| Exercisable at March 30, 2008 | 8,318 | \$ 26.06 | 5.1 | \$ 5,747 |

The fair values of stock options granted after January 1, 2006 were estimated on the grant date using a binomial lattice model. The fair values of options granted prior to January 1, 2006 were estimated using the Black-Scholes option pricing model for footnote disclosure under SFAS No. 123, Accounting for Stock-Based Compensation. The Company believes that a binomial lattice model results in a better estimate of fair value because it identifies patterns of exercises based on triggering events, tying the results to possible future events instead of a single path of actual historical events. Management is responsible for determining the appropriate valuation model and estimating these fair values, and in doing so, considered a number of factors, including information provided by an outside valuation advisor.

The fair values of stock options granted in each period presented were estimated using the following weighted-average assumptions:

| | Three Months Ended March 30, 2008 | April 1, 2007 |
|----------------|---|---------------|
| Risk-free rate | 3.9% | 4.9% |

| | | |
|--------------------------|-------------|------|
| Expected dividend yield | 1.8% | 1.5% |
| Expected volatility | 42% | 35% |
| Expected term (in years) | 5.9 | 4.3 |

8

Table of Contents

COGNEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8: Stock-Based Compensation Expense (continued)

Risk-free rate

The risk-free rate was based upon a treasury instrument whose term was consistent with the contractual term of the option.

Expected dividend yield

The current dividend yield is calculated by annualizing the cash dividend declared by the Company's Board of Directors for the current quarter and dividing that result by the closing stock price on the grant date. Although dividends are declared at the discretion of the Company's Board of Directors, for this purpose, the Company anticipates continuing to pay a quarterly dividend that approximates the current dividend yield.

Expected volatility

The expected volatility was based upon a combination of historical volatility of the Company's common stock over the contractual term of the option and implied volatility for traded options of the Company's stock.

Expected term

The expected term was derived from the binomial lattice model from the impact of events that trigger exercises over time.

The weighted-average grant-date fair value of stock options granted during the first quarter of 2008 and 2007 was \$7.22 and \$6.84, respectively. The Company recognizes compensation expense using the graded attribution method, in which expense is recognized on a straight-line basis over the service period for each separately vesting portion of the stock option as if the option was, in substance, multiple awards.

The amount of compensation expense recognized at the end of the vesting period is based upon the number of stock options for which the requisite service has been completed. No compensation expense is recognized for options that are forfeited for which the employee does not render the requisite service. The term "forfeitures" is distinct from "expirations" and represents only the unvested portion of the surrendered option. The Company currently expects that approximately 65% of its stock options will actually vest, and therefore, has applied a weighted-average annual forfeiture rate of 10% to all unvested options. This rate was revised during the first quarter of 2008, and will be revised, if necessary, in subsequent periods if actual forfeitures differ from this estimate. Ultimately, compensation expense will only be recognized over the vesting period for those options that actually vest.

The total stock-based compensation expense and the related income tax benefit recognized for the first quarter of 2008 was \$1,873,000 and \$596,000, respectively, and for the first quarter of 2007 was \$2,992,000 and \$977,000, respectively. No compensation expense was capitalized at March 30, 2008 or December 31, 2007.

At March 30, 2008, total unrecognized compensation expense related to non-vested stock options was \$17,266,000, which is expected to be recognized over a weighted-average period of 2.1 years.

Note 9: Stock Repurchase Program

In July 2006, the Company's Board of Directors authorized the repurchase of up to \$100,000,000 of the Company's common stock. As of March 30, 2008, the Company had repurchased 3,981,390 shares at a cost of \$87,067,000 under this program. The Company may repurchase additional shares under this program in future periods depending upon a variety of factors, including the stock price levels and share availability.

