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

FORM 10-Q

(Mark One)

[X] or Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended July 5, 2015

[ ] 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 001-34218

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 X No ______

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes X 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 X Accelerated filer ______
Non-accelerated filer ______ 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 X

As of July 5, 2015, there were 87,102,221 shares of Common Stock, $.002 par value per share, of the registrant outstanding.

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COGNEX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three-months Ended		Six-months Ended	
	July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
	(unaudited)		(unaudited)	
Revenue	**$ 143,829**	$ 92,276	**$ 245,202**	$ 173,592
Cost of revenue	**30,508**	18,190	**52,852**	34,743
Gross margin	**113,321**	74,086	**192,350**	138,849
Research, development, and engineering expenses	**18,302**	12,524	**35,288**	24,093
Selling, general, and administrative expenses	**43,241**	35,538	**83,174**	67,330
Operating income	**51,778**	26,024	**73,888**	47,426
Foreign currency gain (loss)	**(39)**	(74)	**620**	(184)
Investment income	**957**	801	**1,807**	1,588
Other expense	**(55)**	(75)	**(365)**	(348)
Income from continuing operations before income tax expense	**52,641**	26,676	**75,950**	48,482
Income tax expense on continuing operations	**9,125**	4,001	**12,962**	7,991
Income from continuing operations	**43,516**	22,675	**62,988**	40,491
Income from discontinued operations, net of tax (Note 16)	**198**	3,273	**1,228**	3,963
Net income	**$ 43,714**	$ 25,948	**$ 64,216**	$ 44,454
Basic earnings per weighted-average common and common-equivalent share:				
Income from continuing operations	**$ 0.50**	$ 0.26	**$ 0.72**	$ 0.47
Income from discontinued operations	**$ —**	$ 0.04	**$ 0.02**	$ 0.04
Net income	**$ 0.50**	$ 0.30	**$ 0.74**	$ 0.51
Diluted earnings per weighted-average common and common-equivalent share:				
Income from continuing operations	**$ 0.49**	$ 0.25	**$ 0.71**	$ 0.45
Income from discontinued operations	**$ —**	$ 0.04	**$ 0.01**	$ 0.05
Net income	**$ 0.49**	$ 0.29	**$ 0.72**	$ 0.50
Weighted-average common and common-equivalent shares outstanding:				
Basic	**87,199**	86,782	**86,977**	86,830
Diluted	**89,185**	88,965	**88,951**	89,112
Cash dividends per common share	**$ 0.07**	$ —	**$ 0.07**	$ —

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

COGNEX CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Three-months Ended		Six-months Ended	
	July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
	(unaudited)		(unaudited)	
Net income	**$ 43,714**	$ 25,948	**$ 64,216**	$ 44,454
Other comprehensive income (loss), net of tax:				
Cash flow hedges:				
Change in net unrealized gain (loss), net of tax of $48 and $10 in the three-month periods and net of tax of $(25) and ($6) in the six-month periods, respectively	**237**	(36)	**(283)**	(235)
Reclassification of net realized loss into current operations	**69**	24	**179**	57
Net change related to cash flow hedges	**306**	(12)	**(104)**	(178)
Available-for-sale investments:				
Change in net unrealized gain (loss), net of tax of ($128) and $69 in the three-month periods and net of tax of $6 and $182 in the six-month periods, respectively	**(333)**	542	**566**	1,561
Reclassification of net realized gain into current operations	**(192)**	(105)	**(221)**	(606)
Net change related to available-for-sale investments	**(525)**	437	**345**	955
Foreign currency translation adjustments:				
Change in currency translation adjustments, net of tax of $107 and $53 in the three-month periods and net of tax of ($529) and $60 in the six-month periods, respectively	**2,450**	(544)	**(8,240)**	(99)
Net change related to foreign currency translation adjustments	**2,450**	(544)	**(8,240)**	(99)
Other comprehensive income (loss), net of tax	**2,231**	(119)	**(7,999)**	678
Total comprehensive income	**$ 45,945**	$ 25,829	**$ 56,217**	$ 45,132

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

COGNEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands)

		July 5, 2015		December 31, 2014
		(unaudited)		
ASSETS				
Current assets:				
Cash and cash equivalents	$	61,691	$	55,694
Short-term investments		223,464		90,456
Accounts receivable, less reserves of $752 and $820 in 2015 and 2014, respectively		44,728		40,053
Unbilled revenue		51,648		—
Inventories		39,400		29,223
Deferred income taxes		9,248		8,985
Prepaid expenses and other current assets		20,997		17,686
Held for sale assets (Note 16)		38,927		29,814
Total current assets		490,103		271,911
Long-term investments		233,752		400,845
Property, plant, and equipment, net		49,905		45,963
Deferred income taxes		16,649		14,452
Intangible assets, net		7,653		9,670
Goodwill		77,388		77,388
Other assets		2,756		1,505
	$	878,206	$	821,734
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$	15,202	$	17,223
Accrued expenses		31,276		35,614
Accrued income taxes		397		1,048
Deferred revenue		18,994		14,598
Held for sale liabilities (Note 16)		14,598		12,191
Total current liabilities		80,467		80,674
Reserve for income taxes		4,603		4,623
Commitments and contingencies (Note 7)				
Shareholders' equity:				
Common stock, $.002 par value – Authorized: 140,000 shares, issued and outstanding: 87,102 and 86,542 shares in 2015 and 2014, respectively		174		173
Additional paid-in capital		294,155		251,717
Retained earnings		546,205		523,946
Accumulated other comprehensive loss, net of tax		(47,398)		(39,399)
Total shareholders' equity		793,136		736,437
	$	878,206	$	821,734

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

COGNEX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six-months Ended	
	July 5, 2015	June 29, 2014
	(unaudited)	
Cash flows from operating activities:		
Net income	**$ 64,216**	$ 44,454
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	**11,577**	7,960
Depreciation of property, plant, and equipment	**4,816**	4,051
Amortization of intangible assets	**2,183**	1,830
Amortization of discounts or premiums on investments	**377**	1,284
Realized gain on sale of investments	**(221)**	(606)
Tax effect of stock option exercises	**(9,358)**	(3,481)
Change in deferred income taxes	**(2,010)**	(1,507)
Change in operating assets and liabilities:		
Accounts receivable	**(5,387)**	(16,952)
Unbilled revenue	**(52,697)**	(587)
Inventories	**(11,200)**	(5,150)
Deferred costs	**344**	(16,189)
Deferred revenue	**8,485**	10,516
Accrued income taxes	**8,719**	2,777
Accrued expenses	**(3,887)**	(1,537)
Other	**(7,312)**	4,845
Net cash provided by operating activities	**8,645**	31,708
Cash flows from investing activities:		

Purchases of investments	**(222,834)**	(189,746)
Maturities and sales of investments	**252,768**	177,280
Cash paid for purchased technology	**(10,475)**	—
Purchases of property, plant, and equipment	**(9,525)**	(5,341)
Net cash provided by (used in) investing activities	**9,934**	(17,807)
Cash flows from financing activities:		
Issuance of common stock under stock option plans	**21,457**	9,026
Repurchase of common stock	**(35,848)**	(27,004)
Payment of dividends	**(6,110)**	—
Tax effect of stock option exercises	**9,358**	3,481
Net cash used in financing activities	**(11,143)**	(14,497)
Effect of foreign exchange rate changes on cash and cash equivalents	**(1,439)**	124
Net change in cash and cash equivalents	**5,997**	(472)
Cash and cash equivalents at beginning of period	**55,694**	40,644
Cash and cash equivalents at end of period	**$ 61,691**	$ 40,172
Noncash items related to discontinued operations:		
Depreciation and amortization expense	**$ 566**	$ 576
Capital expenditures	**482**	261
Stock-based compensation expense	**427**	555

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

COGNEX CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Total Shareholders'
	Shares	Par Value	Capital	Earnings	Loss	Equity
Balance as of December 31, 2014	86,542	$ 173	$ 251,717	$ 523,946	$ (39,399)	$ 736,437
Issuance of common stock under stock plans	1,280	2	21,455			21,457
Repurchase of common stock	(720)	(1)		(35,847)		(35,848)
Stock-based compensation expense			11,577			11,577
Excess tax benefit from stock option exercises			9,358			9,358
Tax benefit for research and development credits as a result of stock options			48			48
Payment of dividends				(6,110)		(6,110)
Net income				64,216		64,216
Net unrealized loss on cash flow hedges, net of tax of $25					(283)	(283)
Reclassification of net realized loss on cash flow hedges					179	179
Net unrealized gain on available-for-sale investments, net of tax of $6					566	566
Reclassification of net realized gain on the sale of available-for-sale investments					(221)	(221)
Foreign currency translation adjustment, net of tax of $529					(8,240)	(8,240)
Balance as of July 5, 2015 (unaudited)	**87,102**	**$ 174**	**$ 294,155**	**$ 546,205**	**$ (47,398)**	**$ 793,136**

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

COGNEX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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 (GAAP). 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, 2014.

In the opinion of the management of Cognex Corporation (the "Company"), the accompanying consolidated unaudited financial statements contain all adjustments, consisting of normal, recurring adjustments and financial statement reclassifications, including those related to the disposition of a business (more fully described in Note 16), necessary to present fairly the Company's financial position as of July 5, 2015, and the results of its operations for the three-month and six-month periods ended July 5, 2015 and June 29, 2014, and changes in shareholders' equity, comprehensive income, and cash flows for the periods presented.

The results disclosed in the Consolidated Statements of Operations for the three-month and six-month periods ended July 5, 2015 are not necessarily indicative of the results to be expected for the full year.

On July 6, 2015, the Company completed the sale of its Surface Inspection Systems Division (SISD). Therefore, the results of SISD are reported as a discontinued operation for all periods presented.

NOTE 2: New Pronouncements

<u>Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers"</u>

The amendments in ASU 2014-09 will supersede and replace all currently existing U.S. GAAP, including industry-specific revenue recognition guidance, with a single, principle-based revenue recognition framework. The concept guiding this new model is that revenue recognition will depict transfer of control to the customer in an amount that reflects consideration to which an entity expects to be entitled. The core principles supporting this framework include (1) identifying the contract with a customer, (2) identifying separate performance obligations within the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations, and (5) recognizing revenue. This new framework will require entities to apply significantly more judgment. This increase in management judgment will require expanded disclosure on estimation methods, inputs, and assumptions for revenue recognition. The Transition Resource Group (TRG) is evaluating the impact of this ASU and will release implementation guidance in future periods. The guidance in ASU 2014-09 is effective for public companies for annual reporting periods beginning after December 15, 2017. Early adoption is permitted. Management will continue to evaluate the impact of this standard as it evolves.

<u>Accounting Standards Update (ASU) 2015-05, "Intangibles—Goodwill and Other—Internal-Use Software"</u>

ASU 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, then the customer should account for the arrangement as a service contract. For public companies, the guidance in ASU 2015-05 is effective for annual periods beginning after December 15, 2015, and interim periods thereafter. Early adoption is permitted. Management does not expect ASU 2015-05 to have a material impact on the Company's financial statements and disclosures.

