

COGNEX CORP  
Form DEF 14A  
March 10, 2010

**Table of Contents**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934 (Amendment No.     )**

**Filed by the Registrant**

**Filed by a Party other than the Registrant**

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

**COGNEX CORPORATION**

*(Name of Registrant as Specified In Its Charter)*

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

**Payment of Filing Fee (Check the appropriate box):**

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
    - 1) Title of each class of securities to which transaction applies:
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**Table of Contents**

**COGNEX CORPORATION**

**NOTICE OF SPECIAL MEETING IN LIEU OF  
THE 2010 ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on April 22, 2010**

To the Shareholders:

A Special Meeting of the Shareholders of COGNEX CORPORATION in lieu of the 2010 Annual Meeting of Shareholders will be held on Thursday, April 22, 2010, at 10:00 a.m., local time, at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts, for the following purposes:

1. To elect two Directors, each to serve for a term of three years, all as more fully described in the proxy statement for the meeting.
2. To consider and act upon any other business which may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on February 26, 2010 as the record date for the meeting. All shareholders of record on that date are entitled to receive notice of and to vote at the meeting.

The proposal for the election of Directors relates solely to the election of two Directors nominated by the Board of Directors and does not include any other matters relating to the election of Directors, including, without limitation, the election of Directors nominated by any shareholder of Cognex Corporation.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE YOUR SHARES BY TELEPHONE, VIA THE INTERNET, OR BY COMPLETING AND RETURNING A PROXY CARD. IF YOU ATTEND THE MEETING, YOU MAY CONTINUE TO HAVE YOUR SHARES VOTED AS INSTRUCTED IN THE PROXY OR YOU MAY WITHDRAW YOUR PROXY AT THE MEETING AND VOTE YOUR SHARES IN PERSON.**

By Order of the Board of Directors

Anthony J. Medaglia, Jr., *Secretary*

Natick, Massachusetts  
March 10, 2010

**Important**

Please note that due to security procedures, you will be required to show a form of picture identification to gain access to the offices of Goodwin Procter LLP. Please contact the Cognex Department of Investor Relations at (508) 650-3000 if you plan to attend the meeting.

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## TABLE OF CONTENTS

<u>Voting Procedures</u>	1
<u>Voting and Quorum</u>	1
<u>Record Date and Voting Securities</u>	1
<u>Proxies</u>	1
<u>Proposal 1: Election of Directors</u>	2
<u>Recommendation</u>	2
<u>Information Regarding Directors</u>	2
<u>Director Attendance</u>	4
<u>Compensation of Directors</u>	4
<u>Certain Legal Proceedings</u>	5
<u>Communications to Directors</u>	5
<u>The Board's Role in Risk Oversight</u>	6
<u>Committees of the Board of Directors</u>	6
<u>Compensation/Stock Option Committee</u>	6
<u>Audit Committee</u>	7
<u>Nominating and Corporate Governance Committee</u>	7
<u>Stock Ownership</u>	10
<u>Security Ownership of Certain Beneficial Owners</u>	10
<u>Security Ownership of Directors and Executive Officers</u>	11
<u>Compensation Policies and Procedures</u>	11
<u>Compensation Discussion and Analysis</u>	12
<u>Report of The Compensation/Stock Option Committee</u>	18
<u>Executive Compensation</u>	19
<u>Summary Compensation Table</u>	19
<u>Grants of Plan-Based Awards Table</u>	20
<u>Discussion of Summary Compensation and Grants of Plan-Based Awards Tables</u>	21
<u>Table of Outstanding Equity Awards at Fiscal Year-End</u>	22
<u>Employment Agreement with Robert Willett</u>	23
<u>Potential Payments Upon Termination or Change of Control</u>	23
<u>Report of The Audit Committee</u>	25
<u>Independent Registered Public Accounting Firm</u>	26
<u>Fees Paid to Independent Registered Public Accounting Firm</u>	26
<u>Pre-approval Policies</u>	26
<u>Compensation/Stock Option Committee Interlocks and Insider Participation</u>	27
<u>Certain Relationships and Related Transactions</u>	27
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	27
<u>Additional Information</u>	28
<u>Deadlines for Submission of Shareholder Proposals</u>	28
<u>Other Matters</u>	28
<u>Expenses and Solicitation</u>	28
<u>Form 10-K Report</u>	29

**Table of Contents**

**PROXY STATEMENT**

This proxy statement is being furnished to you in connection with the solicitation of proxies by the Board of Directors of Cognex Corporation for use at the Special Meeting in lieu of the 2010 Annual Meeting of Shareholders to be held on Thursday, April 22, 2010, at 10:00 a.m., local time, at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts, and at any adjournments or postponements of that meeting. This proxy statement is first being made available to our shareholders on or about March 10, 2010.