Table of Contents

COGNEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9: Stock Repurchase Program (continued)

In March 2008, the Company's Board of Directors authorized the repurchase of up to an additional \$30,000,000 of the Company's common stock under a Rule 10b5-1 Plan. As of March 30, 2008, the Company had repurchased 134,843 shares at a cost of \$2,697,000 under this program. Repurchases under this new authorization are subject to the parameters of the Rule 10b5-1 Plan, which provides for repurchases during Cognex self-imposed trading blackout periods related to the announcement of quarterly results. The Rule 10b5-1 Plan expires on February 17, 2009 or, if earlier, upon the repurchase of \$30,000,000 of Cognex common stock under the plan. The plan does not require Cognex to acquire any specific number of shares and it may be suspended or discontinued at any time.

The Company repurchased a total of 1,666,900 shares at a cost of \$32,688,000 during the first quarter of 2008, of which 1,532,057 shares at a cost of \$29,991,000 were repurchased under the July 2006 program, with the remaining shares purchased under the March 2008 program.

In April 2008, the Company's Board of Directors authorized the repurchase of up to \$50,000,000 of the Company's common stock. This authorization is in addition to the July 2006 and March 2008 programs.

NOTE 10: Dividends

On February 13, 2008, the Company's Board of Directors declared a cash dividend of \$0.085 per share. The dividend was paid on March 14, 2008 to all shareholders of record at the close of business on February 29, 2008.

On April 17, 2008, the Company's Board of Directors declared a cash dividend of \$0.085 per share. The dividend is payable on June 13, 2008 to all shareholders of record at the close of business on May 30, 2008. Future dividends will be declared at the discretion of the Board of Directors and will depend upon such factors as the Board of Directors deems relevant.

NOTE 11: Net Income Per Share

Net income per share was calculated as follows (in thousands, except per share amounts):

| | Three Months Ended | |
|--|-------------------------------|---------------|
| | March 30, 2008 | April 1, 2007 |
| Net income | \$ 8,475 | \$ 4,635 |
| Basic: | | |
| Weighted-average common shares outstanding | 42,978 | 44,434 |
| Net income per common share | \$ 0.20 | \$ 0.10 |
| Diluted: | | |
| Weighted-average common shares outstanding | 42,978 | 44,434 |
| Effect of dilutive stock options | 138 | 471 |
| Weighted-average common and common-equivalent shares outstanding | 43,116 | 44,905 |
| Net income per common and common-equivalent share | \$ 0.20 | \$ 0.10 |

Stock options to purchase 10,727,401 and 8,690,348 shares of common stock were outstanding during the first quarter of 2008 and 2007, respectively, but were not included in the calculation of diluted net income per common share because they were anti-dilutive.

Table of Contents

COGNEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12: Segment Information

The Company has two reportable segments: the Modular Vision Systems Division (MVSD) and the Surface Inspections Systems Division (SISD). MVSD designs, develops, manufactures, and markets modular vision systems that are used to control the manufacturing of discrete items by locating, identifying, inspecting, and measuring them during the manufacturing process. SISD designs, develops, manufactures, and markets surface inspection vision systems that are used to inspect surfaces of materials that are processed in a continuous fashion to ensure there are no flaws or defects in the surfaces. Segments are determined based upon the way that management organizes its business for making operating decisions and assessing performance. The Company evaluates segment performance based upon income or loss from operations, excluding unusual items and stock-based compensation expense.

The following table summarizes information about the Company's segments (in thousands):

| Three Months Ended March 30, 2008 | MVSD | SISD | Reconciling Items | Consolidated |
|--|-------------|-------------|------------------------------|---------------------|
| Product revenue | \$51,194 | \$3,753 | | \$54,947 |
| Service revenue | 3,054 | 2,516 | | 5,570 |
| Operating income (loss) | 13,214 | (34) | \$(5,362) | 7,818 |

Three Months Ended April 1, 2007

| | | | | |
|-------------------------|----------|---------|-----------|----------|
| Product revenue | \$41,933 | \$2,980 | | \$44,913 |
| Service revenue | 3,199 | 2,817 | | 6,016 |
| Operating income (loss) | 11,130 | (625) | \$(5,901) | 4,604 |

Reconciling items consist of stock-based compensation expense and unallocated corporate expenses, which primarily include corporate headquarters costs, professional fees, and patent infringement litigation. Additional asset information by segment is not produced internally for use by the chief operating decision maker, and therefore, is not presented. Additional asset information is not provided because cash and investments are commingled and the Divisions share assets and resources in a number of locations around the world.

