

COGNEX CORP
Form DEF 14A
March 06, 2015
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SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

COGNEX CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
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4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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COGNEX CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on April 17, 2015

To the Shareholders:

The 2015 Annual Meeting of Shareholders of COGNEX CORPORATION will be held at 9:00 a.m. local time on Friday, April 17, 2015, at Cognex's headquarters at One Vision Drive, Natick, Massachusetts, for the following purposes:

1. To elect three Directors to serve for a term of three years, all as more fully described in the proxy statement for the meeting;
 2. To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2015;
 3. To cast a non-binding advisory vote to approve executive compensation ("say-on-pay");
 4. To approve the amendment and restatement of the Cognex Corporation 2007 Stock Option and Incentive Plan;
 5. To consider and act upon a shareholder proposal concerning majority voting if properly presented at the meeting; and
 6. To consider and act upon any other business that may properly come before the meeting or any adjournment or postponement thereof.
- The Board of Directors has fixed the close of business on February 20, 2015 as the record date for the meeting. All shareholders of record on that date are entitled to receive notice of and to vote at the meeting.

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

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

By Order of the Board of Directors

Richard A. Morin, *Secretary*

Natick, Massachusetts

March 6, 2015

Important

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

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COGNEX CORPORATION
PROXY STATEMENT
INFORMATION ABOUT THE MEETING
AND VOTING PROCEDURES

General

This proxy statement is being furnished to you in connection with the solicitation of proxies by the Board of Directors of Cognex Corporation (Cognex) for use at the 2015 Annual Meeting of Shareholders to be held at 9:00 a.m. local time on Friday, April 17, 2015, at our headquarters at One Vision Drive, Natick, Massachusetts 01760, and at any adjournments or postponements of that meeting. Our telephone number is (508) 650-3000. At this meeting, shareholders will consider and vote on the following proposals:

1. To elect three Directors to serve for a term of three years, all as more fully described in this proxy statement;
2. To ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for fiscal year 2015;
3. To cast a non-binding advisory vote to approve executive compensation (say-on-pay);
4. To approve the amendment and restatement of the Cognex Corporation 2007 Stock Option and Incentive Plan;
5. To consider and act upon a shareholder proposal concerning majority voting if properly presented at the meeting; and
6. To consider and act upon any other business which may properly come before the meeting or any adjournment or postponement thereof.

This proxy statement is first being made available to our shareholders on or about March 6, 2015.

Voting Rights and Quorum

Shareholders of record at the close of business on February 20, 2015 (the Record Date) are entitled to receive notice of and to vote at the meeting. As of the close of business on the Record Date, there were 86,713,556 shares of our common stock outstanding and entitled to vote. Each outstanding share of our common stock entitles the record holder to one vote.

The holders of a majority of our common stock outstanding on the Record Date for the meeting are required to be present in person or be represented by proxy at the meeting in order to constitute a quorum for the transaction of business. Following the determination of a quorum, the election of a nominee for Director will be decided by a plurality of the votes cast. Votes may be cast for or withheld from each nominee. Other matters presented at the meeting require the favorable vote of a majority of the votes cast on the matter.

Treatment of Abstentions and Broker Non-Votes

We will count both abstentions and broker non-votes as present for the purpose of determining the existence of a quorum for the transaction of business. However, for the purpose of determining the number of

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shares voting on a particular proposal, we will not count abstentions and broker non-votes as votes cast or shares voting. A broker non-vote refers to shares held by a broker or nominee that does not have the authority, either express or discretionary, to vote on a particular matter.

Voting Your Shares

If you received a paper copy of the proxy materials, you may vote your shares by submitting the proxy card accompanying this material for use at the meeting. Please complete, date, sign and submit the proxy card as instructed. You may also vote your shares by telephone or via the Internet by following the instructions included on the proxy card or on the Notice of Internet Availability of Proxy Materials. The Internet and telephone voting facilities for shareholders of record will close at 1:00 a.m. Eastern time on April 17, 2015.