Cognex's principal executive offices are located at One Vision Drive, Natick, Massachusetts 01760, and our telephone number is (508) 650-3000.

**VOTING PROCEDURES**

**Voting and Quorum**

The holders of a majority in interest of our common stock outstanding on the record date for the meeting are required to be present in person or be represented by proxy at the meeting in order to constitute a quorum for the transaction of business. The election of a nominee for Director will be decided by a plurality of the votes cast. Votes may be cast for or withheld from each nominee. We count both abstentions and broker non-votes as present for the purpose of determining the existence of a quorum for the transaction of business. However, for the purpose of determining the number of shares voting on a particular proposal, we do not count abstentions and broker non-votes as votes cast or shares voting. A broker non-vote refers to shares held by a broker or nominee that does not have the authority, either express or discretionary, to vote on a particular matter.

**Record Date and Voting Securities**

Only shareholders of record at the close of business on February 26, 2010 are entitled to receive notice of and to vote at the meeting. We refer to this date as the record date for the meeting. As of the close of business on the record date, there were 39,666,709 shares of our common stock outstanding and entitled to vote. Each outstanding share of our common stock entitles the record holder to one vote.

**Proxies**

Our Board of Directors requests that you submit the proxy card accompanying this proxy statement for use at the meeting. Please complete, date, sign and submit the proxy card as instructed. In addition, you may vote your shares by telephone or via the Internet by following the instructions included on the proxy card. The Internet and telephone voting facilities for shareholders of record will close at 11:59 p.m., Eastern Time, on April 21, 2010.

Our Board recommends an affirmative vote on all proposals specified in the notice for the meeting. Proxies will be voted as specified. If your proxy is properly submitted, it will be voted in the manner that you direct. **If you do not specify instructions with respect to any particular matter to be acted upon at the meeting, proxies will be voted in favor of the Board of Directors' recommendations.**

You may revoke your proxy at any time before your proxy is voted at the meeting by:

giving written notice of revocation of your proxy to the Secretary of Cognex;

completing and submitting a new proxy card relating to the same shares and bearing a later date;

properly casting a new vote through the Internet or by telephone at any time before the closure of the Internet or telephone voting facilities; or

attending the meeting and voting in person, although attendance at the meeting will not, by itself, revoke a proxy.

**Table of Contents**

**PROPOSAL 1: ELECTION OF DIRECTORS**

Our Board of Directors currently consists of seven Directors and is divided into three classes, with one class being elected each year for a term of three years. We are proposing that Robert J. Shillman and Anthony Sun be elected to serve terms of three years and in each case until their successors are duly elected and qualified or until they sooner die, resign or are removed. Edward J. Smith, whose term expires at the annual meeting, has not been nominated by the Board of Directors for re-election. Dr. Shillman, who is currently serving a term as Director ending in 2012, previously indicated his desire to stand for re-election by the shareholders generally on an annual basis. As such, he is included in the class of Directors being nominated for re-election at the meeting and, if elected, will fill Mr. Smith's seat.

**Recommendation**

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ROBERT J. SHILLMAN AND ANTHONY SUN.**

The persons named in the accompanying proxy will vote, unless authority is withheld, FOR the election of the nominees named above. Our Board of Directors anticipates that each of the nominees, if elected, will serve as a Director. If any nominee is unable to accept election, the persons named in the accompanying proxy will vote for such substitute as our Board of Directors may recommend. Should our Board not recommend a substitute for any nominee, then the proxy will be voted for the election of the remaining nominees. There are no family relationships between any Director and executive officer of Cognex or its subsidiaries.

**Information Regarding Directors**

Set forth below is certain information furnished to us by the Director nominees and by each of the incumbent Directors whose terms will continue after the meeting. The biographical description below for each Director includes his age, all positions he holds with Cognex, his principal occupation and business experience over the past five years, and the names of other publicly-held companies for which he currently serves as a director or has served as a director during the past five years. The biographical description below for each Director also includes the specific experience, qualifications, attributes and skills that led to the conclusion by the Board of Directors that such person should serve as a director of Cognex. In addition to such specific information, we also believe that all of our directors have a reputation for integrity, honesty and adherence to high ethical standards. In addition, they have each demonstrated business acumen and an ability to exercise sound judgment as well as a commitment of service to Cognex and our Board.