Table of Contents

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Certain statements made in this report, as well as oral statements made by the Company from time to time, constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Readers can identify these forward-looking statements by the Company's use of the words "expects," "anticipates," "estimates," "believes," "projects," "intends," "pursues," "may," "shall," and similar words and other statements of a similar sense. These statements are based upon the Company's current estimates and expectations as to prospective events and circumstances, which may or may not be in the Company's control and as to which there can be no firm assurances given. These forward-looking statements involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include: (1) economic conditions that impact the capital spending trends of manufacturers in a variety of industries; (2) the cyclical nature of the semiconductor and electronics industries; (3) the inability to achieve significant international revenue; (4) fluctuations in foreign exchange rates; (5) the loss of, or a significant curtailment of purchases by, any one or more principal customers; (6) the reliance upon certain sole-source suppliers to manufacture and deliver critical components for the Company's products; (7) the inability to attract and retain skilled employees; (8) the inability to design and manufacture high-quality products; (9) the technological obsolescence of current products and the inability to develop new products; (10) the failure to effectively manage product transitions or accurately forecast customer demand; (11) the failure to properly manage the distribution of products; (12) the inability to protect the Company's proprietary technology and intellectual property; (13) our involvement in time-consuming and costly litigation; (14) the impact of competitive pressures; (15) the challenges in integrating acquired businesses; (16) the inability to achieve expected results from acquisitions; and (17) exposure to additional tax liabilities. The foregoing list should not be construed as exhaustive and the Company encourages readers to refer to the detailed discussion of risk factors included in Part I Item 1A of the Company's Annual Report on Form 10-K. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company disclaims any obligation to subsequently revise forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date such statements are made.

Executive Overview

Cognex Corporation (the "Company") is a leading provider of machine vision products that capture and analyze visual information in order to automate tasks, primarily in manufacturing processes, where vision is required. Our Modular Vision Systems Division (MVSD) specializes in machine vision systems that are used to automate the manufacturing of discrete items, while our Surface Inspection Systems Division (SISD) specializes in machine vision systems that are used to inspect the surfaces of materials processed in a continuous fashion.

Table of Contents

In addition to product revenue derived from the sale of machine vision systems, the Company also generates revenue by providing maintenance and support, training, consulting, and installation services to its customers. Our customers can be classified into three primary markets: the semiconductor and electronics capital equipment market, the discrete factory automation market, and the surface inspection market.

Semiconductor and electronics capital equipment manufacturers purchase Cognex vision products and integrate them into the automation equipment that they manufacture and then sell to their customers to either make semiconductor chips or assemble printed circuit boards. Although Cognex sells to original equipment manufacturers (OEMs) in a number of industries, these semiconductor and electronics OEMs have historically been large consumers of our products. Over the past several years, however, we have diversified our customer base beyond the semiconductor and electronics capital equipment sector. Demand from these capital equipment manufacturers is highly cyclical, with periods of investment followed by temporary downturns. Sales to semiconductor and electronics capital equipment manufacturers represented approximately 22% of total revenue in the first quarter of 2008.

Discrete manufacturers in the automotive, consumer electronics, food, beverage, healthcare, pharmaceutical, aerospace, and other industries use machine vision for a wide variety of applications in factory automation. These manufacturers purchase Cognex vision products and install them on their production lines or automation cells. We believe that long-term, sustained revenue growth will come from a broad base of factory automation customers. Accordingly, we have invested in developing new products and functionality that make vision easier to use and in building a worldwide sales and support infrastructure in order to access more of the potential market for machine vision. Sales to discrete factory automation customers represented approximately 68% of total revenue in the first quarter of 2008.