<u>Accounting Standards Update (ASU) 2015-11, "Inventory - Simplifying the Measurement of Inventory"</u>

ASU 2015-11 requires companies to measure most inventory at the lower of cost and net realizable value, thereby simplifying the current guidance under which a company must measure inventory at the lower of cost or market. This Update eliminates the need to determine replacement cost and evaluate whether said cost is within a quantitative range. This Update also further aligns U.S. GAAP and international accounting standards. For public companies, the guidance in ASU 2015-11 is effective for annual periods beginning after December 15, 2016, and interim periods thereafter. Early adoption is permitted. Management does not expect ASU 2015-11 to have a material impact on the Company's financial statements and disclosures.

NOTE 3: Fair Value Measurements

Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The following table summarizes the financial assets and liabilities required to be measured at fair value on a recurring basis as of July 5, 2015 (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets:		
Money market instruments	$ 6,312	$ —
Corporate bonds	—	214,983
Treasury bills	—	81,936
Asset-backed securities	—	76,105
Euro liquidity fund	—	63,163
Sovereign bonds	—	8,105
Municipal bonds	—	6,684
Agency bonds	—	4,284
Cash flow hedge forward contracts	—	151
Economic hedge forward contracts	—	2
Liabilities:		
Cash flow hedge forward contracts	—	243
Economic hedge forward contracts	—	8

The Company’s money market instruments are reported at fair value based upon the daily market price for identical assets in active markets, and are therefore classified as Level 1.

The Company’s debt securities and forward contracts are reported at fair value based upon model-driven valuations in which all significant inputs are observable or can be derived from or corroborated by observable market data for substantially the full term of the asset or liability, and are therefore classified as Level 2. Management is responsible for estimating the fair value of these financial assets and liabilities, and in doing so, considers valuations provided by a large, third-party pricing service. For debt securities, this service maintains regular contact with market makers, brokers, dealers, and analysts to gather information on market movement, direction, trends, and other specific data. They use this information to structure yield curves for various types of debt securities and arrive at the daily valuations. The Company's forward contracts are typically traded or executed in over-the-counter markets with a high degree of pricing transparency. The market participants are generally large commercial banks.

The Company did not record an other-than-temporary impairment of these financial assets or liabilities during the six-month period ended July 5, 2015.

Financial Assets that are Measured at Fair Value on a Non-recurring Basis

The Company has an interest in a limited partnership, which is accounted for using the cost method and is required to be measured at fair value on a non-recurring basis. Management is responsible for estimating the fair value of this investment, and in doing so, considers valuations of the partnership’s investments as determined by the General Partner. Publicly-traded investments in active markets are reported at the market closing price less a discount, as appropriate, to reflect restricted marketability. Fair value for private investments for which observable market prices in active markets do not exist is based upon the best information available including the value of a recent financing, reference to observable valuation measures for comparable companies (such as revenue multiples), public or private transactions (such as the sale of a comparable company), and valuations for publicly-traded comparable companies. The valuations also incorporate the General Partner’s own judgment and close familiarity with the business activities of each portfolio company. Significant increases or decreases in any of these inputs in isolation may result in a significantly lower or higher fair value measurement. The portfolio consists of securities of public and private companies, and consequently, inputs used in the fair value calculation are classified as Level 3. The Company did not record an other-than-temporary impairment of this asset during the six-month period ended July 5, 2015.

Non-financial Assets that are Measured at Fair Value on a Non-recurring Basis

Non-financial assets such as goodwill, intangible assets, and property, plant, and equipment are required to be measured at fair value only when an impairment loss is recognized. The Company did not record an impairment charge related to these assets during the six-month period ended July 5, 2015.

NOTE 4: Cash, Cash Equivalents, and Investments

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

	July 5, 2015	December 31, 2014
Cash	$ 55,379	$ 54,917
Money market instruments	6,312	777
Cash and cash equivalents	61,691	55,694
Treasury bills	75,431	—
Euro liquidity fund	63,163	48,235
Corporate bonds	39,071	30,889
Asset-backed securities	37,894	1,311
Sovereign bonds	6,095	—
Municipal bonds	1,810	1,237
Agency bonds	—	6,883
Supranational bonds	—	1,901
Short-term investments	223,464	90,456
Corporate bonds	175,912	216,294
Asset-backed securities	38,211	62,556
Treasury bills	6,505	90,412
Municipal bonds	4,874	6,600
Agency bonds	4,284	9,566
Sovereign bonds	2,010	13,461
Limited partnership interest	1,956	1,956
Long-term investments	233,752	400,845
	$ 518,907	$ 546,995

Treasury bills consist of debt securities issued by both the U.S. and foreign governments; the Euro liquidity fund invests in a portfolio of investment-grade bonds; corporate bonds consist of debt securities issued by both domestic and foreign companies; asset-backed securities consist of debt securities collateralized by pools of receivables or loans with credit enhancement; sovereign bonds consist of direct debt issued by foreign governments; municipal bonds consist of debt securities issued by state and local government entities; agency bonds consist of domestic or foreign obligations of government agencies and government sponsored enterprises that have government backing; and supranational bonds consist of direct debt issued by two or more foreign central governments. The Euro liquidity fund is denominated in Euros, and the remaining securities are denominated in U.S. Dollars.

The following table summarizes the Company's available-for-sale investments as of July 5, 2015 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term:				
Treasury bills	$ 75,392	$ 39	$ —	$ 75,431
Euro liquidity fund	63,032	131	—	63,163
Corporate bonds	39,034	48	(11)	39,071
Asset-backed securities	37,888	17	(11)	37,894
Sovereign bonds	6,087	8	—	6,095
Municipal bonds	1,807	3	—	1,810
Long-term:				—
Corporate bonds	175,920	274	(282)	175,912
Asset-backed securities	38,203	17	(9)	38,211
Treasury bills	6,506	2	(3)	6,505
Municipal bonds	4,853	21	—	4,874
Agency bonds	4,279	5	—	4,284
Sovereign bonds	2,010	—	—	2,010
	$ 455,011	**$ 565**	**$ (316)**	**$ 455,260**

The following table summarizes the Company's gross unrealized losses and fair values for available-for-sale investments in an unrealized loss position as of July 5, 2015 (in thousands):

	Unrealized Loss Position For:					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds	$ 101,856	$ (287)	$ 1,463	$ (6)	$ 103,319	$ (293)
Asset-backed securities	20,783	(17)	1,926	(3)	22,709	(20)
Treasury bills	5,203	(3)	—	—	5,203	(3)
	$ 127,842	**$ (307)**	**$ 3,389**	**$ (9)**	**$ 131,231**	**$ (316)**

As of July 5, 2015, the Company did not recognize an other-than-temporary impairment of these investments. In its evaluation, management considered the type of security, the credit rating of the security, the length of time the security has been in a loss position, the size of the loss position, our intent and ability to hold the security to expected recovery of value, and other meaningful information. The Company does not intend to sell, and is unlikely to be required to sell, any of these available-for-sale investments before its effective maturity or market price recovery.

The Company recorded gross realized gains and gross realized losses on the sale of debt securities totaling $210,000 and $18,000, respectively, during the three-month period ended July 5, 2015 and $117,000 and $12,000, respectively, during the three-month period ended June 29, 2014. The Company recorded gross realized gains and gross realized losses on the sale of debt securities totaling $408,000 and $187,000, respectively, during the six-month period ended July 5, 2015 and $629,000 and $23,000, respectively, during the six-month period ended June 29, 2014.These gains and losses are included in "Investment income" on the Consolidated Statement of Operations. Prior to the sale of these securities, unrealized gains and losses for these debt securities, net of tax, are recorded in shareholders' equity as other comprehensive income (loss).

The following table presents the effective maturity dates of the Company's available-for-sale investments as of July 5, 2015 (in thousands):

	1 Year or Less	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5-8 Years	Total
Corporate bonds	$ 39,071	$ 84,541	$ 66,216	$ 19,360	$ 5,795	$ —	$ 214,983
Treasury bills	75,431	5,101	1,404	—	—	—	81,936
Asset-backed securities	37,894	23,627	3,752	3,401	6,847	584	76,105
Euro liquidity fund	63,163	—	—	—	—	—	63,163
Sovereign bonds	6,095	2,010	—	—	—	—	8,105
Municipal bonds	1,810	4,373	501	—	—	—	6,684
Agency bonds	—	980	3,304	—	—	—	4,284
	$ 223,464	**$ 120,632**	**$ 75,177**	**$ 22,761**	**$ 12,642**	**$ 584**	**$ 455,260**

The Company is a Limited Partner in Venrock Associates III, L.P. (Venrock), a venture capital fund. The Company has committed to a total investment in the limited partnership of up to $20,500,000, with an expiration date of December 31, 2015. As of July 5, 2015, the Company contributed $19,886,000 to the partnership. The remaining commitment of $614,000 can be called by Venrock at any time before December 31, 2015. Distributions and contributions are at the discretion of Venrock's management. No contributions were made and no distributions were received during the six-month period ended July 5, 2015.

NOTE 5: Inventories

Inventories consisted of the following (in thousands):

	July 5, 2015	December 31, 2014
Raw materials	**$ 27,157**	$ 18,223
Work-in-process	**5,471**	5,054
Finished goods	**6,772**	5,946
	$ 39,400	$ 29,223

NOTE 6: Warranty Obligations

The Company records the estimated cost of fulfilling product warranties at the time of sale 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. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers and third-party contract manufacturers, the Company's warranty obligation is affected by product failure rates, material usage, and service delivery costs incurred in correcting a product failure. An adverse change in any of these factors may result in the need for additional warranty provisions. Warranty obligations are included in "Accrued expenses" on the Consolidated Balance Sheets.

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

Balance as of December 31, 2014	$ 4,086
Provisions for warranties issued during the period	2,851
Fulfillment of warranty obligations	(2,593)
Foreign exchange rate changes	(341)
Balance as of July 5, 2015	**$ 4,003**

NOTE 7: Contingencies

In March 2013, the Company filed a lawsuit against Microscan Systems, Inc. ("Microscan") and Code Corporation ("Code") in the United States District Court for the Southern District of New York alleging that Microscan's Mobile Hawk handheld imager infringes U.S. Patent 7,874,487 owned by the Company (the "'487 patent"). The lawsuit sought to prohibit Code from manufacturing the product, and Microscan from selling and distributing the product. The Company also sought monetary damages resulting from the alleged infringement. On April 30, 2014, the jury found that Microscan willfully infringed the '487 patent and awarded Cognex $2,578,000 in damages. In July 2014, Microscan filed a Notice of Appeal with the Federal Circuit appealing all orders, findings, and/or conclusions of the District Court that were adverse to Microscan. In August 2014, the Company filed a Notice of Appeal with the Federal Circuit appealing the order granting summary judgment that claims 23, 28, and 29 of the ’487 patent are invalid. Also in August 2014, the Federal Circuit consolidated Microscan’s appeal and the Company’s appeal. In November 2014, the Company filed an unopposed motion to dismiss the Company's appeal, and in December 2014, the Court of Appeals granted the Company's motion to dismiss the Company's appeal. In January 2015, Microscan submitted their appeal brief. The Company filed its response to Microscan’s appeal brief, contesting all assertions therein on March 16, 2015.