Our Board of Directors has determined that all of the Director nominees and incumbent Directors listed below are independent as such term is defined in the applicable listing standards of The NASDAQ Stock Market LLC (Nasdaq), except for Dr. Shillman, who is our Chief Executive Officer, and Mr. Alias, who is a non-executive employee of Cognex. See Certain Relationships and Related Transactions for further information regarding the independence determination by the Board.

The positions of Chairman of the Board and Chief Executive Officer are currently occupied by one individual, Dr. Shillman. Our Board of Directors believes that this leadership structure has served our company well in the past and continues to serve it well at present, as Dr. Shillman's nearly three decades of experience in the machine vision industry and his significant ownership interest in Cognex uniquely qualify him to serve as both Chairman and Chief Executive Officer. In his combined role, Dr. Shillman sets the strategic direction for our company and provides

day-to-day leadership, and he also sets the agenda for Board meetings and presides over all meetings of the full Board. This promotes unified leadership and direction for the Board and management that, together with having a Lead Independent Director as described below, assists the Board in the administration of its risk oversight responsibilities discussed in this proxy statement.



**Table of Contents**

Because the Chairman and Chief Executive Officer positions are currently occupied by Dr. Shillman, our Board has appointed Jerald G. Fishman to serve in the role of Lead Independent Director. As Lead Independent Director, Mr. Fishman presides at all meetings of our Board of Directors at which the Chairman is not present, and he chairs the executive sessions of independent Directors, who regularly meet in executive sessions at which only independent Directors are present. Mr. Fishman may also provide input regarding meeting agendas and bear such further responsibilities as our Board may designate from time to time.

**Nominated for a term ending in 2013:**

*Robert J. Shillman*, 63, the founder of Cognex, has served as Chairman of the Board of Directors and Chief Executive Officer of Cognex since 1981. During the past five years, Dr. Shillman has not served as a member of the Board of Directors of another public company or registered investment company. We believe Dr. Shillman's qualifications to sit on our Board of Directors include his three decades of experience in the machine vision industry, and his executive leadership experience from serving as our Chairman and Chief Executive Officer during all of those years.

*Anthony Sun*, 57, has been a director since 1982. Mr. Sun was a general partner since 1980, and a managing general partner since 1997, of Venrock Associates, a venture capital partnership, until his retirement in December 2009. Mr. Sun also serves as a member of the Board of Directors of several private companies. During the past five years, he served as a member of the Board of Directors of Phoenix Technologies Ltd. We believe Mr. Sun's qualifications to sit on our Board of Directors include his executive experience, his expertise in the high-technology industry, and the deep understanding of our company that he has acquired over twenty-seven years of service on our Board.

**Serving a term ending in 2012:**

*Patrick A. Alias*, 64, has served as a director since 2001. Mr. Alias has served as Senior Vice President of Cognex since April 2005, and previously was Executive Vice President from 1991 through April 2005. Prior to joining Cognex, Mr. Alias spent over 20 years in various high technology management positions in Europe, Japan and the United States. He holds Master's Degrees in Electronics, Mathematics, and Economics from IEP in Europe, and is a graduate of the Advanced Management Program of the Harvard Business School. During the past five years, Mr. Alias has not served as a member of the Board of Directors of another public company or registered investment company. We believe Mr. Alias's qualifications to sit on our Board of Directors include his four decades of experience working with high-technology companies, including nearly fifteen years as our company's Executive Vice President of Worldwide Sales and Marketing, as well as his extensive management experience.

*Reuben Wasserman*, 80, has served as a director since 1990. Mr. Wasserman has been an independent business consultant serving high technology corporations and venture capital firms, and has served on numerous boards, since 1985. Prior to 1985, he was Vice President of Strategic Planning for Gould Electronics, Inc. Mr. Wasserman also serves as a member of the Board of Overseers of Lahey Clinic, and on the Advisory Board of the Threshold Program at Lesley University. During the past five years, Mr. Wasserman served as a member of the Board of Directors of AMR, Inc. We believe Mr. Wasserman's qualifications to sit on our Board of Directors include his years of experience providing strategic advisory services.