Surface inspection customers are manufacturers of materials processed in a continuous fashion, such as metals, paper, non-wovens, plastics, and glass. These customers need sophisticated machine vision to detect and classify defects in the surfaces of those materials as they are being processed at high speeds. Surface inspection sales represented approximately 10% of total revenue in the first quarter of 2008.

Revenue amounted to \$60,517,000 for the first quarter of 2008, representing a 19% increase over the same period in 2007. This increase was primarily due to higher sales to factory automation customers in a variety of industries around the world. This higher revenue contributed to an increase in operating income to 13% of revenue in the first quarter of 2008 from 9% of revenue in the first quarter of 2007. Net income also increased to \$0.20 per diluted share in the first quarter of 2008 from \$0.10 per diluted share in the same period in 2007.

Results of Operations*Revenue*

Revenue for the quarter ended March 30, 2008 increased 19% to \$60,517,000 from \$50,929,000 for the quarter ended April 1, 2007 driven by higher sales to factory automation customers.

Sales to customers who make automation equipment for the semiconductor and electronics industries, which are included in the Company's MVSD segment, represented 22% of total revenue in the first quarter of 2008 compared to 30% in the first quarter of 2007, and decreased by \$1,789,000, or 12%, from the prior year due to industry cyclicality. Revenue from this sector has been gradually declining since early 2006. We do not expect a significant change in this business in 2008.

Sales to manufacturing customers in the discrete factory automation area, which are included in the Company's MVSD segment, represented 68% of total revenue in the first quarter of 2008 compared to 59% in the first quarter of 2007, and increased by \$10,905,000, or 36%, from the prior year. Sales of the Company's In-Sight, Dataman, and Checker vision products, which are sold to customers in a variety of industries around the world, all increased from the first quarter of 2007. We are investing in new product

Table of Contents

offerings and sales personnel for the factory automation market with the goal of growing this business in 2008. Sales to surface inspection customers, which comprise the Company's SISD segment, represented 10% of total revenue in the first quarter of 2008 compared to 11% in the first quarter of 2007, and increased by \$472,000, or 8%, from the prior year due to higher SmartView system sales. The level of our surface inspection business is within a relatively consistent range on an annual basis, however, revenue reported each quarter can vary depending upon the timing of customer orders, system deliveries, and installations, as well as the impact of revenue deferrals.

Product revenue increased 22% to \$54,947,000 in the first quarter of 2008 from \$44,913,000 in the first quarter of 2007. The increase was primarily due to a higher volume of modular vision systems sold to factory automation customers. The majority of this higher volume came from easier-to-use and lower priced vision products. These products are becoming a larger percentage of total revenue, which reduces the Company's overall average selling price and partially offset the favorable impact of higher volume on revenue.

Service revenue, which is derived from the sale of maintenance and support, education, consulting, and installation services, decreased 7% to \$5,570,000 for the first quarter of 2008 from \$6,016,000 for the first quarter of 2007 due to lower maintenance and support revenue. We expect this trend to continue in 2008 as we introduce new products and functionality that make vision easier to use and require less maintenance and support. Service revenue decreased as a percentage of total revenue to 9% in the first quarter of 2008 from 12% in the first quarter of 2007.

Gross Margin

Gross margin as a percentage of revenue was consistent at 72% for the first quarter of 2008 and the same period in 2007. The gross margin was flat year-on-year despite higher revenue in 2008 primarily due to higher manufacturing costs related to new product introductions.

MVSD gross margin as a percentage of revenue was 75% for the first quarter of 2008 compared to 76% for the first quarter of 2007. The decrease in MVSD margin was due principally to higher new product introduction expenses incurred to support the release of several new products during the first quarter of 2008. SISD gross margin as a percentage of revenue was 45% for the first quarter of 2008 compared to 38% for the first quarter of 2007. The increase in SISD margin was due to higher product revenue, while costs were slightly lower than the prior year due to lower material costs and lower provisions for excess and obsolete inventory.