In August 2014, Microscan filed a lawsuit against the Company in the United States District Court for the Southern District of New York alleging that the Company’s DataMan® 8500 handheld imager infringes U.S. Patent 6,352,204 (the “’204 patent”). The lawsuit sought to prohibit the Company from manufacturing, selling, and distributing the DataMan® 7500, 8500, 8600, and 9500 products. Microscan also sought monetary damages resulting from the alleged infringement. On April 30, 2015, the jury reached a verdict awarding Microscan royalties of $4,411,000 related to sales of the Company’s products during the applicable period.

On June 25, 2015, the Company executed a settlement agreement with Microscan in the amount of $3,500,000 settling all outstanding litigation between the parties. The settlement included a patent license agreement valued at $1,667,000 that allows the Company to continue producing current models of its handheld barcode readers, which was recorded as an asset as of July 5, 2015 and will be amortized to cost of revenue over the five year life of the patent. The remaining $1,833,000 of the settlement was recorded as expense in the second quarter of 2015. All cases were dismissed by the end of July 2015. On July 1, 2015, the Company also executed an immaterial settlement agreement with Code.

Various other claims and legal proceedings generally incidental to the normal course of business are pending or threatened on behalf of or against the Company, including some pertaining to the Company’s recently divested surface inspection business, which arose prior to the transaction closing date and for which the Company retains liability pursuant to the agreement governing such divesture. While we cannot predict the outcome of these matters, we believe that any liability arising from them will not have a material adverse effect on our financial position, liquidity, or results of operations.

NOTE 8: Guarantees

In the ordinary course of business, the Company enters into guarantee contracts with certain customers, generally in the Company’s Surface Inspection Systems Division (SISD) business. These guarantees represent standby letters of credit (LOC) which can be grouped into three categories: (1) bank guarantees which may require the Company to return a customer’s initial payment if the Company cannot deliver the order; (2) warranty bonds which may require the Company to resolve warranty issues within a specified time period; and (3) performance bonds which include a combination of the above two options. The type of LOC is generally determined based upon customer request and the guarantee amount represents the maximum potential amount of future payments. All of the Company’s LOCs are with the same counterparty and they do not contain any recourse provisions or collateral obligations.

The following table details the letters of credit outstanding as of July 5, 2015:

Type		Guarantee Amount (in thousands)	Guarantee Due Date
Bank guarantees	$	1,117	Various from July 2015 to July 2016
Performance bonds		550	Various from July 2015 to December 2017
Warranty bonds		510	Various from August 2015 to December 2016
	$	**2,177**	

The Company evaluates losses for guarantees under accounting for contingencies. The Company considers such factors as the degree of probability that the Company would be required to satisfy the guarantee and the ability to make a reasonable estimate of the loss. To date, the Company has not incurred any losses as a result of these obligations, and therefore, has not recorded any liability related to such obligation in its financial statements. The fair value of the Company’s outstanding guarantees is immaterial for all periods presented.

Pursuant to the sale of the Company's Surface Inspection Systems Division, completed on July 6, 2015, as more fully described in Note 16 to the Consolidated Financial Statements, the Company assigned and transferred all of its rights, duties, liabilities, and obligations under a majority of these LOC agreements to AMETEK, Inc. Approximately $2,125,000 of the LOC balance was transferred. The remaining balance represents LOCs related to the Company's continuing operations.

NOTE 9: 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.

In the ordinary course of business, the Company may accept standard limited indemnification provisions in connection with the sale of its products, 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 from time to time, 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.

Under the terms of the Company’s sale of its Surface Inspection Systems Division to AMETEK, Inc., the Company has agreed to retain certain liabilities in connection with its business dealings occurring prior to the transaction closing date of July 6, 2015, and to indemnify AMETEK, Inc. in connection with these retained liabilities and for any breach of the representations and warranties made by the Company to AMETEK, Inc. in connection with the sales agreement itself, as is usual and customary in such transactions. As of the date of this report, the Company believes the estimated fair value of these provisions is minimal.

NOTE 10: Derivative Instruments

The Company’s foreign currency risk management strategy is principally designed to mitigate the potential financial impact of changes in the value of transactions and balances denominated in foreign currencies resulting from changes in foreign currency exchange rates. Currently, the Company enters into two types of hedges to manage this risk. The first are economic hedges which utilize foreign currency forward contracts with maturities of up to 45 days to manage the exposure to fluctuations in foreign currency exchange rates arising primarily from foreign-denominated receivables and payables. The gains and losses on these derivatives are intended to be offset by the changes in the fair value of the assets and liabilities being hedged. These economic hedges are not designated as hedging instruments for hedge accounting treatment. The second are cash flow hedges which utilize foreign currency forward contracts with maturities of up to 18 months to hedge specific forecasted transactions of the Company's foreign subsidiaries with the goal of protecting our budgeted revenues and expenses against foreign currency exchange rate changes compared to our budgeted rates. These cash flow hedges are designated as hedging instruments for hedge accounting treatment.

The Company had the following outstanding forward contracts (in thousands):

	As of July 5, 2015		As of December 31, 2014	
Currency	Notional Value	USD Equivalent	Notional Value	USD Equivalent
Derivatives Designated as Hedging Instruments:				
Japanese Yen	1,151,500	$ 9,186	1,225,000	$ 10,211
Hungarian Forint	791,500	2,809	803,000	3,099
Singapore Dollar	3,071	2,144	3,515	2,564
Canadian Dollar	290	263	758	688
British Pound	179	246	491	732
Derivatives Not Designated as Hedging Instruments:				
Japanese Yen	600,000	$ 4,877	345,000	$ 2,878
British Pound	1,700	2,655	1,400	2,183
Singapore Dollar	1,425	1,056	1,225	922
Taiwanese Dollar	29,000	940	28,000	883
Korean Won	950,000	845	940,000	858
Hungarian Forint	220,000	772	410,000	1,569

Information regarding the fair value of the outstanding forward contracts was as follows (in thousands):

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value	
		July 5, 2015	December 31, 2014		July 5, 2015	December 31, 2014
Derivatives Designated as Hedging Instruments:						
Cash flow hedge forward contracts	Prepaid expenses and other current assets	$ 151	$ 108	Accrued expenses	$ 243	$ 84
Derivatives Not Designated as Hedging Instruments:						
Economic hedge forward contracts	Prepaid expenses and other current assets	$ 2	$ 5	Accrued expenses	$ 8	$ 13

The table below details the gross activity for all derivative assets and liabilities which were presented on a net basis on the Consolidated Balance Sheets due to the right of offset with each counterparty (in thousands):

Asset Derivatives	July 5, 2015	December 31, 2014	Liability Derivatives	July 5, 2015	December 31, 2014
Gross amounts of recognized assets	$ 153	$ 187	Gross amounts of recognized liabilities	$ 412	$ 149
Gross amounts offset	—	(74)	Gross amounts offset	(161)	(52)
Net amount of assets presented	$ 153	$ 113	Net amount of liabilities presented	$ 251	$ 97

Information regarding the effect of derivative instruments, net of the underlying exposure, on the consolidated financial statements was as follows (in thousands):

	Location in Financial Statements	**Three-months Ended**		**Six-months Ended**	
		July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
Derivatives Designated as Hedging Instruments:					
Gains (losses) recorded in shareholders' equity (effective portion)	Accumulated other comprehensive income (loss), net of tax	**$ (72)**	$ (74)	**$ (72)**	$ (74)
Gains (losses) reclassified from accumulated other comprehensive income (loss) into current operations (effective portion)	Product revenue	**$ (159)**	$ 4	**$ (311)**	$ 17
	Research, development, and engineering expenses	**18**	(9)	**19**	(25)
	Selling, general, and administrative expenses	**72**	(19)	**113**	(49)
	Total gains (losses) reclassified from accumulated other comprehensive income (loss) into current operations	**$ (69)**	$ (24)	**$ (179)**	$ (57)
Gains (losses) recognized in current operations (ineffective portion and discontinued derivatives)	Foreign currency gain (loss)	**$ —**	$ —	**$ —**	$ —
Derivatives Not Designated as Hedging Instruments:					
Gains (losses) recognized in current operations	Foreign currency gain (loss)	**$ 233**	$ (15)	**$ 342**	$ (137)

The following table provides the changes in accumulated other comprehensive income (loss), net of tax, related to derivative instruments (in thousands):

Balance as of December 31, 2014	**$ 32**
Reclassification of net realized loss on cash flow hedges into current operations	**179**
Net unrealized loss on cash flow hedges	**(283)**
Balance as of July 5, 2015	**$ (72)**

Net losses expected to be reclassified from accumulated other comprehensive income (loss), net of tax, into current operations within the next twelve months are $65,000.

NOTE 11: Stock-Based Compensation Expense

The Company’s share-based payments that result in compensation expense consist of stock option grants and restricted stock awards. As of July 5, 2015, the Company had 7,815,489 shares available for grant. Generally, stock options are granted with an exercise price equal to the market value of the Company’s common stock at the grant date, vest over four years based upon continuous service, and expire ten years from the grant date. Restricted stock awards are granted with an exercise price equal to the market value of the Company's common stock at the time of grant. Conditions of the award may be based on continuing employment and or achievement of pre-established performance goals and objectives. Vesting for performance-based restricted stock awards and time-based restricted stock awards must be greater than one year and three years, respectively.

The following table summarizes the Company's stock option activity for the six-month period ended July 5, 2015:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2014	6,812	$ 23.26		
Granted	1,427	41.36		
Exercised	(1,280)	16.76		
Forfeited or expired	(43)	8.68		
Outstanding as of July 5, 2015	**6,916**	**$ 28.14**	**7.4**	**$ 136,975**
Exercisable as of July 5, 2015	**2,533**	**$ 16.74**	**5.6**	**$ 79,074**
Options vested or expected to vest as of July 5, 2015 (1)	**6,140**	**$ 26.97**	**7.2**	**$ 128,812**

(1) In addition to the vested options, the Company expects a portion of the unvested options to vest at some point in the future. Options expected to vest are calculated by applying an estimated forfeiture rate to the unvested options.

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

	Three-months Ended		Six-months Ended	
	July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
Risk-free rate	**2.1%**	2.7%	**2.1%**	2.7%
Expected dividend yield	**1.25%**	—%	**1.25%**	—%
Expected volatility	**40%**	41%	**40%**	41%
Expected term (in years)	**5.4**	5.4	**5.4**	5.4

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

Generally, the current dividend yield is calculated by annualizing the cash dividend declared by the Company's Board of Directors and dividing that result by the closing stock price on the grant date. However, in the fourth quarter of 2012, the Company paid the full annual dividends for 2013 and 2014 in advance, and therefore, the dividend yield for those years has been adjusted to zero. A dividend yield of 1.25% was estimated for future periods from 2015 through the expected life of the option.

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 Company stratifies its employee population into two groups: one consisting of senior management and another consisting of all other employees. The Company currently expects that approximately 74% of its stock options granted to senior management and 73% of its options granted to all other employees will actually vest. Therefore, the Company currently applies an estimated annual forfeiture rate of 10% to all unvested options for senior management and a rate of 11% for all other employees. The Company revised its estimated forfeiture rates in the first quarters of 2015 and 2014, resulting in an increase to compensation expense of $461,000 and $288,000, respectively.