**Serving a term ending in 2011:**

*Jerald G. Fishman*, 64, has served as a director since 1998. Mr. Fishman has held various management positions at Analog Devices, Inc. since 1971, and has been the President and Chief Executive Officer of Analog Devices, Inc. since 1996. Mr. Fishman currently serves, and has served for the past five years, as a member of the Boards of Directors of Analog Devices, Inc. and Xilinx, Inc. We believe Mr. Fishman's qualifications to sit on our Board of Directors include his four decades of experience in the high-technology and semiconductor industries, including his

nineteen years of experience as President of a semiconductor company.

**Table of Contents**

*Theodor Krantz*, 67, has served as a director since 2007. Mr. Krantz has been President of Airmar Technology Inc. since 1999. From 1984 to 1999, he served as President, and later Chief Executive Officer, of Velcro Industries. Mr. Krantz also serves, and has served for the past five years, as a member of the Board of Directors and Audit Committees of Hitchiner Manufacturing Company and Control Air, Inc. Mr. Krantz holds a B.A. from Princeton University, and an M.B.A. from Harvard Business School. We believe Mr. Krantz's qualifications to sit on our Board of Directors include his extensive executive leadership experience and his accounting and financial management expertise.

**Director Attendance**

During 2009, there were nine meetings of our Board of Directors. All of the Directors attended at least 75% of the aggregate of the total number of meetings of our Board of Directors held in 2009, and the total number of meetings held by committees of the Board on which they served during 2009. Our Directors are strongly encouraged to attend the annual meeting of shareholders or the special meeting in lieu of the annual meeting; however, we do not have a formal policy with respect to attendance at that meeting. All of our Directors attended the Special Meeting in lieu of the 2009 Annual Meeting of Shareholders held on April 23, 2009.

**Compensation of Directors**

The following table sets forth the compensation earned by or awarded to each Director who served on our Board of Directors in 2009, other than Dr. Shillman. Details of Dr. Shillman's compensation are set forth under the heading Executive Compensation Summary Compensation Table.

**Director Compensation Table 2009**

Name	Fees Earned or Paid in	Option Awards	All Other	Total
	Cash	(1)(2)	Compensation (3)	Compensation
Patrick A. Alias	\$ 0	\$ 0	\$ 166,035	\$ 166,035
Jerald G. Fishman	\$ 33,150	\$ 0	\$ 54,075	\$ 87,225
Theodor Krantz	\$ 41,500	\$ 0	\$ 0	\$ 41,500
Edward J. Smith	\$ 36,100	\$ 0	\$ 37,200	\$ 73,300
Anthony Sun	\$ 29,300	\$ 0	\$ 80,675	\$ 109,975
Reuben Wasserman	\$ 34,450	\$ 0	\$ 80,675	\$ 115,125

(1) In 2009, none of the Directors (including Dr. Shillman) were granted options to purchase shares of our common stock.

(2) Each Director other than Dr. Shillman had the following unexercised options outstanding at December 31, 2009: Mr. Alias, options to purchase 63,150 shares; Mr. Fishman, options to purchase 31,750 shares; Mr. Krantz, options to purchase 34,250 shares; Mr. Smith, options to purchase 14,250 shares; Mr. Sun, options to purchase 31,750 shares; and Mr. Wasserman, options to purchase 31,750 shares. No stock option grants to the Directors listed above were forfeited in 2009.

(3)

Amounts listed in this column include payments made by Cognex for stock options tendered and accepted in our tender offer to repurchase certain underwater stock options completed on December 15, 2009 as follows: Mr. Alias tendered options to purchase an aggregate of 33,533 shares at a weighted average exercise price of \$28.57; Mr. Fishman tendered options to purchase an aggregate of 28,500 shares at a weighted average exercise price of \$28.11; Mr. Smith tendered options to purchase an aggregate of 20,000 shares at a weighted average exercise price of \$23.22; Mr. Sun tendered options to purchase an aggregate of 32,500 shares at a weighted average exercise price of \$27.80; and Mr. Wasserman tendered options to purchase an aggregate of 32,500 shares at a weighted average exercise price of \$27.80. Amounts also include salary of \$90,346 which was earned by Mr. Alias during 2009 in his capacity as a non-executive employee of Cognex.