Product gross margin as a percentage of revenue was 75% for the first quarter of 2008 compared to 76% for the first quarter of 2007 due to lower MVSD product margins as described above. Service gross margin as a percentage of revenue was 45% for the first quarter of 2008 compared to 40% for the first quarter of 2007. Although service revenue was lower than the prior year, costs declined at a greater rate, resulting in the improved service margin.

Operating Expenses

Research, development, and engineering (R,D&E) expenses increased 15% to \$9,097,000 for the first quarter of 2008 compared to \$7,931,000 for the first quarter of 2007. MVSD R,D&E expenses increased \$1,215,000, or 17%, while SISD R,D&E expenses were relatively consistent with the prior year. The increase in MVSD R,D&E expenses was due primarily to higher personnel-related costs for engineering resources to support new product initiatives.

R,D&E expenses as a percentage of revenue were 15% in the first quarter of 2008 and 16% in the first quarter of 2007. We believe that a continued commitment to R,D&E activities is essential in order to maintain product leadership with our existing products and to provide innovative new product offerings, and therefore, we expect to continue to make significant R,D&E investments in the future. In addition, we consider our ability to accelerate time to market for new products critical to our revenue growth. Although we target our R,D&E spending to be between 10% and 15% of revenue, this percentage is impacted by

Table of Contents

revenue cyclicality. At any point in time, we have numerous research and development projects underway, and we believe that none of these projects is material on an individual basis.

Selling, general, and administrative (S,G&A) expenses increased 11% to \$26,528,000 for the first quarter of 2008 compared to \$23,973,000 for the first quarter of 2007. MVSD S,G&A expenses increased \$2,459,000, or 14%, while SISD S,G&A expenses were relatively consistent with the prior year. Corporate expenses that are not allocated to either division were also relatively consistent with the first quarter of 2007.

The increase in MVSD expenses was due primarily to higher personnel-related costs (such as salaries, fringe benefits, commissions, travel, and demonstration equipment) resulting from the hiring of additional sales personnel (\$1,473,000) intended to grow factory automation revenue. Costs associated with new product introductions also contributed to the increase, including higher expenses related to the Company's annual sales kick-off meetings where new products were introduced to the worldwide sales force (\$377,000) and higher marketing and promotional expenses (\$408,000). In addition, a weaker U.S. Dollar in 2008 resulted in higher S,G&A costs when expenses of the Company's foreign operations were translated to U.S. Dollars (\$659,000). These increases were partially offset by lower stock-based compensation expense (\$633,000) due to a credit recorded in the first quarter of 2008 for forfeited stock options. Corporate expenses were relatively flat, as higher professional services costs (\$510,000) were offset by lower stock-based compensation expense (\$557,000).

Nonoperating Income

The Company recorded a foreign currency gain for the first quarter of 2008 of \$1,118,000 compared to a foreign currency loss of \$118,000 for the first quarter of 2007. During the first quarter of 2008, the U.S. Dollar weakened considerably versus the other primary currencies in which the Company operates, resulting in foreign currency gains on the Company's U.S. subsidiary's books when foreign-denominated assets were revalued and converted into U.S. Dollars.

Investment income was \$1,977,000 for the first quarter of 2008 compared to \$1,965,000 for the first quarter of 2007. Investment income was relatively consistent with the prior year, as declining yields on the Company's portfolio of debt securities was offset by more of the Company's excess cash invested in interest-bearing accounts.

The Company recorded other income for the first quarter of 2008 of \$355,000 compared to a loss of \$187,000 for the first quarter of 2007. Other income includes rental income, net of associated expenses, from leasing buildings adjacent to the Company's corporate headquarters. Net rental income increased from the first quarter of 2007 due to the purchase of additional property in the second quarter of 2007 that is generating rental income for the Company. In addition, the Company recorded \$425,000 of other income in the first quarter of 2008 upon the expiration of the applicable statute of limitations relating to a tax holiday, during which time, the Company collected value-added taxes from customers that were not required to be remitted to the government authority.