The weighted-average grant-date fair values of stock options granted during the three-month periods ended July 5, 2015 and June 29, 2014 were $14.40 and $15.28, respectively. The weighted-average grant-date fair values of stock options granted during the six-month periods ended July 5, 2015 and June 29, 2014 were $14.34 and $15.34, respectively.

The total intrinsic values of stock options exercised for the three-month periods ended July 5, 2015 and June 29, 2014 were $22,490,000 and $5,710,000, respectively. The total intrinsic values of stock options exercised for the six-month periods ended July 5, 2015 and June 29, 2014 were $39,230,000 and $14,643,000, respectively. The total fair values of stock options vested for the three-month periods ended July 5, 2015 and June 29, 2014 were $897,000 and $2,621,000, respectively. The total fair values of stock options vested for the six-month periods ended July 5, 2015 and June 29, 2014 were $14,419,000 and $10,982,000, respectively.

As of July 5, 2015, total unrecognized compensation expense related to non-vested stock options was $26,785,000, which is expected to be recognized over a weighted-average period of 1.91 years.

The following table summarizes the Company's restricted stock award activity:

	Shares (in thousands)	Weighted-Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Nonvested as of December 31, 2014	20	$ 34.05	
Granted	—	—	
Vested	—	—	
Forfeited or expired	—	—	
Nonvested as of July 5, 2015	**20**	**$ 34.05**	**$ 278**

The fair values of restricted stock awards granted were determined based upon the market value of the Company's common stock at the time of grant. The initial cost is then amortized over the period of vesting until the restrictions lapse. These restricted shares will be fully vested in 2018. Participants are entitled to dividends on restricted stock awards, but only receive those amounts if the shares vest. The sale or transfer of these shares is restricted during the vesting period.

The total stock-based compensation expense and the related income tax benefit recognized for the three-month period ended July 5, 2015 were $4,631,000 and $1,532,000, respectively, and for the three-month period ended June 29, 2014 were $3,956,000 and $1,266,000, respectively. The total stock-based compensation expense and the related income tax benefit recognized for the six-month period ended July 5, 2015 were $11,577,000 and $3,869,000, respectively, and for the six-month period ended June 29, 2014 were $7,960,000 and $2,572,000, respectively. No compensation expense was capitalized as of July 5, 2015 or December 31, 2014.

The following table details the stock-based compensation expense by caption for each period presented on the Consolidated Statements of Operations (in thousands):

	Three-months Ended		Six-months Ended	
	July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
Cost of revenue	**$ 349**	$ 286	**$ 816**	$ 613
Research, development, and engineering	**1,153**	949	**2,967**	1,967
Selling, general, and administrative	**2,985**	2,473	**7,367**	4,825
Discontinued operations	**144**	248	**427**	555
	$ 4,631	$ 3,956	**$ 11,577**	$ 7,960

Upon the sale of the Company's Surface Inspection Systems Division to AMETEK, Inc., completed on July 6, 2015, as more fully described in Note 16 to the Consolidated Financial Statements, the Company accelerated the vesting of stock options, with respect to 171,000 underlying shares, resulting in an additional $1,105,000 of stock option expense in the third quarter of 2015.

NOTE 12: Stock Repurchase Program

In November 2011, the Company’s Board of Directors authorized the repurchase of up to $80,000,000 of the Company’s common stock. Purchases under this 2011 program were completed in 2014. In April 2014, the Company's Board of Directors authorized the repurchase of an additional $50,000,000 of the Company's common stock. Purchases under this 2014 program began in 2014 upon completion of the 2011 program. The Company repurchased 720,000 shares at a cost of $35,848,000 in the six-month period ended July 5, 2015. On August 3, 2015, the Company's Board of Directors authorized the repurchase of an additional $100,000,000 of the Company's stock. This new authorization will commence once the Company completes the April 2014 program. The Company may repurchase shares under this program in future periods depending upon a variety of factors, including, among other things, the impact of dilution from employee stock options, stock price, share availability, and cash requirements.

NOTE 13: Taxes

A reconciliation of the United States federal statutory corporate tax rate to the Company’s effective tax rate, or income tax provision, was as follows:

	Three-months Ended		Six-months Ended	
	July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
Continuing Operations:				
Income tax provision at federal statutory rate	**35 %**	35 %	**35 %**	35 %
State income taxes, net of federal benefit	**1 %**	1 %	**1 %**	1 %
Foreign tax rate differential	**(19)%**	(19)%	**(19)%**	(19)%
Discrete tax events	**— %**	(2)%	**(1)%**	(1)%
Other	**— %**	— %	**1 %**	— %
Income tax provision related to continuing operations	**17 %**	15 %	**17 %**	16 %

The effective tax rate for the six-month period ended July 5, 2015 included the impact of the following discrete tax events: (1) a decrease in tax expense by $364,000 recorded in the first quarter of 2015 from the expiration of statutes of limitations for certain reserves for income tax uncertainties, (2) a decrease in tax expense of $112,000 recorded in the second quarter of 2015 from the final true-up of the prior year's tax accrual upon filing the actual tax returns, and (3) an increase to tax expense of $65,000 recorded in the second quarter of 2015 from the write down of a deferred tax asset. These discrete events decreased the effective tax rate on continuing operations from a provision of 18% to a provision of 17% for the six-month period ended July 5, 2015. The discrete events noted above did not have an impact on the effective tax rate on continuing operations in the three-month period ended July 5, 2015.

The effective tax rate for the six-month period ended June 29, 2014 included the impact of the following discrete tax event: a decrease in tax expense of $418,000 recorded in the second quarter of 2014 from the closing of the Internal Revenue Service audit of the Company for tax years 2010 and 2011. This discrete event decreased the effective tax rate on continuing operations from a provision of 17% to a provision of 15% and 16% for the three-month and six-month periods ended June 29, 2014, respectively.

During the six-month period ended July 5, 2015, the Company recorded a $9,000 decrease in reserves for income taxes, net of deferred tax benefit, including a reduction to additional paid in capital of $48,000 and a reduction in income tax expense of $39,000. Included in this net decrease is the discrete event noted above. Estimated interest and penalties included in these amounts totaled $32,000 for the six-month period ended July 5, 2015.

The Company’s reserve for income taxes, including gross interest and penalties, was $5,631,000 as of July 5, 2015, which included $4,603,000 classified as a noncurrent liability and $1,028,000 recorded as a reduction to noncurrent deferred tax assets. The amount of gross interest and penalties included in these balances was $561,000. If the Company’s tax positions were sustained or the statutes of limitations related to certain positions expired, these reserves would be released and income tax expense would be reduced in a future period, less $616,000 that would be recorded through additional paid-in capital. As a result of the expiration of certain statutes of limitations and the conclusion of the IRS examination, there is a potential that a portion of these reserves could be released, which would decrease income tax expense by approximately $550,000 to $650,000 over the next twelve months.

The Company has defined its major tax jurisdictions as the United States, Ireland, China, and Japan, and within the United States, Massachusetts and California. Within the United States, the tax years 2012 through 2014 remain open to examination by the Internal Revenue Service, while the tax years 2011 through 2014 remain open to various state taxing authorities, and the tax years 2010 through 2014 remain open to examination by various taxing authorities in other jurisdictions in which the Company operates.

NOTE 14: Weighted-Average Shares

Weighted-average shares were calculated as follows (in thousands):

	Three-months Ended		Six-months Ended	
	July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
Basic weighted-average common shares outstanding	**87,199**	86,782	**86,977**	86,830
Effect of dilutive stock options	**1,986**	2,183	**1,974**	2,282
Weighted-average common and common-equivalent shares outstanding	**89,185**	88,965	**88,951**	89,112

Stock options to purchase 2,171,856 and 1,912,850 shares of common stock, on a weighted-average basis, were outstanding during the three-month and six-month periods ended July 5, 2015, respectively, and 1,301,306 and 947,235 for the same periods in 2014, but were not included in the calculation of dilutive net income per share because they were anti-dilutive.

NOTE 15: Segment Information

As of July 5, 2015, the Company had two reportable segments: the Modular Vision Systems Division (MVSD) and the Surface Inspection Systems Division (SISD). MVSD develops, manufactures, and markets modular vision systems that are used to control the manufacture of discrete items by locating, identifying, inspecting, and measuring them during the manufacturing process. SISD develops, manufactures, and markets surface inspection vision systems that are used to inspect surfaces of materials processed in a continuous fashion, such as metals, paper, nonwoven, plastics, and glass, to ensure there are no flaws or defects on the surfaces. On July 6, 2015 (the first day of the Company's third quarter), the Company completed the sale of SISD to AMETEK, Inc. Additional detail related to this disposition is contained in Note 16 to the Consolidated Financial Statements.

Segments are determined based upon the way that management organizes its business for making operating decisions and assessing performance. Given the disposition of the SISD segment noted above, management is in the process of reviewing its organizational structure and will update this segment disclosure during the third quarter of 2015.

The following table summarizes information about the remaining segments (in thousands):

Three-months Ended July 5, 2015	**MVSD**	**Reconciling Items**	**Consolidated**
Revenue	**$ 143,829**	**$ —**	**$ 143,829**
Operating income	**62,179**	**(10,401)**	**51,778**

Six-months Ended July 5, 2015	**MVSD**	**Reconciling Items**	**Consolidated**
Revenue	**$ 245,202**	**$ —**	**$ 245,202**
Operating income	**95,155**	**(21,267)**	**73,888**

Three-months Ended June 29, 2014	**MVSD**	**Reconciling Items**	**Consolidated**
Revenue	$ 92,276	$ —	$ 92,276
Operating income	33,818	(7,794)	26,024

Six-months Ended June 29, 2014	**MVSD**	**Reconciling Items**	**Consolidated**
Revenue	$ 173,592	$ —	$ 173,592
Operating income	61,783	(14,357)	47,426

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 segments share assets and resources in a number of locations around the world.

NOTE 16: Discontinued Operations

On July 6, 2015 (the first day of the Company's third quarter), the Company completed the sale of its Surface Inspection Systems Division (SISD) to AMETEK, Inc. (AMETEK) for $160,000,000 in cash, less a working capital adjustment of $1,600,000 and transaction costs of approximately $5,000,000. Accordingly, management concluded that the assets of SISD met all of the criteria to be classified as "held for sale" on the Consolidated Balance Sheets as of July 5, 2015.

Carrying amounts of major assets and liabilities included as part of the disposal group were as follows (in thousands):

	July 5, 2015	December 31, 2014
Accounts receivable, net	**$ 9,550**	$ 10,885
Inventories, net	**5,943**	6,313
Unbilled revenue	**2,573**	2,356
Prepaid expenses and other current assets	**3,391**	2,955
Property, plant, and equipment, net	**1,720**	1,944
Intangible assets, net	**11,338**	1,029
Goodwill	**4,301**	4,301
Other assets	**111**	31
Held for sale assets	**$ 38,927**	$ 29,814
Accounts payable	**1,470**	1,891
Accrued expenses	**3,787**	4,335
Deferred revenue	**9,341**	5,965
Held for sale liabilities	**$ 14,598**	$ 12,191

Management also concluded that the disposal group met the criteria of a discontinued operation and has presented the profit from operation of this discontinued business separately from continuing operations on the Consolidated Statements of Operations. The pretax gain associated with this sale is expected to be approximately $125,000,000 and will be recorded in the third quarter of 2015.