**Table of Contents**

Cognex paid each Director (other than Dr. Shillman and Mr. Alias) an annual fee for his services on our Board of Directors and its committees, plus additional amounts for each meeting attended in person or via telephone. The amounts paid on or after April 23, 2009 were reduced by 10% as part of our cost-cutting efforts. As a result, each Director received cash compensation in the amount of \$6,750 for 2009, plus an additional \$4,500 for each meeting attended in person before April 23, 2009 and \$4,050 for each meeting attended in person on or after April 23, 2009. Each Director received \$500 for each meeting attended via telephone before April 23, 2009 and \$450 for each meeting attended via telephone on or after April 23, 2009. Each Director who served on the Compensation/Stock Option Committee of our Board of Directors in 2009 received an annual fee of \$2,000, plus \$500 for each meeting attended before April 23, 2009 and \$450 for each meeting attended on or after April 23, 2009 if the meeting was on a day other than that of a Board meeting. Each Director who served on the Audit Committee of our Board of Directors in 2009 received an annual fee of \$4,500. The Chairman of the Audit Committee received an additional fee of \$3,000 for the year. Each Audit Committee member received an additional \$500 for each telephonic meeting attended to discuss our financial results and related topics if the meeting was before April 23, 2009 and \$450 if the telephonic meeting was on or after April 23, 2009. And, each Director who served on the Nominating and Corporate Governance Committee received an annual fee of \$500.

Dr. Shillman, who is our Chief Executive Officer, and Mr. Alias, who is a non-executive employee of Cognex, received no additional cash compensation in 2009 to serve on our Board of Directors. None of the Directors (including Dr. Shillman and Mr. Alias) were granted options in 2009 to purchase shares of our common stock. In 2008, each Director (other than Dr. Shillman) was granted an option to purchase 6,750 shares, which represented the Directors annual option grant for 2009. Each option vests in four equal annual installments commencing on February 19, 2010 (i.e., two years after the date of grant). The 2009 annual option grants were made to the Directors in 2008 with these extended vesting periods to utilize shares available for grant under our 1998 Stock Incentive Plan, which was due to expire in February 2008. The exercise price for the option grants was \$18.70, which was the closing price of our common stock as reported by Nasdaq on the date of grant.

On December 15, 2009, we completed an offer to purchase from eligible employees, including our named executive officers and Directors, certain underwater stock options (meaning the stock option exercise price exceeded the market price of Cognex common stock) for a cash payment. The eligible options included those options with an exercise price equal to or greater than \$23.00 per share, which represented a 29% increase over the 52-week high sale price of our common stock preceding the start of the offer. Pursuant to this offer, the following payments were made to each Director for stock options tendered and accepted by Cognex: Mr. Alias, \$75,689; Mr. Fishman, \$54,075; Mr. Smith, \$37,200; Mr. Sun, \$80,675; and Mr. Wasserman, \$80,675 (the payment received by Dr. Shillman is set forth under the heading Compensation Discussion and Analysis Cash Tender Offer for Certain Underwater Stock Options and included in the Summary Compensation Table).

**Certain Legal Proceedings**

In May 2008, Mr. Fishman and Analog Devices, Inc. (Mr. Fishman is the President and Chief Executive Officer of Analog Devices) settled an inquiry by the Securities and Exchange Commission (SEC) into Analog Devices stock option granting practices by agreeing to the entry of an administrative cease and desist order without admitting or denying wrongdoing. Under the order, Mr. Fishman agreed to cease and desist from committing or causing any violations of Sections 17(a)(2) and (3) of the Securities Act of 1933, paid a civil money penalty, and made a disgorgement payment with respect to certain stock options received in prior years.

**Communications to Directors**

Shareholders who wish to communicate with our Board of Directors or with a particular Director may send a letter to the Secretary of Cognex Corporation at One Vision Drive, Natick, Massachusetts 01760. The mailing envelope should contain a clear notation indicating that the enclosed letter is a Shareholder-Board

## **Table of Contents**

Communication or Shareholder-Director Communication. The letter should clearly state whether the intended recipients are all members of our Board or certain specified individual Directors. The Secretary will make copies of all such letters and circulate them to the appropriate Director or Directors.

### **The Board's Role in Risk Oversight**

The role of our Board of Directors in our company's risk oversight process includes receiving regular reports from management on areas of material risk to our company, including operational, financial, legal and regulatory, and strategic and reputational risks. The full Board (or the appropriate Committee in the case of risks that are under the purview of a particular Committee) receives these reports from the appropriate risk owner within our company so that it can understand our risk identification, risk management and risk mitigation strategies. When a Committee receives the report, the Chairman of the relevant Committee reports on the discussion to the full Board. This enables the Board and its Committees to coordinate the risk oversight role. Our Board of Directors also administers its risk oversight function through the required approval by the Board (or a committee of the Board) of significant transactions and other material decisions, and regular periodic reports from our company's independent registered public accounting firm and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal controls and financial reporting. As part of its charter, the Audit Committee discusses with management and our independent registered public accounting firm significant risks and exposures and the steps management has taken to minimize those risks.