Income Taxes

The Company's effective tax rate for the first quarter of 2008 was 25% compared to 26% for the first quarter of 2007. The effective tax rate for the first quarter of 2008 included the impact of the following discrete tax events: an increase in tax expense of \$136,000 to increase a reserve against a capital loss carryforward deferred tax asset due to expire in 2007, and a decrease in tax expense of \$48,000 to decrease a FIN 48 reserve for the true-up of a prior year estimate. These discrete tax events increased the effective tax rate for the first quarter of 2008 by one hundred basis points from 24% to 25%. The decrease in the effective tax rate from 26% to 24% excluding discrete events was primarily due to more of the Company's profits being earned in lower tax jurisdictions.

Liquidity and Capital Resources

The Company has historically been able to generate positive cash flow from operations, which has funded its operating activities and other cash requirements and has resulted in an accumulated cash,

Table of Contents

cash equivalent, and investment balance of \$254,864,000 at March 30, 2008, representing 55% of shareholders' equity. The Company has established guidelines relative to credit ratings, diversification, and maturities of its investments that maintain liquidity.

The Company's cash requirements during the first quarter of 2008 were met with its existing cash balances, cash from investment maturities, and positive cash flow from operations. Cash requirements primarily consisted of operating activities, capital expenditures, the repurchase of common stock, and the payment of dividends. Capital expenditures for the first quarter of 2008 totaled \$1,709,000 and consisted primarily of expenditures for computer hardware and software, as well as costs to fit up a new manufacturing and distribution center in Ireland.

In June 2000, Cognex Corporation became a Limited Partner in Venrock Associates III, L.P. (Venrock), a venture capital fund. A Director of the Company is a Managing General Partner of Venrock Associates. The Company has committed to a total investment in the limited partnership of up to \$20,500,000, with the commitment period expiring on December 31, 2010. The Company does not have the right to withdraw from the partnership prior to December 31, 2010. As of March 30, 2008, the Company had contributed \$19,488,000 to the partnership. No contributions were made and no distributions were received during the first quarter of 2008. The remaining commitment of \$1,012,000 can be called by Venrock in any period through 2010.

In July 2006, the Company's Board of Directors authorized the repurchase of up to \$100,000,000 of the Company's common stock. As of March 30, 2008, the Company had repurchased 3,981,390 shares at a cost of \$87,067,000 under this program. The Company may repurchase additional shares under this program in future periods depending upon a variety of factors, including the stock price levels and share availability.

In March 2008, the Company's Board of Directors authorized the repurchase of up to an additional \$30,000,000 of the Company's common stock under a Rule 10b5-1 Plan. As of March 30, 2008, the Company had repurchased 134,843 shares at a cost of \$2,697,000 under this program. Repurchases under this new authorization are subject to the parameters of the Rule 10b5-1 Plan, which provides for repurchases during Cognex self-imposed trading blackout periods related to the announcement of quarterly results. The Rule 10b5-1 Plan expires on February 17, 2009 or, if earlier, upon the repurchase of \$30,000,000 of Cognex common stock under the plan. The plan does not require Cognex to acquire any specific number of shares and it may be suspended or discontinued at any time.

The Company repurchased a total of 1,666,900 shares at a cost of \$32,688,000 during the first quarter of 2008, of which 1,532,057 shares at a cost of \$29,991,000 were repurchased under the July 2006 program, with the remaining shares purchased under the March 2008 program.

In April 2008, the Company's Board of Directors authorized the repurchase of up to \$50,000,000 of the Company's common stock. This authorization is in addition to the July 2006 and March 2008 programs.

Beginning in the third quarter of 2003, the Company's Board of Directors has declared and paid a cash dividend in each quarter, including a dividend of \$0.085 per share that amounted to \$3,658,000 for the first quarter of 2008.

Future dividends will be declared at the discretion of the Company's Board of Directors and will depend upon such factors as the Board deems relevant.