The major classes of revenue and expense included in discontinued operations were as follows (in thousands):

	Three-months Ended		Six-months Ended	
	July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
Revenue	**$ 11,187**	$ 16,526	**$ 23,248**	$ 26,139
Cost of revenue	**(5,765)**	(7,506)	**(11,291)**	(11,948)
Research, development, and engineering expenses	**(1,022)**	(1,118)	**(2,126)**	(2,068)
Selling, general, and administrative expenses	**(4,176)**	(3,204)	**(7,800)**	(6,384)
Foreign currency gain (loss)	**77**	(22)	**(177)**	(22)
Pretax income from discontinued operations	**301**	4,676	**1,854**	5,717
Income tax expense	**103**	1,403	**626**	1,754
Income from discontinued operations, net	**$ 198**	$ 3,273	**$ 1,228**	$ 3,963

Significant noncash items related to the discontinued business were as follows (in thousands):

	Three-months Ended		Six-months Ended	
	July 5, 2015	June 29, 2014	**July 5, 2015**	June 29, 2014
Capital expenditures	**$ 171**	$ 152	**$ 482**	$ 261
Stock-based compensation expense	**144**	248	**427**	555
Depreciation expense	**203**	193	**401**	388
Amortization expense	**82**	94	**165**	188

The Company also entered into a Transition Services Agreement (TSA) with AMETEK to ensure an orderly and effective transition of SISD. Under the terms of the TSA, the Company has agreed to continue to perform certain administrative activities related to SISD; however, AMETEK is responsible for monitoring the business and making all strategic decisions. Although the parties intend to complete this transition as quickly as possible, the Company expects this TSA to remain in place throughout the second half of 2015. The income associated with this TSA is expected to be immaterial.

NOTE 17: Subsequent Events

On August 3, 2015, the Company's Board of Directors authorized the repurchase of an additional $100,000,000 of the Company's stock. This new authorization will commence once the Company completes the April 2014 program. For additional detail regarding the Company's stock repurchases, see Note 12 to the Consolidated Financial Statements.

In addition, on August 3, 2015, the Company’s Board of Directors declared a cash dividend of $0.07 per share. The dividend is payable on September 18, 2015 to all shareholders of record as of the close of business on September 4, 2015.

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 our use of the words "expects," "anticipates," "estimates," "believes," "projects," "intends," "plans," "will," "may," "shall," "could," "should," and similar words and other statements of a similar sense. These statements are based upon our current estimates and expectations as to prospective events and circumstances, which may or may not be in our control and as to which there can be no firm assurances given. These forward-looking statements, which include statements regarding business and market trends, future financial performance, customer order rates, expected areas of growth, emerging markets, future product mix, research and development activities, investments, 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) the loss of a large customer; (2) current and future conditions in the global economy; (3) the reliance on revenue from the consumer electronics or automotive industries; (4) the inability to penetrate new markets; (5) the cyclicality of the semiconductor and electronics industries; (6) the inability to achieve significant international revenue; (7) fluctuations in foreign currency exchange rates and the use of derivative instruments; (8) the inability to attract and retain skilled employees; (9) the reliance upon key suppliers to manufacture and deliver critical components for our products; (10) the failure to effectively manage product transitions or accurately forecast customer demand; (11) the inability to design and manufacture high-quality products; (12) the technological obsolescence of current products and the inability to develop new products; (13) the failure to properly manage the distribution of products and services; (14) the inability to protect our proprietary technology and intellectual property; (15) our involvement in time-consuming and costly litigation; (16) the impact of competitive pressures; (17) the challenges in integrating and achieving expected results from acquired businesses; (18) potential impairment charges with respect to our investments or for acquired intangible assets or goodwill; (19) exposure to additional tax liabilities; and (20) information security breaches or business system disruptions. The foregoing list should not be construed as exhaustive and we encourage 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 for the fiscal year ended December 31, 2014. 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 is a leading worldwide 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 and ID products that are used to automate the manufacture and tracking of discrete items. On July 6, 2015, the Company completed the sale of its Surface Inspection Systems Division (SISD) that specializes in machine vision systems that are used to inspect the surfaces of materials processed in a continuous fashion. The financial results of SISD are reported as a discontinued operation for all periods presented.

In addition to product revenue derived from the sale of machine vision systems, the Company also generates revenue by providing maintenance and support, consulting, and training services to its customers; however, service revenue accounted for less than 10% of total revenue for all periods presented.

The Company's customers are predominantly in the factory automation market. Factory automation customers purchase Cognex products and incorporate them into their manufacturing processes. Virtually every manufacturer can achieve better quality and manufacturing efficiency by using machine vision, and therefore, this market includes a broad base of customers across a variety of industries, including consumer electronics, automotive, consumer products, food and beverage, medical devices, and pharmaceuticals. Factory automation customers also purchase Cognex products for use outside of the manufacturing process, such as using ID products in logistics automation for package sorting and distribution. Sales to factory automation customers represented 95% of total revenue for both the three-month and six-month periods in 2015, compared to 91% and 92% of total revenue for the same periods in 2014.

A small percentage of the Company's customers are in the semiconductor and electronics capital equipment market. These customers purchase Cognex 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. Demand from these customers has been on a declining trend for the past several years. Sales to semiconductor and electronics capital equipment manufacturers represented only 5% of total revenue for both the three-month and six-month periods in 2015, compared to 9% and 8% of total revenue for the same periods in 2014.

Revenue for the second quarter of 2015 totaled $143,829,000, representing an increase of $51,553,000, or 56%, from the second quarter of 2014 driven by revenue from large orders in the consumer electronics industry recognized in 2015. Gross margin was 79% of revenue in the second quarter of 2015 compared to 80% of revenue in the second quarter of 2014 due primarily to higher new product introduction costs. Operating expenses increased by $13,481,000, or 28%, from the second quarter of 2014 due primarily to higher personnel-related costs resulting from additional headcount. Management believes these personnel investments are important to the Company's efforts to maintain the record levels of business achieved in the prior year and to generate further growth. Operating income increased by $25,754,000, or 99%, over the second quarter of 2014. Operating income was $51,778,000, or 36% of revenue, in the second quarter of 2015 compared to $26,024,000, or 28% of revenue, in the second quarter of 2014; income from continuing operations was $43,516,000, or 30% of revenue, in the second quarter of 2015 compared to $22,675,000, or 25% of revenue, in the second quarter of 2014; and income from continuing operations per diluted share was $0.49 in the second quarter of 2015 compared to $0.25 in the second quarter of 2014.

Results of Operations

As foreign currency exchange rates are a factor in understanding period-to-period comparisons, we believe the presentation of results on a constant-currency basis in addition to reported results helps improve investors' ability to understand our operating results and evaluate our performance in comparison to prior periods. We also use results on a constant-currency basis as one measure to evaluate our performance. Constant-currency information compares results between periods as if exchange rates had remained constant period-over-period. We generally refer to such amounts calculated on a constant-currency basis as excluding the impact of foreign currency exchange rate changes. Results on a constant-currency basis are not in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and should be considered in addition to, and not as a substitute for, results prepared in accordance with U.S. GAAP.

Revenue

Revenue increased by $51,553,000, or 56%, for the three-month period and increased by $71,610,000, or 41%, for the six-month period. Excluding the impact of foreign currency exchange rate changes, revenue increased by $59,181,000, or 64%, for the three-month period, and increased by $85,708,000, or 49%, for the six-month period, as sales denominated in foreign currencies, primarily the Euro, were translated into U.S. Dollars at a lower rate. This relatively high revenue growth rate was driven by revenue from large orders in the consumer electronics industry in 2015. Excluding these large orders, revenue from factory automation customers increased for both the three-month and six-month periods on a constant-currency basis in each of the Company's geographic regions, with the highest growth rate coming from Greater China and Europe. Revenue from semiconductor and electronics capital equipment manufacturers decreased for the three-month period and was relatively flat for the six-month period on a constant-currency basis.

The level of large orders is not expected to continue in the third quarter of 2015, and therefore, we expect revenue to decline in the third quarter compared to the second quarter of 2015, although we expect third quarter revenue to be higher than the first quarter of 2015.

Gross Margin

Gross margin as a percentage of revenue was 79% and 78% for the three-month and six-month periods in 2015, respectively, compared to 80% for the same periods in 2014. The lower gross margin was due to higher new product introduction costs, as well as volume pricing discounts on certain large orders. In addition, changes in foreign currency exchange rates had a negative impact on gross margin, as a significant amount of revenue is denominated in Euros, while inventories are predominantly purchased in U.S. Dollars. These gross margin decreases were partially offset by the favorable impact of material cost reductions and volume purchasing, as well as manufacturing efficiencies achieved from higher revenue levels as fixed manufacturing costs were spread over a larger revenue base.

We expect gross margin as a percentage of revenue to decline in the third quarter of 2015 compared to the second quarter of 2015 due to a higher level of lower-margin maintenance and support services.

Research, Development, and Engineering Expenses

Research, development, and engineering (RD&E) expenses increased $5,778,000, or 46%, for the three-month period and increased by $11,195,000, or 46%, for the six-month period.

The table below details the increases in RD&E expenses (in thousands):

	Three-month Period	Six-month Period
RD&E expenses in 2014	$ 12,524	$ 24,093
Outsourced engineering costs	3,218	4,542
Personnel-related costs	1,983	4,041
Stock-based compensation expense	248	1,096
Engineering prototypes	338	721
Foreign currency exchange rate changes	(782)	(1,411)
Other	773	2,206
RD&E expenses in 2015	**$ 18,302**	**$ 35,288**

The increase in RD&E expenses was due to higher personnel-related costs, such as salaries and fringe benefits, resulting from headcount additions and modest salary increases granted early in 2015. Headcount was added to support the significantly higher level of business in 2014 and the impact of these investments on year-over-year expense comparisons is expected to continue in the second half of 2015. The Company also incurred higher spending on outsourced engineering costs and engineering prototypes. In addition, stock-based compensation expense increased due to a higher stock price valuation for options granted in the previous four years. Offsetting these increases was the favorable impact of a weaker Euro, as expenses denominated in Euros were translated to U.S. Dollars at a lower rate.

RD&E expenses as a percentage of revenue was 13% and 14% for the three-month and six-month periods in 2015, respectively, compared to 14% for the same periods in 2014. We believe that a continued commitment to RD&E activities is essential in order to maintain or achieve product leadership with our existing products and to provide innovative new product offerings. In addition, we consider our ability to accelerate time to market for new products to be critical to our revenue growth. Therefore, we expect to continue to make significant RD&E investments in the future, and we target our RD&E spending to be between 10% and 15% of revenue. This percentage is impacted by revenue levels.

Selling, General, and Administrative Expenses

Selling, general, and administrative (SG&A) expenses increased by $7,703,000, or 22%, for the three-month period and increased by $15,844,000, or 24%, for the six-month period. MVSD SG&A expenses increased by $5,755,000, or 19%, for the three-month period and increased by $11,369,000, or 20%, for the six-month period. Corporate expenses that are not allocated to a division increased by $1,948,000, or 37%, for the three-month period and increased by $4,475,000, or 48%, for the six-month period.

