

FOR IMMEDIATE RELEASE**INVESTOR CONTACT:**

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FOR THE FOURTH QUARTER AND FISCAL YEAR 2010**

NATICK, MA, February 10, 2011 — Cognex Corporation (NASDAQ: CGNX) today announced that for the quarter and year ended December 31, 2010 the company set new records for both annual and quarterly bookings, revenue and net income per share.

Table 1

	<u>Revenue</u>	<u>Net Income/(Loss)</u>	<u>Net Income/(Loss) per Share</u>
<u>Quarterly Comparisons</u>			
Current quarter: Q4-10	\$84,920,000	\$19,764,000	\$0.47
Prior year's quarter: Q4-09	\$51,294,000	\$459,000	\$0.01
Change from Q4-09 to Q4-10	66%	4,206%	4,003%
Prior quarter: Q3-10	\$74,993,000	\$18,145,000	\$0.45
Change from Q3-10 to Q4-10	13%	9%	4%
<u>Yearly Comparisons</u>			
Year ended December 31, 2010	\$290,691,000	\$61,381,000	\$1.52
Year ended December 31, 2009	\$175,727,000	(\$4,869,000)	(\$0.12)
Change from 2009 to 2010	65%	**	**

**not meaningful

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"Cognex had an outstanding year in 2010," said Dr. Robert J. Shillman, Cognex's Chairman and Chief Executive Officer. "We set new records for annual bookings, revenue and earnings per share, and we ended the record year with a record quarter as well. Sales of our machine vision products were particularly strong in the Factory Automation and Surface Inspection markets; in fact, we had record annual and quarterly revenue in both of those markets. And, the substantial leverage that incremental revenue has on our profitability drove our operating margin to 26% and net income to 21% of revenue for the year."

Dr. Shillman continued, "From an operational standpoint, we executed very well on our strategic initiatives. We gained significant revenue in two industries that we believe have high potential for long-term growth (solar and pharmaceuticals). We completed development of a number of new products, such as DataMan 500 for the logistics market, and we expanded our market presence in China and other geographic regions that are in the early stages of adopting machine vision technology."

"In order to continue the progress we made in 2010, we intend to invest in both engineering and sales while maintaining a disciplined approach to controlling costs," Dr. Shillman concluded.

Details of the Quarter

Statement of Operations Highlights – Fourth Quarter of 2010

- Revenue for the fourth quarter of 2010 increased 66% from the fourth quarter of 2009 and 13% from the prior quarter. Contributing to these increases was \$6,500,000 of service revenue from the Factory Automation market that had been deferred until a single customer contract was completed. Even excluding this revenue, the largest increase, both year-on-year and sequentially, was still from Factory Automation, which set a new revenue record in the fourth quarter of 2010. Revenue from the Surface Inspection market also set a new record in the fourth quarter.

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- Gross margin was 72% in the fourth quarter of 2010, 69% in the fourth quarter of 2009 and 75% in the prior quarter. Gross margin increased year-on-year primarily due to manufacturing efficiencies achieved from the higher revenue level. Gross margin decreased on a sequential basis primarily due to the \$6,500,000 service order mentioned above. Product mix also contributed because software-only products, which have a relatively higher margin than other Cognex products, represented a lower percentage of revenue.
- Research, Development & Engineering (R, D & E) spending in the fourth quarter of 2010 increased 14% from the fourth quarter of 2009 and 12% from the prior quarter. R, D & E spending increased, both year-on-year and sequentially, primarily due to higher personnel-related costs and a bonus accrual.
- Selling, General & Administrative (S, G & A) spending in the fourth quarter of 2010 increased 9% from the fourth quarter of 2009 and 12% from the prior quarter. S, G & A spending increased year-on-year due to the bonus accrual and higher sales commissions, personnel-related costs and spending on marketing initiatives. Lower stock option expense partially offset this higher spending. S, G & A spending increased on a sequential basis also due to the bonus accrual and higher personnel-related costs and marketing spending as well as the impact of foreign exchange rates on the company's international operations.
- As reported, the tax rate was 14% in the fourth quarter of 2010 as compared to 2% in the fourth quarter of 2009 and 20% in the prior quarter. The effective tax rate, excluding tax adjustments, was 20% in the fourth quarter of 2010 as compared to 19% in the fourth quarter of 2009 and 23% in the prior quarter. The increase year-on-year is due to more of the company's profits being earned in higher tax jurisdictions. The decrease from the prior quarter is primarily due to a true-up of the annual tax rate. A reconciliation of the tax rate from GAAP to non-GAAP is shown in Exhibit 2.

Balance Sheet Highlights – December 31, 2010

- Cognex's financial position as of December 31, 2010 was very strong, with no debt and \$283,081,000 in cash and investments. In the fourth quarter of 2010, Cognex generated positive cash flow from operations of nearly \$39,000,000, and paid out approximately \$3,300,000 in dividends to shareholders.