In May 2006, the Company acquired AssistWare Technology, Inc. for \$2,998,000 in cash paid at closing, with the potential for an additional cash payment of up to \$500,000 in the second quarter of 2007, up to \$500,000 in the fourth quarter of 2007, and up to \$1,000,000 in the second quarter of 2008 depending upon the achievement of certain performance criteria. The Company determined that the contingent payments in the second and fourth quarters of 2007 had been earned and made these payments in these periods with a corresponding increase to goodwill. As of December 31, 2007, the Company had also determined that the \$1,000,000 contingent payment due in the second quarter of 2008 had been earned beyond a reasonable doubt, and accordingly, accrued this payment at December 31, 2007 with a corresponding increase to goodwill. This payment will be made during the second quarter of 2008. The Company's business strategy includes selective expansion into new machine vision applications through the acquisition of businesses and technologies, which may result in significant cash outlays in the future.

Table of Contents

The Company believes that its existing cash, cash equivalent, and investment balance, together with continued positive cash flow from operations, will be sufficient to meet its operating, investing, and financing activities in 2008 and the foreseeable future.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the Company's exposures to market risk since December 31, 2007.

ITEM 4: CONTROLS AND PROCEDURES

As required by Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, the Company has evaluated, with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, the effectiveness of its disclosure controls and procedures (as defined in such rules) as of the end of the period covered by this report. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that such disclosure controls and procedures were effective as of that date. From time to time, the Company reviews its disclosure controls and procedures, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that the Company's systems evolve with its business. There was no change in the Company's internal control over financial reporting that occurred during the quarter ended March 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents**PART II: OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

There have been no material changes to the Company's exposures to legal proceedings since December 31, 2007 as discussed in Part I Item III of the Company's Annual Report on Form 10-K for the year then ended.

ITEM 1A. RISK FACTORS

For factors that could affect the Company's business, results of operations, and financial condition, see the risk factors discussion provided in Part I Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following tables set forth information with respect to purchases by the Company of shares of its Common Stock during the periods indicated.

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|-----------------------|---|---|---|---|
| January 1 - 31, 2008 | | | | \$ 42,924,000 |
| February 1 - 28, 2008 | 433,941 | \$ 19.31 | 433,941 | \$ 34,547,000 |
| March 1 - 30, 2008 | 1,232,959 | \$ 19.72 | 1,232,959 | \$ 40,236,000 |
| Total | 1,666,900 | \$ 19.61 | 1,666,900 | \$ 40,236,000 |

(1) In July 2006, the Company's Board of Directors authorized the repurchase of up to \$100,000,000 of the Company's Common Stock. In March 2008, the Company's Board of Directors authorized the repurchase of up to an additional \$30,000,000 of Cognex common stock under a Rule 10b5-1 Plan. Not

included in this table is an authorization by the Company's Board of Directors in April 2008 to repurchase up to an additional \$50,000,000 of the Company's common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

Table of Contents

ITEM 6. EXHIBITS

- 3.1 By-Laws of Cognex Corporation, as amended and restated through November 21, 2007 (incorporated herein by reference to Exhibit 3B to the Company's Annual Report on Form 10-K for the year ended December 31, 2007)
- 3.2 Amendment to By-Laws of Cognex Corporation, dated March 1, 2008 (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 3, 2008)
- 10.1 Form of Indemnification Agreement with each of the Directors of Cognex Corporation (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 3, 2008)
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934*
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934*
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

* Filed herewith

** Furnished
herewith

Table of Contents

SIGNATURES

Pursuant to the requirements 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.

DATE: April 28, 2008

COGNEX CORPORATION

By: /s/ Robert J. Shillman
Robert J. Shillman
Chief Executive Officer, President, and
Chairman of the Board of Directors
(duly authorized officer, principal
executive officer)

By: /s/ Richard A. Morin
Richard A. Morin
Senior Vice President of Finance, Chief
Financial Officer, and Treasurer
(duly authorized officer, principal
financial and accounting officer)