The table below details the increases in MVSD SG&A expenses (in thousands):

	Three-month Period	Six-month Period
MVSD SG&A expenses in 2014	$ 30,299	$ 58,056
Personnel-related costs	5,405	10,486
Stock-based compensation expense	518	1,505
Sales demonstration equipment	1,009	1,170
Rent expense	200	596
Depreciation expense	266	447
Foreign currency exchange rate changes	(3,072)	(5,467)
Other	1,429	2,632
MVSD SG&A expenses in 2015	**$ 36,054**	**$ 69,425**

The increase in MVSD SG&A expenses was due to headcount additions, resulting in higher personnel-related costs, such as salaries, fringe benefits, sales commissions, and travel expenses, as well as modest salary increases granted early in 2015. Headcount was added to support the significantly higher level of business in 2014 and the impact of these investments on year-over-year expense comparisons is expected to continue in the second half of 2015. In addition, stock-based compensation expense increased due to a higher stock price valuation for options granted in the previous four years. The Company also incurred higher expenses related to sales demonstration equipment, higher rent expense resulting from worldwide office expansion, and higher depreciation expense related to information technology investments. Offsetting these increases was the favorable impact of a weaker Euro and to a lesser extent a weaker Japanese Yen, as expenses denominated in these currencies were translated to U.S. Dollars at lower rates.

The increase in corporate expenses was due principally to a settlement of outstanding patent litigation with Microscan Systems, Inc. reached in the second quarter of 2015 under which the Company paid $3,500,000 in July 2015. The settlement included a patent license agreement valued at $1,667,000 that allows the Company to continue producing current models of its handheld barcode readers, which was recorded as an asset as of July 5, 2015 and will be amortized to cost of revenue over the five year life of the patent. The remaining $1,833,000 of the settlement was recorded as expense in the second quarter of 2015. This litigation also resulted in higher legal fees ($344,000 for the three-month period and $1,520,000 for the six-month period). In addition, stock-based compensation expense was higher for the six-month period ($1,315,000).

Nonoperating Income (Expense)

The Company recorded foreign currency losses of $39,000 and foreign currency gains of $620,000 for the three-month and six-month periods in 2015, respectively, compared to foreign currency losses of $74,000 and $184,000 for the same periods in 2014. The foreign currency gains and losses in each period resulted primarily from the revaluation and settlement of accounts receivable, accounts payable, and intercompany balances that are reported in one currency and collected in another. As of the date of this report, the Company expects to invoice a significant amount of U.S. Dollar-denominated business on the books of its Irish subsidiary, for which the functional currency is the Euro, in the third quarter of 2015. These accounts receivable will be subject to revaluation and settlement in foreign currency gain (loss) in current operations.

Investment income increased by $156,000, or 19%, for the three-month period and increased by $219,000, or 14%, for the six-month period due to increased funds available for investment.

The Company recorded other expense of $55,000 and $365,000 for the three-month and six-month periods in 2015, respectively, compared to other expense of $75,000 and $348,000 for the same periods in 2014. Other income (expense) includes rental income, net of associated expenses, from leasing buildings adjacent to the Company’s corporate headquarters.

Income Tax Expense

The Company’s effective tax rate was 17% for the three-month and six-month periods in 2015, compared to 15% and 16% for the same periods in 2014. The effective tax rate for 2015 included the impact of the following discrete tax events: (1) a decrease in tax expense of $364,000 recorded in the first quarter of 2015 from the expiration of statutes of limitations for certain reserves for income tax uncertainties, (2) a decrease in tax expense of $112,000 recorded in the second quarter of 2015 from the final true-up of the prior year’s tax accrual upon filing the actual tax returns, and (3) an increase in tax expense of $65,000 recorded in the second quarter of 2015 from the write down of a deferred tax asset. The effective tax rate for 2014 included the impact of the following discrete tax event: a decrease in tax expense of $418,000 recorded in the second quarter of 2014 from the closing of the Internal Revenue Service audit of the Company for tax years 2010 and 2011. Excluding the impact of these discrete tax events, the Company’s effective tax rate was relatively consistent for all periods presented at approximately 17%.

Discontinued Operations

On July 6, 2015, the Company completed the sale of its Surface Inspection Systems Division (SISD) that specializes in machine vision systems that are used to inspect the surfaces of materials processed in a continuous fashion. The financial results of SISD are reported as a discontinued operation. Income from discontinued operations was $198,000 and $1,228,000 for the three-month and six-month periods in 2015, respectively, compared to $3,273,000 and $3,963,000 for the same periods in 2014. Income from discontinued operations in 2014 included the recognition of revenue that had been deferred in 2013 related to a new software release, and accordingly, revenue levels were lower in 2015 compared to 2014. The decrease in income from discontinued operations was also due to professional fees recorded in 2015 related to the sale of SISD.

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, cash equivalent, and investment balance of $518,907,000 as of July 5, 2015. 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 six-months ended July 5, 2015 were met with its existing cash balances, cash from investment maturities, positive cash flows from operations, and the proceeds from stock option exercises. Cash flows from operating activities included a significant increase in unbilled revenue that, as of the date of this report, the Company expects to invoice largely in the third quarter of 2015 and collect before year end. In addition to operating activities, cash requirements consisted of investment purchases, the repurchase of common stock, the payment of dividends, and capital expenditures. Capital expenditures for the six-month period ended July 5, 2015 totaled $9,525,000 and consisted primarily of expenditures for building improvements at the Company's headquarters and adjacent buildings in Natick, Massachusetts, as well as computer hardware, computer software, and manufacturing test equipment related to new product introductions.

On July 6, 2015 (the first day of the Company's third quarter), the Company completed the sale of its Surface Inspection Systems Division for $160,000,000 in cash, less a working capital adjustment of $1,600,000 and transaction costs of approximately $5,000,000. A majority of this cash was received in July 2015. The remaining cash, representing a working capital adjustment, is expected to be received in the third quarter.

The Company is a Limited Partner in Venrock Associates III, L.P. (Venrock), a venture capital fund. 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, 2015. The Company does not have the right to withdraw from the partnership prior to this date. As of July 5, 2015, the Company had contributed $19,886,000 to the partnership. The remaining commitment of $614,000 can be called by Venrock in any period through December 31, 2015. Distributions and contributions are at the discretion of Venrock’s management. No contributions were made and no distributions were received during the six-month period ended July 5, 2015.

On May 4, 2015, the Company’s Board of Directors declared a cash dividend of $0.07 per share payable in the second quarter of 2015 that totaled $6,110,000. On August 3, 2015, the Company’s Board of Directors declared a cash dividend of $0.07 per share payable in the third quarter of 2015. 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 including, among other things, the Company’s ability to generate positive cash flows from operations.

In April 2014, the Company's Board of Directors authorized the repurchase of up to $50,000,000 of the Company's common stock. The Company repurchased 720,000 shares at a cost of $35,848,000 during the second quarter of 2015 under this program. On August 3, 2015, the Company's Board of Directors authorized the repurchase of an additional $100,000,000 of the Company's stock. This new authorization will commence once the Company completes the April 2014 program. The Company may repurchase shares under this program in future periods depending upon a variety of factors, including, among other things, the impact of dilution from employee stock options, stock price, share availability, and cash requirements.

The Company believes that its existing cash, cash equivalent, and investment balances, together with cash flow from operations, will be sufficient to meet its operating, investing, and financing activities for the next twelve months. As of July 5, 2015, the Company had approximately $516,951,000 in cash, cash equivalents, and debt securities that could be converted into cash. In addition, the Company has no debt and does not anticipate needing debt financing in the near future. We believe that our strong cash position has put us in a relatively good position with respect to our longer-term liquidity needs.

New Pronouncements

Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers”

The amendments in ASU 2014-09 will supersede and replace all currently existing U.S. GAAP, including industry-specific revenue recognition guidance, with a single, principle-based revenue recognition framework. The concept guiding this new model is that revenue recognition will depict transfer of control to the customer in an amount that reflects consideration to which an entity expects to be entitled. The core principles supporting this framework include (1) identifying the contract with a customer, (2) identifying separate performance obligations within the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations, and (5) recognizing revenue. This new framework will require entities to apply significantly more judgment. This increase in management judgment will require expanded disclosure on estimation methods, inputs, and assumptions for revenue recognition. The Transition Resource Group (TRG) is evaluating the impact of this ASU and will release implementation guidance in future periods. The guidance in ASU 2014-09 is effective for public companies for annual reporting periods beginning after December 15, 2017. Early adoption is permitted. Management will continue to evaluate the impact of this standard as it evolves.

Accounting Standards Update (ASU) 2015-05, "Intangibles—Goodwill and Other—Internal-Use Software"

ASU 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, then the customer should account for the arrangement as a service contract. For public companies, the guidance in ASU 2015-05 is effective for annual periods beginning after December 15, 2015, and interim periods thereafter. Early adoption is permitted. Management does not expect ASU 2015-05 to have a material impact on the Company's financial statements and disclosures.

Accounting Standards Update (ASU) 2015-11, "Inventory - Simplifying the Measurement of Inventory"

ASU 2015-11 requires companies to measure most inventory at the lower of cost and net realizable value, thereby simplifying the current guidance under which a company must measure inventory at the lower of cost or market. This Update eliminates the need to determine replacement cost and evaluate whether said cost is within a quantitative range. This Update also further aligns U.S. GAAP and international accounting standards. For public companies, the guidance in ASU 2015-11 is effective for annual periods beginning after December 15, 2016, and interim periods thereafter. Early adoption is permitted. Management does not expect ASU 2015-11 to have a material impact on the Company's financial statements and disclosures.

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, 2014.

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 July 5, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In March 2013, the Company filed a lawsuit against Microscan Systems, Inc. (“Microscan”) and Code Corporation ("Code") in the United States District Court for the Southern District of New York alleging that Microscan’s Mobile Hawk handheld imager infringes U.S. Patent 7,874,487 owned by the Company (the “‘487 patent”). The lawsuit sought to prohibit Code from manufacturing the product, and Microscan from selling and distributing the product. The Company also sought monetary damages resulting from the alleged infringement. On April 30, 2014, the jury found that Microscan willfully infringed the ‘487 patent and awarded Cognex $2,578,000 in damages. In July 2014, Microscan filed a Notice of Appeal with the Federal Circuit appealing all orders, findings, and/or conclusions of the District Court that were adverse to Microscan. In August 2014, the Company filed a Notice of Appeal with the Federal Circuit appealing the order granting summary judgment that claims 23, 28, and 29 of the ’487 patent are invalid. Also in August 2014, the Federal Circuit consolidated Microscan’s appeal and the Company’s appeal. In November 2014, the Company filed an unopposed motion to dismiss the Company's appeal, and in December 2014, the Court of Appeals granted the Company's motion to dismiss the Company's appeal. In January 2015, Microscan submitted their appeal brief. The Company filed its response to Microscan’s appeal brief, contesting all assertions therein on March 16, 2015.