## **COMMITTEES OF THE BOARD OF DIRECTORS**

### **Compensation/Stock Option Committee**

Our Board of Directors has a Compensation/Stock Option Committee whose members are Jerald G. Fishman, Theodor Krantz, and Reuben Wasserman, Chairman. Each member of the Compensation/Stock Option Committee is independent as such term is defined in the applicable listing standards of Nasdaq. The Compensation/Stock Option Committee has a written charter, which is available on our website at [www.cognex.com](http://www.cognex.com) under Company Information Investor Information Corporate Governance.

In accordance with its written charter, the Compensation/Stock Option Committee:

- discharges the Board's responsibilities relating to compensation of Cognex's executives, including the determination of the compensation of our Chief Executive Officer and other executive officers;

- oversees our overall compensation structure, policies and programs;

- administers our stock option and other equity-based plans;

- reviews and makes recommendations to the Board regarding the compensation of our Directors; and

- is responsible for producing the annual report included in this proxy statement.

Our Chief Executive Officer, other Cognex executives, and the Cognex Human Resources department support the Compensation/Stock Option Committee in its duties and may be delegated authority to fulfill certain administrative duties regarding Cognex's compensation programs. In addition, our Chief Executive Officer makes recommendations to the Compensation/Stock Option Committee on an annual basis regarding salary increases, potential bonuses, and stock option grants for each of our other executive officers. Our Chief Executive Officer also has been delegated the authority to approve stock option grants of less than 20,000 shares to non-executive employees of Cognex.





## **Table of Contents**

The Compensation/Stock Option Committee has sole authority under its charter to retain, approve fees for, determine the scope of the assignment of, and terminate advisors and consultants as it deems necessary to assist in the fulfillment of its responsibilities. The Compensation/Stock Option Committee typically does not retain compensation consultants, but may utilize independent third-party benchmarking surveys acquired by Cognex.

The agenda for meetings of the Compensation/Stock Option Committee is determined by its Chairman in consultation with the other members of the Committee and management. Committee meetings are regularly attended by the Chief Executive Officer, except when his compensation is being discussed, and may also include other executives at the invitation of the Committee. At each meeting, the Compensation/Stock Option Committee also meets in executive session. The Compensation/Stock Option Committee met five times in 2009.

The Chairman reports the actions and determinations of the Compensation/Stock Option Committee to the full Board on a regular basis. The full Board determines the compensation of our Directors, after considering any recommendations of the Compensation/Stock Option Committee.

The Compensation Discussion and Analysis section of this proxy statement provides further information regarding the processes and procedures of the Compensation/Stock Option Committee for establishing and overseeing our executive compensation programs.

## **Audit Committee**

Our Board of Directors also has an Audit Committee whose members are Edward J. Smith, Reuben Wasserman and Theodor Krantz, Chairman. Each Director who served on the Audit Committee during 2009 is independent as such term is defined in the applicable listing standards of Nasdaq and rules of the SEC. The Board of Directors has also determined that all members of the Audit Committee are financially literate, and that Theodor Krantz qualifies as an audit committee financial expert under the rules of the SEC.

For 2009, among other functions, the Audit Committee reviewed with our independent registered public accounting firm the scope of the audit for the year, the results of the audit when completed and the independent registered public accounting firm's fees for services performed. The Audit Committee also appointed the independent registered public accounting firm and reviewed with management various matters related to our internal controls. The Audit Committee has a written charter, which is available on our website at [www.cognex.com](http://www.cognex.com) under Company Information Investor Information Corporate Governance. During 2009, the Audit Committee held seven meetings.

## **Nominating and Corporate Governance Committee**

Our Board of Directors has a Nominating and Corporate Governance Committee whose members are Jerald G. Fishman, Reuben Wasserman and Edward J. Smith, Chairman. Each Director who served on the Nominating and Corporate Governance Committee during 2009 is independent as such term is defined in the applicable listing standards of Nasdaq. The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to serve as members of the Board and recommending to the Board nominees for election as directors at each annual meeting of shareholders and when vacancies in the Board occur for any reason. The Nominating and Corporate Governance Committee is also responsible for developing and recommending to the Board a set of corporate governance guidelines to assist and guide the Board in the exercise of its responsibilities, periodically reviewing these guidelines and recommending changes deemed appropriate, and coordinating any evaluations of the Board and its committees.