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- Inventories as of December 31, 2010 increased by \$5,885,000, or 35%, from the end of 2009 in support of a significantly higher level of business in 2010.

Financial Outlook

In Q1-11, revenue is expected to be between \$70 million and \$73 million, which is a decrease of 14% to 18% from Q4-10 (or 7% to 11% excluding the \$6.5 million service order in Q4-10). Cognex typically experiences a revenue decline from Q4 to Q1 due to seasonality in the Factory Automation market, and also expects lower revenue from the Semiconductor and Electronics Capital Equipment market. Operating expenses are expected to increase by less than 3% from Q4-10. And, the effective tax rate is expected to be 25%.

Non-GAAP Financial Measures

Exhibit 2 of this press release includes a reconciliation of certain financial measures from GAAP to non-GAAP. Cognex believes that these non-GAAP financial measures are useful to investors because they allow investors to more accurately assess and compare the company's results over multiple periods and to evaluate the effectiveness of the methodology used by management to review its operating results. In particular, Cognex incurs expense related to stock options included in its GAAP presentation of cost of revenue, research, development, and engineering expenses (R, D & E), and selling, general and administrative expenses (S, G & A). Cognex excludes these expenses for the purpose of calculating non-GAAP adjusted operating income/(loss), non-GAAP adjusted net income/(loss), and non-GAAP adjusted net income/(loss) per share when it evaluates its continuing operational performance and in connection with its budgeting process and the allocation of resources, because these expenses have no current effect on cash or the future uses of cash and they fluctuate as a result of changes in Cognex's stock price. Cognex also excludes certain items if they are one-time discrete events, such as revenue from certain customers and tax adjustments. Cognex does not intend for these non-GAAP financial measures to be considered in isolation, nor as a substitute for financial information provided in accordance with GAAP.

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Analyst Conference Call and Simultaneous Webcast

Cognex will host a conference call to discuss its results for the fourth quarter of 2010, as well as its financial and business outlook, today at 5:00 p.m. Eastern time. The telephone number for the live call is 866-244-4526 (or 703-639-1172 if outside the United States). A replay will begin at 8:00 p.m. Eastern time today and will run continuously until 11:59 p.m. Eastern time on Sunday, February 13, 2011. The telephone number for the replay is 888-266-2081 (or 703-925-2533 if outside the United States) and the access code is 1502270.

Internet users can listen to a real-time audio broadcast of the conference call, as well as an archive replay of the call, on Cognex's website at <http://www.cognex.com/Investor>.

About Cognex Corporation

Cognex Corporation designs, develops, manufactures and markets machine vision sensors and systems, or devices that can "see." Cognex vision sensors and systems are used in factories around the world where they guide, inspect, gauge, identify and assure the quality of a wide range of items during the manufacturing process. Cognex is the world's leader in the machine vision industry, having shipped more than 600,000 machine vision systems, representing over \$3 billion in cumulative revenue, since the company's founding in 1981. Headquartered in Natick, Massachusetts USA, Cognex has regional offices and distributors located throughout North America, Japan, Europe, Asia and Latin America. For details, visit Cognex on-line at <http://www.cognex.com>.

Certain statements made in this press release, which do not relate solely to historical matters, are forward-looking statements. These statements can be identified by use of the words "expects," "anticipates," "estimates," "believes," "projects," "intends," "plans," "will," "may," "shall," "could," "should," and similar words. These forward-looking statements, which include statements regarding business and market trends, future financial performance, customer order rates, cost controls, and growth and strategic plans, involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include: (1) current and future conditions in the global economy; (2) the cyclical nature of the semiconductor and electronics industries; (3) the inability to penetrate new markets; (4) the inability to achieve significant international revenue; (5) fluctuations in foreign currency exchange rates; (6) the loss of a large customer; (7) the inability to attract and retain skilled employees; (8) the reliance upon key suppliers to manufacture and deliver critical components for Cognex products; (9) the failure to effectively manage product transitions or accurately forecast customer demand; (10) the inability to design and manufacture high-quality products; (11) the technological obsolescence of current products and the inability to develop new products; (12) the failure to properly manage the distribution of products and services; (13) the inability to protect Cognex proprietary technology and intellectual property; (14) involvement in time-consuming and costly litigation; (15) the impact of competitive pressures; (16) the challenges in integrating and achieving expected results from acquired businesses; (17) potential impairment charges with respect to Cognex's investments or for acquired intangible assets or goodwill; (18) exposure to additional tax liabilities; and (19) the other risks detailed in Cognex reports filed with the SEC, including its Form 10-K for the fiscal year ended December 31, 2010. You should not place undue reliance upon any such forward-looking statements, which speak only as of the date made. Cognex disclaims any obligation to update forward-looking statements after the date of such statements.