In August 2014, Microscan filed a lawsuit against the Company in the United States District Court for the Southern District of New York alleging that the Company’s DataMan® 8500 handheld imager infringes U.S. Patent 6,352,204 (the “‘204 patent”). The lawsuit sought to prohibit the Company from manufacturing, selling, and distributing the DataMan® 7500, 8500, 8600, and 9500 products. Microscan also sought monetary damages resulting from the alleged infringement. On April 30, 2015, the jury reached a verdict awarding Microscan royalties of $4,411,000 related to sales of the Company’s products during the applicable period.

On June 25, 2015, the Company executed a settlement agreement with Microscan in the amount of $3,500,000 settling all outstanding litigation between the parties. The settlement included a patent license agreement valued at $1,667,000 that allows the Company to continue producing current models of its handheld barcode readers, which was recorded as an asset as of July 5, 2015 and will be amortized to cost of revenue over the five year life of the patent. The remaining $1,833,000 of the settlement was recorded as expense in the second quarter of 2015. All cases were dismissed by the end of July 2015. On July 1, 2015, the Company also executed an immaterial settlement agreement with Code.

Various other claims and legal proceedings generally incidental to the normal course of business are pending or threatened on behalf of or against the Company, including some pertaining to the Company’s recently divested surface inspection business, which arose prior to the transaction closing date and for which the Company retains liability pursuant to the agreement governing such divesture. While we cannot predict the outcome of these matters, we believe that any liability arising from them will not have a material adverse effect on our financial position, liquidity, or results of operations.

ITEM 1A. RISK FACTORS

For a complete list of 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 fiscal year ended December 31, 2014.

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

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

	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
April 6 - May 3, 2015	—	—	—	$ 42,422,000
May 4 - May 31, 2015	—	—	—	$ 42,422,000
June 1 - July 5, 2015	720,000	49.79	720,000	$ 6,574,000
Total	720,000	49.79	720,000	$ 6,574,000

(1) In April 2014, the Company's Board of Directors authorized the repurchase of $50,000,000 of the Company's stock. In August 2015, the Company's Board of Directors authorized the repurchase of an additional $100,000,000 of the Company's stock. Purchases under this 2015 program will commence once the 2014 is completed.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	
10.1	Cognex Corporation 2007 Stock Option and Incentive Plan, as amended and restated*
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**
101	xBRL (Extensible Business Reporting Language)
	The following materials from Cognex Corporation’s Quarterly Report on Form 10-Q for the period ended July 5, 2015, formatted in xBRL: (i) Consolidated Statements of Operations for the three-month and six-month periods ended July 5, 2015 and June 29, 2014; (ii) Consolidated Statements of Comprehensive Income for the three-month and six-month periods ended July 5, 2015 and June 29, 2014; (iii) Consolidated Balance Sheets as of July 5, 2015 and December 31, 2014; (iv) Consolidated Statements of Cash Flows for the six-month periods ended July 5, 2015 and June 29, 2014; (v) Consolidated Statement of Shareholders’ Equity for the six-month period ended July 5, 2015; and (vi) Notes to Consolidated Financial Statements.
*	Filed herewith
**	Furnished herewith

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: August 3, 2015

COGNEX CORPORATION

By: /s/ Robert J. Willett

Robert J. Willett
President and Chief Executive Officer
(principal executive officer)

By: /s/ Richard A. Morin

Richard A. Morin
Executive Vice President of Finance and Administration
and Chief Financial Officer
(principal financial and accounting officer)

Exhibit 10.1

COGNEX CORPORATION

2007 STOCK OPTION AND INCENTIVE PLAN

as amended and restated

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Cognex Corporation 2007 Stock Option and Incentive Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, Non-Employee Directors and other key persons (including consultants) of Cognex Corporation (the "Company") and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company and its stockholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"Administrator" means either the Board or the compensation committee of the Board or a similar committee performing the functions of the compensation committee and which is comprised of not less than two Non-Employee Directors who are independent.

"Award" or *"Awards,"* except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Unrestricted Stock Awards and Cash-Based Awards.

"Award Agreement" means a written or electronic agreement setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Agreement is subject to the terms and conditions of the Plan.

"Board" means the Board of Directors of the Company.

"Cash-Based Award" means an Award entitling the recipient to receive a cash-denominated payment.

A *"Change of Control"* shall be deemed to have occurred if any person, or any two or more persons acting as a group, and all affiliates of such person or persons, who prior to such time owned less than fifty percent (50%) of the then outstanding Stock, shall acquire such additional shares of the Stock in one or more transactions, or series of transactions, such that following such transaction or transactions, such person or group and affiliates beneficially own sixty percent (60%) or more of the Stock outstanding.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"Covered Employee" means an employee who is a "Covered Employee" within the meaning of Section 162(m) of the Code.

"Effective Date" means the date on which the amended and restated Plan is approved by stockholders as set forth in Section 18.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Fair Market Value" of the Stock on any given date means the last reported sale price at which Stock is traded on such date or, if no Stock is traded on such date, the next preceding date on which Stock was traded, as reflected on the NASDAQ Global Select Market or another national securities exchange.

"Incentive Stock Option" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"Non-Employee Director" means a member of the Board who is not also an employee of the Company or any Subsidiary.

"Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

"Option" or *"Stock Option"* means any option to purchase shares of Stock granted pursuant to Section 5.

"Performance-Based Award" means any Restricted Stock Award, Restricted Stock Units or Cash-Based Award granted to a Covered Employee that is intended to qualify as "performance-based compensation" under Section 162(m) of the Code and the regulations promulgated thereunder.

"Performance Criteria" means the criteria that the Administrator selects for purposes of establishing the Performance Goal or Performance Goals for an individual for a Performance Cycle. The Performance Criteria (which shall be applicable to the organizational level specified by the Administrator, including, but not limited to, the Company or a unit, division, group, or Subsidiary of the Company) that will be used to establish Performance Goals are limited to the following: total shareholder return, earnings before interest, taxes, depreciation and amortization, net income (loss) (either before or after interest, taxes, depreciation and/or amortization), changes in the market price of the Stock, economic value-added, sales or revenue, acquisitions or strategic transactions, operating income (loss), cash flow (including, but not limited to, operating cash flow and free cash flow), return on capital, assets, equity, or investment, return on sales, gross or net profit levels, productivity, expense, operating margins (both GAAP and non-GAAP), operating efficiency, customer satisfaction, working capital, earnings (loss) per share of Stock, sales or market shares and number of customers, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee may appropriately adjust any evaluation performance under a Performance Criterion to exclude any of the following events that occurs during a Performance Cycle: (i) asset write-downs or impairments, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reporting results, (iv) accruals for reorganizations and restructuring programs, (v) any extraordinary non-recurring items, including those described in the Financial Accounting Standards Board's authoritative guidance and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year, and (vi) any other extraordinary items adjusted from the Company U.S. GAAP results.

"Performance Cycle" means one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Criteria will be measured for the purpose of determining a grantee's right to and the payment of a Restricted Stock Award, Restricted Stock Units or Cash-Based Award, the vesting and/or payment of

which is subject to the attainment of one or more Performance Goals. Each such period shall not be less than 12 months.

"Performance Goals" means, for a Performance Cycle, the specific goals established in writing by the Administrator for a Performance Cycle based upon the Performance Criteria.

"Restricted Stock Award" means an Award entitling the recipient to acquire, at such purchase price (which may be zero) as determined by the Administrator, shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant.

"Restricted Stock Units" means an Award of stock units subject to such restrictions and conditions as the Administrator may determine at the time of grant.

"Sale Event" shall mean (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for securities of the successor entity and the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (iii) the sale of all of the Stock of the Company to an unrelated person or entity.

"*Sale Price*" means the value as determined by the Administrator of the consideration payable, or otherwise to be received by stockholders, per share of Stock pursuant to a Sale Event.

"Section 409A" means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"Stock" means the Common Stock, par value $.002 per share, of the Company, subject to adjustments pursuant to Section 3.

"Stock Appreciation Right" means an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

"Subsidiary" means any corporation or other entity (other than the Company) in which the Company has at least a 50 percent interest, either directly or indirectly.

"Ten Percent Owner" means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation.

"Unrestricted Stock Award" means an Award of shares of Stock free of any restrictions.

SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Administrator.

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Cash-Based Awards, Unrestricted Stock Awards or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the form of written instruments evidencing the Awards;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award, including upon a Change of Control or a Sale Event;

(vi) subject to the provisions of Section 5(a)(ii), to extend at any time the period in which Stock Options may be exercised; and

(vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

(c) Delegation of Authority to Grant Awards. Subject to applicable law, the Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator’s authority and duties with respect to the granting of Awards, to individuals who are (i) not subject to the reporting and other provisions of Section 16 of the Exchange Act and (ii) not “covered employees” within the meaning of Section 162(m) of the Code. Any such delegation by the Administrator shall include a limitation as to the amount of Awards that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator’s delegate or delegates that were consistent with the terms of the Plan.

(d) Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include, without limitation, the term of an Award, the provisions applicable in the event employment or service terminates, and the Company’s authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

(e) Indemnification. Neither the Board nor the Administrator, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Administrator (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys’ fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company’s articles or bylaws or any directors’ and officers’ liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be increased from 4,600,000 shares to 6,600,000 shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the shares of Stock underlying any Awards that are forfeited, canceled or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. Shares tendered or held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall not be available for future issuance under the Plan. In addition, upon exercise of Stock Appreciation Rights, the gross number of shares exercised shall be deducted from the total number of shares remaining available for issuance under the Plan. In the event the Company repurchases shares of Stock in the open market, such shares shall not be added to the shares of Stock available for issuance under the Plan. Subject to such overall limitations, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that Stock Options or Stock Appreciation Rights with respect to no more than 1,000,000 shares of Stock may be granted to any one individual grantee during any one calendar year period. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Changes in Stock. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, (ii) the number of Stock Options or Stock Appreciation Rights that can be granted to any one individual grantee and the maximum Performance-Based Award, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iv) the repurchase price, if any, per share subject to each outstanding Restricted Stock Award, and (v) the price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The Administrator shall also make equitable or proportionate adjustments in the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event. Notwithstanding the foregoing, no adjustment shall be made under this Section 3(b) if the Administrator determines that such action could cause any Award to fail to satisfy the conditions of any applicable exception from the requirements of Section 409A or otherwise could subject the grantee to the additional tax imposed under Section 409A in respect of an outstanding Award or constitute a modification, extension or renewal of an Incentive Stock Option within the meaning of Section 424(h) of the Code. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

(c) Mergers and Other Transactions. Upon the effective time of the Sale Event, the Plan and all outstanding Awards granted hereunder shall terminate, unless provision is made in connection with the Sale Event in the sole discretion of the parties thereto for the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree (after taking into account any acceleration hereunder). In the event of such termination, (i) the Company shall have the option (in its sole discretion) to make or provide for a cash payment to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the Sale Price multiplied by the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable (after taking into account any acceleration thereof) at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights; or (ii) each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding Options and Stock Appreciation Rights held by such grantee.

(d) Substitute Awards. The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees, directors or other key persons of another corporation in connection with the merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances. Any substitute Awards granted under the Plan shall not count against the share limitation set forth in Section 3(a).

SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, Non-Employee Directors and key persons (including consultants and prospective employees) of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

SECTION 5. STOCK OPTIONS

(a) Form of Stock Options. Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

Stock Options granted pursuant to this Section 5 shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable.