The Nominating and Corporate Governance Committee's written charter, as amended, is available on our website at [www.cognex.com](http://www.cognex.com) under Company Information Investor Information Corporate Governance. The Board also adopted

corporate governance guidelines during 2009, which are available on our website at

**Table of Contents**

[www.cognex.com](http://www.cognex.com) under Company Information Investor Information Corporate Governance. During 2009, there were two meetings of the Nominating and Corporate Governance Committee.

When considering a potential candidate for membership on our Board of Directors, the Nominating and Corporate Governance Committee will consider any criteria it deems appropriate, including, among other things, the experience and qualifications of any particular candidate as well as such candidate's past or anticipated contributions to the Board and its committees. At a minimum, each nominee is expected to have high personal and professional integrity and demonstrated ability and judgment, and to be effective, with the other Directors and management, in collectively serving the long-term interests of our shareholders. Each nominee is expected to be personable and support our "Work Hard, Play Hard and Move Fast" culture. And, each nominee is expected to have direct and significant experience in one or more industries or markets in which our company does, or plans to do, business, and/or significant senior-level management experience in functions or roles which are helpful to our company (such as, for example, finance, accounting, engineering, manufacturing, sales and marketing).

In addition to the minimum qualifications set forth for each nominee above, when considering potential candidates for our Board of Directors, the Nominating and Corporate Governance Committee seeks to ensure that the Board of Directors is comprised of a majority of independent Directors, that the committees of the Board are comprised entirely of independent Directors, and that at least one member of the Audit Committee qualifies as an audit committee financial expert under SEC rules. The Nominating and Corporate Governance Committee may also consider any other standards that it deems appropriate. Although there is no specific policy regarding diversity in identifying director nominees, both the Nominating and Corporate Governance Committee and the Board seek the talents and backgrounds that would be most helpful to the Company in selecting director nominees. In particular, the Committee, when recommending director candidates to the full Board for nomination, may consider whether a director candidate, if elected, assists in achieving a mix of Board members that represents a diversity of background and experience.

In practice, the Nominating and Corporate Governance Committee generally will evaluate and consider all candidates recommended by our Directors, officers and shareholders. The Nominating and Corporate Governance Committee intends to consider shareholder recommendations for Directors using the same criteria as potential nominees recommended by the members of the Nominating and Corporate Governance Committee or others. The Nominating and Corporate Governance Committee did not receive any shareholder nominees for election as Director with respect to the meeting.

Shareholders who wish to submit Director candidates for consideration as nominees for election at our 2011 Annual Meeting of Shareholders should send such recommendations to the Secretary of Cognex Corporation at our executive offices on or before November 10, 2010. These recommendations must include:

the name and address of record of the shareholder;

a representation that the shareholder is a record holder of our common stock, or if the shareholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Securities Exchange Act of 1934, or the Exchange Act;

the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding ten full fiscal years of the proposed Director candidate;

a description of the qualifications and background of the proposed Director candidate which addresses the minimum qualifications described above and any other criteria for Board membership approved by the Board from time to time;



**Table of Contents**

a description of all arrangements or understandings between the shareholder and the proposed Director candidate; and

the consent of the proposed Director candidate to be named in the proxy statement, to serve as a Director if elected at such meeting, and to give our company the authority to carry out a detailed and thorough investigation of his/her educational, professional, financial and personal history.

Shareholders must also submit any other information regarding the proposed Director candidate that is required to be included in a proxy statement filed pursuant to SEC rules. See also the information under the heading **Additional Information** **Deadlines for Submission of Shareholder Proposals**.