Our Board of Directors recommends an affirmative vote on proposals 1, 2, 3 and 4 described in the notice for the meeting. Proxies will be voted as specified. If your proxy is properly submitted, it will be voted in the manner that you direct. **If you do not specify instructions with respect to proposals 1, 2, 3 and 4, proxies will be voted in favor of the Board of Directors recommendations as set forth in this proxy statement.** Our Board, after careful consideration, is not making a recommendation either in favor of or opposed to proposal 5, the shareholder proposal concerning majority voting. As a result, if a properly executed proxy is submitted and no instructions are given, the proxy will not be voted with respect to this proposal.

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

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

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

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

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

Expense of Solicitation

The cost of this solicitation will be borne by Cognex. It is expected that the solicitation will be made primarily by mail, but regular employees or representatives of Cognex (none of whom will receive any extra compensation for their activities) may also solicit proxies by telephone, email, fax and in person and arrange for brokerage houses and other custodians, nominees and fiduciaries to send proxy materials to their principals at our expense.

How to Obtain an Annual Report on Form 10-K

Our Annual Report on Form 10-K, including the financial statements and schedules to such report, required to be filed with the Securities and Exchange Commission (SEC) for our most recent fiscal year is available on our website at www.cognex.com under Company Investor Information Financial Information SEC Filings. Shareholders can send a written request to the Director of Investor Relations at Cognex Corporation, One Vision Drive, Natick, Massachusetts 01760 or by email at IR@cognex.com and we will provide a printed copy to such person without charge.

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Some banks, brokers and other nominee record holders may send only one copy of our proxy statement and annual report to multiple shareholders in the same household unless contrary instructions were received. To obtain a copy of either document please contact our Director of Investor Relations at the mailing address or email address noted above. To receive a copy of either document in the future, or if you are receiving multiple copies and want to receive only one copy per household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above mailing or email address.

Investor Contact

If you have any questions about the meeting or your ownership of our common stock, please contact our Director of Investor Relations at the above mailing or email address.

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

The following table shows as of the Record Date, any person who is known by us to be the beneficial owner of more than five percent of our common stock. For purposes of this proxy statement, beneficial ownership is defined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Accordingly, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, agreement, understanding, relationship or otherwise has or shares the power to vote such security or to dispose of such security.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
BlackRock, Inc. 55 East 52 nd Street New York, NY 10022	7,010,128(2)	8.1%
Brown Capital Management, LLC 1201 N. Calvert Street Baltimore, MD 21202	5,798,693(3)	6.7%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	5,233,497(4)	6.0%
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94104	4,893,262(5)	5.6%

- (1) Percentages are calculated on the basis of 86,713,556 shares of our common stock outstanding as of February 20, 2015.
- (2) Information regarding BlackRock, Inc. is based solely upon a Schedule 13G filed by BlackRock with the SEC on January 23, 2015, which indicates that BlackRock held sole voting power over 6,820,289 shares and sole dispositive power over 7,010,128 shares.

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- (3) Information regarding Brown Capital Management, LLC is based solely upon a Schedule 13G filed by Brown Capital with the SEC on February 5, 2015, which indicates that Brown Capital held sole voting power over 3,250,806 shares and sole dispositive power over 5,798,693 shares. Per the 13G, the shares beneficially owned by Brown Capital were held by various investment advisory clients with no individual client holding more than five percent of the class.
- (4) Information regarding The Vanguard Group, Inc. is based solely upon a Schedule 13G filed by The Vanguard Group with the SEC on February 11, 2015, which indicates that The Vanguard Group held sole voting power over 116,012 shares, sole dispositive power over 5,124,785 shares and shared dispositive power over 108,712 shares. Per the Schedule 13G, Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 108,712 shares as a result of its serving as investment manager of collective trust accounts. Also, Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 7,300 shares as a result of its serving as investment manager of Australian investment offerings.
- (5) Information regarding Wells Fargo & Company is based solely upon a Schedule 13G filed by Wells Fargo & Company with the SEC on February 10, 2015, which indicates that Wells Fargo held sole voting and dispositive power over 20,403 shares, shared voting power over 4,695,278 shares and shared dispositive power over 4,855,244 shares