(b) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5 shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the option price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date.

(c) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date the Stock Option is granted. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the date of grant.

(d) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. Except in the case of retirement, death, disability or a Change of Control, each Stock Option shall be subject to a minimum vesting period of at least one year. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(e) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Award Agreement:

(i) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(ii) Through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the optionee on the open market or that are beneficially owned by the optionee and are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(iii) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or

(iv) With respect to Stock Options that are not Incentive Stock Options, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option Award Agreement or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of attested shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Stock Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Stock Options may be permitted through the use of such an automated system.

(f) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

SECTION 6. STOCK APPRECIATION RIGHTS

(a) Exercise Price of Stock Appreciation Rights. The exercise price of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant.

(b) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator independently of any Stock Option granted pursuant to Section 5 of the Plan.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Administrator. Except in the case of retirement, death, disability or a Change of Control, each Stock Appreciation Right shall be subject to a minimum vesting period of at least one year. The term of a Stock Appreciation Right may not exceed ten years.

SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. The Administrator shall determine the restrictions and conditions applicable to each Restricted Stock Award at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Restricted Stock Award is contingent on the grantee executing the Restricted Stock Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon execution of the Restricted Stock Award Agreement and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the Restricted Stock Award Agreement. Unless the Administrator shall otherwise determine, (i) uncertificated Restricted Stock shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted Stock are vested as provided in Section 7(d) below, and (ii) certificated Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company such instruments of transfer as the Administrator may prescribe.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award Agreement. Except as may otherwise be provided by the Administrator either in the Award Agreement or, subject to Section 15 below, in writing after the Award Agreement is issued if a grantee's employment (or other service relationship) with the Company and its Subsidiaries terminates for any reason, any Restricted Stock that has not vested at the time of termination shall automatically and without any requirement of notice to such grantee from or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price (if any) from such grantee or such grantee's legal representative simultaneously with such termination of employment (or other service relationship), and thereafter shall cease to represent any ownership of the Company by the grantee or rights of the grantee as a stockholder. Following such deemed reacquisition of unvested Restricted Stock that are represented by physical certificates, a grantee shall surrender such certificates to the Company upon request without consideration.

(d) Vesting of Restricted Stock. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Notwithstanding the foregoing, except in the case of retirement, death, disability or a Change of Control, in the event that any such Restricted Stock granted to employees shall have a performance-based goal, the restriction period with respect to such shares shall not be less than one year, and in the event any such Restricted Stock granted to employees shall have a time-based restriction, the total restriction period with respect to such shares shall not be less than three years; provided, however, that Restricted Stock with a time-based restriction may become vested incrementally over such three-year period. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." Except as may otherwise be provided by the Administrator either in the Award Agreement or, subject to Section 15 below, in writing after the Award Agreement is issued, a grantee's rights in any shares of Restricted Stock that have not vested shall automatically terminate upon the grantee's termination of employment (or other service relationship) with the Company and its Subsidiaries and such shares shall be subject to the provisions of Section 7(c) above.

SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Restricted Stock Units. The Administrator may grant Restricted Stock Units under the Plan. A Restricted Stock Unit is an Award of stock units that may be settled in shares of Stock upon the satisfaction of such restrictions and conditions at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The terms and conditions of each such Award Certificate shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. Notwithstanding the foregoing, except in the case of retirement, death, disability or a Change of Control, in the event that any such Restricted Stock Units granted to employees shall have a performance-based goal, the restriction period with respect to such shares shall not be less than one year, and in the event any such Restricted Stock Units granted to employees shall have a time-based restriction, the total restriction period with respect to such shares shall not be less than three years; provided, however, that Restricted Stock Units with a time-based restriction may become vested incrementally over such three-year period. Except in the case of Restricted Stock Units with a deferred settlement date that complies with Section 409A, at the end of the vesting period, the Restricted Stock Units, to the extent vested, shall be settled in the form of shares of Stock. Restricted Stock Units with deferred settlement dates are subject to Section 409A and shall contain such additional terms and conditions as the Administrator shall determine in its sole discretion in order to comply with the requirements of Section 409A.

(b) Rights as a Stockholder. A grantee shall have the rights as a stockholder only as to shares of Stock acquired by the grantee upon settlement of a Restricted Stock Unit.

(c) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 15 below, in writing after the Award is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

SECTION 9. UNRESTRICTED STOCK AWARDS

The Administrator may grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award under the Plan. An Unrestricted Stock Award is an Award pursuant to which the grantee may receive shares of Stock free of any restrictions under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

SECTION 10. CASH-BASED AWARDS

The Administrator may grant Cash-Based Awards under the Plan. A Cash-Based Award is an Award that entitles the grantee to a payment in cash upon the attainment of specified Performance Goals. The Administrator shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable, and such other provisions as the Administrator shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Administrator. Payment, if any, with respect to a Cash-Based Award shall be made in accordance with the terms of the Award and may be made in cash.

SECTION 11. PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES

(a) Performance-Based Awards. The Administrator may grant one or more Performance-Based Awards in the form of a Restricted Stock Award, Restricted Stock Units or Cash-Based Award payable upon the attainment of Performance Goals that are established by the Administrator and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Administrator. The Administrator shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for any Performance Cycle. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. Each Performance-Based Award shall comply with the provisions set forth below.

(b) Grant of Performance-Based Awards. With respect to each Performance-Based Award granted to a Covered Employee, the Administrator shall select, within the first 90 days of a Performance Cycle (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) the Performance Criteria for such grant, and the Performance Goals with respect to each Performance Criterion (including a threshold level of performance below which no amount will become payable with respect to such Award). Each Performance-Based Award will specify the amount payable, or the formula for determining the amount payable, upon achievement of the various applicable performance targets. The Performance Criteria established by the Administrator may be (but need not be) different for each Performance Cycle and different Performance Goals may be applicable to Performance-Based Awards to different Covered Employees.

(c) Payment of Performance-Based Awards. Following the completion of a Performance Cycle, the Administrator shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Cycle have been achieved and, if so, to also calculate and certify in writing the amount of the Performance-Based Awards earned for the Performance Cycle. The Administrator shall then determine the actual size of each Covered Employee's Performance-Based Award.

(d) Maximum Award Payable. The maximum Performance-Based Award payable to any one Covered Employee under the Plan for a Performance Cycle is [**300,000]** shares of Stock (subject to adjustment as provided in Section 3(c) hereof) or **[$2 million**] in the case of a Performance-Based Award that is a Cash-Based Award.

SECTION 12. Transferability of Awards

(a) Transferability. Except as provided in Section 12(b) below, during a grantee's lifetime, his or her Awards shall be exercisable only by the grantee, or by the grantee's legal representative or guardian in the event of the grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a grantee other than by will or by the laws of descent and distribution. No Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) Administrator Action. Notwithstanding Section 12(a), (i) an optionee may transfer his or her options (other than any Incentive Stock Options) and stock appreciation rights to his or her immediate family members, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, and (ii) an optionee may transfer awards granted under the Plan pursuant to a divorce decree or other domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended (or the rules thereunder), provided in either case that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award.

(c) Family Member. For purposes of Section 12(b), "family member" shall mean a grantee's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the grantee's household (other than a tenant of the grantee), a trust in which these persons (or the grantee) have more than 50 percent of the beneficial interest, a foundation in which these persons (or the grantee) control the management of assets, and any other entity in which these persons (or the grantee) own more than 50 percent of the voting interests.

(d) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

SECTION 13. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. Subject to approval by the Administrator, a grantee may elect to have the Company's minimum required tax withholding obligation satisfied, in whole or in part, by authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

SECTION 14. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, if the grantee's employer ceases to be a Subsidiary, the grantee shall be deemed to have terminated employment , but the following events shall not be deemed a termination of employment:

(a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 15. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. Except as provided in Section 3(b) or 3(c), in no event may the Administrator exercise its discretion to reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights or effect repricing through cancellation and re-grants or cancellation of Stock Options or Stock Appreciation Rights in exchange for cash. Any material Plan amendments (other than amendments that curtail the scope of the Plan), including any Plan amendments that (i) increase the number of shares reserved for issuance under the Plan, (ii) expand the type of Awards available under, materially expand the eligibility to participate in, or materially extend the term of, the Plan, or (iii) materially change the method of determining Fair Market Value, shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. In addition, to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code or to ensure that compensation earned under Awards qualifies as performance-based compensation under Section 162(m) of the Code, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 15 shall limit the Administrator's authority to take any action permitted pursuant to Section 3(c).

SECTION 16. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 17. GENERAL PROVISIONS

(a) No Distribution. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

(b) Delivery of Stock Certificates. Stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records). Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel (to the extent the Administrator deems such advice necessary or advisable), that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed, quoted or traded. All Stock certificates delivered pursuant to the Plan shall be subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state or foreign jurisdiction, securities or other laws, rules and quotation system on which the Stock is listed, quoted or traded. The Administrator may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Administrator may require that an individual make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems necessary or advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any individual to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(c) Stockholder Rights. Until Stock is deemed delivered in accordance with Section 17(b), no right to vote or receive dividends or any other rights of a stockholder will exist with respect to shares of Stock to be issued in connection with an Award, notwithstanding the exercise of a Stock Option or any other action by the grantee with respect to an Award.

(d) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(e) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to such Company's insider trading policy and procedures, as in effect from time to time.

(f) Clawback Policy. Awards under the Plan shall be subject to the Company's clawback policy, as in effect from time to time.

SECTION 18. EFFECTIVE DATE OF PLAN

This amended and restated Plan shall become effective upon approval by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present. No grants of Stock Options and other Awards may be made hereunder after the tenth anniversary of the Effective Date and no grants of Incentive Stock Options may be made hereunder after the tenth anniversary of the date the Plan is approved by the Board.

SECTION 19. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS: February 7, 2015

DATE APPROVED BY STOCKHOLDERS: April 17, 2015

Exhibit 31.1

CERTIFICATION

I, Robert J. Willett, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Cognex Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2015

By: /s/ Robert J. Willett

Robert J. Willett
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Richard A. Morin, certify that:

1 I have reviewed this quarterly report on Form 10-Q of Cognex Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5 The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 3, 2015

By: /s/ Richard A. Morin

Richard A. Morin
Executive Vice President of Finance and Administration
and Chief Financial Officer

Exhibit 32.1*

CERTIFICATION PURSUANT TO
18 U.S.C. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Cognex Corporation (the “Company”) hereby certifies to his knowledge that the Company’s quarterly report on Form 10-Q for the quarterly period ended July 5, 2015 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2015

By: /s/ Robert J. Willett
Robert J. Willett
President and Chief Executive Officer
(principal executive officer)

* This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

Exhibit 32.2*

CERTIFICATION PURSUANT TO
18 U.S.C. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Cognex Corporation (the “Company”) hereby certifies to his knowledge that the Company’s quarterly report on Form 10-Q for the quarterly period ended July 5, 2015 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	August 3, 2015	By:	/s/ Richard A. Morin
			Richard A. Morin
			Executive Vice President of Finance and Administration
			and Chief Financial Officer
			(principal financial officer)

* This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.