**Table of Contents****STOCK OWNERSHIP****Security Ownership of Certain Beneficial Owners**

The following table shows as of February 26, 2010, any person who is known by us to be the beneficial owner of more than five percent of our common stock. For purposes of this proxy statement, beneficial ownership is defined in accordance with Rule 13d-3 under the Exchange Act. Accordingly, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, agreement, understanding, relationship or otherwise has or shares the power to vote such security or to dispose of such security.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class(1)</b>
Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151	5,059,890(2)	12.8%
Robert J. Shillman Cognex Corporation One Vision Drive Natick, MA 01760	3,726,356(3)	9.4%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	2,949,101(4)	7.4%
Barrow, Hanley, Mewhinney & Strauss, LLC 2200 Ross Avenue, 31st Floor Dallas, TX 75201-2761	2,286,900(5)	5.8%

- (1) Percentages are calculated on the basis of 39,666,709 shares of our common stock outstanding as of February 26, 2010. The total number of shares outstanding used in this calculation also assumes that the currently exercisable options or options which become exercisable within 60 days of February 26, 2010 held by the specified person are exercised but does not include the number of shares of our common stock underlying options held by any other person.
- (2) Information regarding Royce & Associates, LLC is based solely upon a Schedule 13G filed by Royce & Associates with the SEC on January 22, 2010, which indicates that Royce & Associates held sole voting and dispositive power over 5,059,890 shares. Per the Schedule 13G, these shares were held in various accounts managed by Royce & Associates, with the interest of one account, Royce Premier Fund, amounting to 2,957,717 shares.
- (3) Except as noted below, Dr. Shillman held sole voting and dispositive power over the shares listed. Includes 184,750 shares which Dr. Shillman has the right to acquire upon the exercise of outstanding options, exercisable currently or within 60 days of February 26, 2010. Also includes 700 shares held by Dr. Shillman's wife and 7,000 shares held by Dr. Shillman's children, which Dr. Shillman may be deemed to beneficially own but as to

which he disclaims beneficial ownership.

- (4) Information regarding BlackRock, Inc. is based solely upon a Schedule 13G filed by BlackRock with the SEC on January 29, 2010, which indicates that BlackRock held sole voting and dispositive power over 2,949,101 shares.
- (5) Information regarding Barrow, Hanley, Mewhinney & Strauss, LLC is based solely upon a Schedule 13G filed by Barrow Hanley with the SEC on February 8, 2010, which indicates that Barrow Hanley held sole voting

**Table of Contents**

power over 929,400 shares, shared voting power over 1,357,500 shares, and sole dispositive power over 2,286,900 shares.

**Security Ownership of Directors and Executive Officers**

The following information is furnished as of February 26, 2010, with respect to our common stock beneficially owned within the meaning of Rule 13d-3 of the Exchange Act by each of our Directors, each Director nominee, each of the named executive officers (as described below) and by all of our Directors and executive officers as a group. Unless otherwise indicated, the individuals named held sole voting and investment power over the shares listed below. The address for each individual is c/o Cognex Corporation, One Vision Drive, Natick, Massachusetts 01760.

<b>Name</b>	<b>Amount and Nature of Beneficial Ownership(1)</b>	<b>Percent of Class(2)</b>
Robert J. Shillman	3,726,356(3)	9.4%
Anthony Sun	113,350	*
Richard A. Morin	82,844	*
Patrick A. Alias	56,391	*
Jerald G. Fishman	21,062	*
Reuben Wasserman	21,062	*
Robert Willett	17,500	*
Theodor Krantz	15,437	*
Edward J. Smith	7,437	*
All Directors and Executive Officers as a group (9 persons)	4,061,439(4)	10.1%

\* Less than 1%

- (1) Includes the following shares which the specified individual has the right to acquire upon the exercise of outstanding options, exercisable currently or within 60 days of February 26, 2010: Dr. Shillman, 184,750 shares; Mr. Sun, 21,062 shares; Mr. Morin, 79,857 shares; Mr. Alias, 52,462 shares; Mr. Fishman, 21,062 shares; Mr. Wasserman, 21,062 shares; Mr. Willett, 17,500 shares; Mr. Krantz, 15,437 shares; and Mr. Smith, 5,437 shares.
- (2) Percentages are calculated on the basis of 39,666,709 shares of our common stock outstanding as of February 26, 2010. The total number of shares outstanding used in this calculation also assumes that the currently exercisable options or options which become exercisable within 60 days of February 26, 2010 held by the specified person are exercised but does not include the number of shares of our common stock underlying options held by any other person.
- (3) See Footnote (3) under Security Ownership of Certain Beneficial Owners.
- (4) Includes 418,629 shares which certain Directors and executive officers have the right to acquire upon the exercise of outstanding options, exercisable currently or within 60 days of February 26, 2010.

**COMPENSATION POLICIES AND PROCEDURES**



Cognex's approach to compensation and performance management is to provide a competitive total compensation package with periodic reviews to encourage ongoing high-quality performance. We strive