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Exhibit 1

COGNEX CORPORATION
Statements of Operations
(Unaudited)
Dollars in thousands, except per share amounts

	Three-months Ended			Year Ended	
	Dec. 31, 2010	Oct. 3, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Revenue.....	\$ 84,920	\$ 74,993	\$ 51,294	\$ 290,691	\$ 175,727
Cost of revenue (1).....	24,017	18,913	15,909	77,588	56,387
Gross margin.....	60,903	56,080	35,385	213,103	119,340
<i>Percentage of revenue</i>	72%	75%	69%	73%	68%
Research, development, and engineering expenses (1).....	8,940	7,961	7,837	33,080	31,132
<i>Percentage of revenue</i>	11%	11%	15%	11%	18%
Selling, general, and administrative expenses (1).....	29,018	25,857	26,524	104,235	96,350
<i>Percentage of revenue</i>	34%	34%	52%	36%	55%
Restructuring charges.....	-	(13)	268	75	4,526
Operating income (loss).....	22,945	22,275	756	75,713	(12,668)
<i>Percentage of revenue</i>	27%	30%	1%	26%	(7%)
Foreign currency income (loss).....	(257)	102	(452)	(328)	(1,265)
Investment and other income.....	300	255	165	718	3,557
Income (loss) before income tax expense (benefit).....	22,988	22,632	469	76,103	(10,376)
Income tax expense (benefit).....	3,224	4,487	10	14,722	(5,507)
Net income (loss).....	\$ 19,764	\$ 18,145	\$ 459	\$ 61,381	\$ (4,869)
<i>Percentage of revenue</i>	23%	24%	1%	21%	(3%)
Earnings (loss) per weighted-average common and common-equivalent share:					
Basic.....	\$ 0.49	\$ 0.46	\$ 0.01	\$ 1.54	\$ (0.12)
Diluted.....	\$ 0.47	\$ 0.45	\$ 0.01	\$ 1.52	\$ (0.12)
Weighted-average common and common-equivalent shares outstanding:					
Basic.....	40,640	39,729	39,662	39,924	39,659
Diluted.....	41,631	39,917	39,668	40,297	39,659
Cash dividends per common share.....	\$ 0.08	\$ 0.06	\$ 0.05	\$ 0.25	\$ 0.30
Cash and investments per common share.....	\$ 6.89	\$ 6.00	\$ 5.09	\$ 6.89	\$ 5.09
Book value per common share.....	\$ 11.53	\$ 10.88	\$ 9.94	\$ 11.53	\$ 9.94
(1) Amounts include stock option expense, as follows:					
Cost of revenue.....	\$ 99	\$ 95	\$ 273	\$ 278	\$ 774
Research, development, and engineering.....	340	346	809	1,020	2,163
Selling, general, and administrative.....	916	837	3,053	1,729	6,286
Total stock option expense.....	\$ 1,355	\$ 1,278	\$ 4,135	\$ 3,027	\$ 9,223

Exhibit 2

COGNEX CORPORATION
Reconciliation of Selected Items from GAAP to Non-GAAP
(Unaudited)
Dollars in thousands, except per share amounts

	Three-months Ended			Year Ended	
	Dec. 31, 2010	Oct. 3, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Revenue (GAAP).....	\$ 84,920	\$ 74,993	\$ 51,294	\$ 290,691	\$ 175,727
Revenue related to a single customer contract.....	\$ 6,500	\$ -	\$ -	\$ 6,500	\$ 4,400
Revenue excluding single customer contract (Non-GAAP).....	<u>\$ 78,420</u>	<u>\$ 74,993</u>	<u>\$ 51,294</u>	<u>\$ 284,191</u>	<u>\$ 171,327</u>
Factory automation revenue (GAAP).....	\$ 60,626	\$ 48,410	\$ 33,717	\$ 200,285	\$ 123,982
Revenue related to a single customer contract.....	\$ 6,500	\$ -	\$ -	\$ 6,500	\$ 4,400
Factory automation revenue excluding single customer contract (Non-GAAP).....	<u>\$ 54,126</u>	<u>\$ 48,410</u>	<u>\$ 33,717</u>	<u>\$ 193,785</u>	<u>\$ 119,582</u>
Percentage of revenue excluding single customer contract (Non-GAAP).....	69%	65%	66%	68%	70%
Gross margin (GAAP).....	\$ 60,903	\$ 56,080	\$ 35,385	\$ 213,103	\$ 119,340
Gross margin on revenue related to a single customer contract.....	\$ 3,300	\$ -	\$ -	\$ 3,300	\$ 4,030
Gross margin excluding single customer contract (Non-GAAP).....	<u>\$ 57,603</u>	<u>\$ 56,080</u>	<u>\$ 35,385</u>	<u>\$ 209,803</u>	<u>\$ 115,310</u>
Percentage of revenue excluding single customer contract (Non-GAAP).....	73%	75%	69%	74%	67%
Operating income (loss) (GAAP).....	\$ 22,945	\$ 22,275	\$ 756	\$ 75,713	\$ (12,668)
Stock option expense.....	1,355	1,278	4,135	3,027	9,223
Operating income (loss) excluding stock option expense (Non-GAAP).....	<u>\$ 24,300</u>	<u>\$ 23,553</u>	<u>\$ 4,891</u>	<u>\$ 78,740</u>	<u>\$ (3,445)</u>
Percentage of revenue (Non-GAAP).....	29%	31%	10%	27%	(2%)
Income (loss) before income tax expense (benefit) (GAAP).....	\$ 22,988	\$ 22,632	\$ 469	\$ 76,103	\$ (10,376)
Income tax expense (benefit) (GAAP).....	\$ 3,224	\$ 4,487	\$ 10	\$ 14,722	\$ (5,507)
Tax rate (GAAP).....	14%	20%	2%	19%	(53%)
Tax adjustments:					
True up of annual tax rate.....	(1,167)	-	109	-	-
Discrete tax events.....	(124)	(718)	(188)	(842)	(3,535)
	<u>(1,291)</u>	<u>(718)</u>	<u>(79)</u>	<u>(842)</u>	<u>(3,535)</u>
Income tax expense (benefit) excluding tax adjustments (Non-GAAP).....	<u>\$ 4,515</u>	<u>\$ 5,205</u>	<u>\$ 89</u>	<u>\$ 15,564</u>	<u>\$ (1,972)</u>
Effective tax rate (Non-GAAP).....	20%	23%	19%	20%	(19%)
Net income (loss) excluding tax adjustments (Non-GAAP).....	<u>\$ 18,473</u>	<u>\$ 17,427</u>	<u>\$ 380</u>	<u>\$ 60,539</u>	<u>\$ (8,404)</u>
Percentage of revenue (Non-GAAP).....	22%	23%	1%	21%	(5%)
Net Income (loss) (GAAP).....	\$ 19,764	\$ 18,145	\$ 459	\$ 61,381	\$ (4,869)
Stock option expense, net of tax.....	\$ 911	\$ 856	\$ 2,744	\$ 2,031	\$ 6,153
Net income excluding stock option expense (Non-GAAP).....	<u>\$ 20,675</u>	<u>\$ 19,001</u>	<u>\$ 3,203</u>	<u>\$ 63,412</u>	<u>\$ 1,284</u>
Percentage of revenue (Non-GAAP).....	24%	25%	6%	22%	1%

Exhibit 3**COGNEX CORPORATION
Balance Sheets
(Unaudited)
In thousands**

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Assets		
Cash and investments.....	\$ 283,081	\$ 202,027
Accounts receivable.....	45,901	30,964
Inventories.....	22,717	16,832
Property, plant, and equipment.....	29,596	28,576
Goodwill and intangible assets.....	105,334	110,941
Other assets.....	46,475	50,529
Total assets.....	<u>\$ 533,104</u>	<u>\$ 439,869</u>
Liabilities and Shareholders' Equity		
Accounts payable and accrued liabilities.....	\$ 36,499	\$ 23,770
Income taxes.....	13,132	6,743
Deferred revenue and customer deposits.....	10,162	14,908
Shareholders' equity.....	473,311	394,448
Total liabilities and shareholders' equity.....	<u>\$ 533,104</u>	<u>\$ 439,869</u>

Exhibit 4

COGNEX CORPORATION
Additional Information Schedule
(Unaudited)

Dollars in thousands

	Three-months Ended			Year Ended	
	Dec. 31, 2010	Oct. 3, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Revenue	\$ 84,920	\$ 74,993	\$ 51,294	\$ 290,691	\$ 175,727
Revenue by division:					
<i>Modular Vision Systems Division</i>	85%	84%	78%	85%	79%
<i>Surface Inspection Systems Division</i>	15%	16%	22%	15%	21%
<i>Total</i>	100%	100%	100%	100%	100%
Revenue by geography:					
<i>Americas</i>	33%	32%	34%	33%	34%
<i>Europe</i>	33%	31%	32%	31%	34%
<i>Japan</i>	19%	21%	20%	21%	20%
<i>Asia</i>	15%	16%	14%	15%	12%
<i>Total</i>	100%	100%	100%	100%	100%
Revenue by market:					
<i>Factory automation</i>	71%	65%	66%	69%	70%
<i>Semiconductor and electronics capital equipment</i>	14%	19%	12%	16%	9%
<i>Web and surface inspection</i>	15%	16%	22%	15%	21%
<i>Total</i>	100%	100%	100%	100%	100%