Security Ownership of Directors and Executive Officers

The following information is furnished as of the Record Date, with respect to our common stock beneficially owned within the meaning of Rule 13d-3 of the Exchange Act by each of our Directors, each Director nominee, each of the named executive officers (as defined in Item 402(a)(3) of Regulation S-K) and by all of our Directors and executive officers as a group. Unless otherwise indicated, the individuals named held sole voting and investment power over the shares listed below. The address for each individual is c/o Cognex Corporation, One Vision Drive, Natick, Massachusetts 01760.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
Robert J. Shillman	4,030,400(3)	4.6%
Robert J. Willett	672,500	*
Anthony Sun	250,076	*
Theodor Krantz	120,500	*
Richard A. Morin	90,343	*
Jeffrey B. Miller	77,400(4)	*
Reuben Wasserman	59,500	*
Patrick A. Alias	51,875	*
J. Bruce Robinson	9,050	*
All Directors and Executive Officers as a group (9 persons)	5,361,644(5)	6.1%

* Less than 1%

- (1) Includes the following shares which the specified individual has the right to acquire upon the exercise of outstanding options, exercisable currently or within 60 days of February 20, 2015: Dr. Shillman, 0 shares; Mr. Willett, 672,500 shares; Mr. Sun, 95,500 shares; Mr. Krantz, 109,250 shares; Mr. Morin, 88,334 shares; Mr. Miller, 77,000 shares; Mr. Wasserman, 59,500 shares; Mr. Alias, 51,875 shares; and Mr. Robinson, 8,750 shares.

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- (2) Percentages are calculated on the basis of 86,713,556 shares of our common stock outstanding as of February 20, 2015. The total number of shares outstanding used in this calculation also assumes that the currently exercisable options or options which become exercisable within 60 days of February 20, 2015 held by the specified person are exercised but does not include the number of shares of our common stock underlying options held by any other person.
- (3) Includes 4,030,400 shares held in a trust with respect to which Dr. Shillman serves as trustee.
- (4) Mr. Miller has shared voting and investment power with respect to 400 shares owned jointly with his spouse.
- (5) Includes 1,162,709 shares which certain Directors and executive officers have the right to acquire upon the exercise of outstanding options, exercisable currently or within 60 days of February 20, 2015.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and Directors and persons owning more than 10% of our outstanding common stock to file reports of ownership and changes in ownership with the SEC. Our executive officers, Directors and greater than 10% holders of our common stock are required by SEC regulations to furnish us with copies of all forms they file with the SEC under Section 16(a).

Based solely on copies of such forms furnished to us as provided above, we believe that during fiscal year 2014, all Section 16(a) filing requirements applicable to our executive officers, Directors and owners of greater than 10% of our common stock were complied with.

CORPORATE GOVERNANCE

Code of Business Conduct and Ethics

We have a Code of Business Conduct and Ethics that applies to our Board of Directors and our employees, including our named executive officers. Pre-dating this code are our company's ten corporate values, which include integrity, that are the basis for ensuring we maintain the highest ethical standards in all that we do. Copies of our company's Code of Business Conduct and Ethics and ten corporate values are available on our website at www.cognex.com under Company Investor Information Governance. We intend to disclose on our website any amendment to, or waiver of, any provision of this code applicable to our directors and named executive officers that would otherwise be required to be disclosed under the rules of the SEC or The NASDAQ Stock Market LLC (Nasdaq).

Director Independence

Our Board of Directors has determined that all of the Director nominees and incumbent Directors are independent as such term is defined in the applicable listing standards of Nasdaq, except for Robert J. Shillman and Robert J. Willett, who are executive officers of Cognex, and Patrick A. Alias, who is a non-executive employee of Cognex.

Board Leadership Structure

The positions of Chief Executive Officer and Chairman of the Board of Directors were separated in March 2011. At that time, Mr. Willett was promoted to become our Chief Executive Officer. Dr. Shillman retained his position as Chairman of the Board of Directors.

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Because Dr. Shillman continues to serve as an executive officer of Cognex, our Board has appointed Anthony Sun to serve in the role of Lead Independent Director. As Lead Independent Director, Mr. Sun presides at all meetings of our Board of Directors at which the Chairman is not present, and he chairs the executive sessions of independent Directors, who regularly meet in executive sessions at which only independent Directors are present. Mr. Sun may also provide input regarding meeting agendas and bear such further responsibilities as our Board may designate from time to time.

Our Board believes this leadership structure promotes unified leadership and direction for the Board and management that, together with having a Lead Independent Director, assists the Board in the administration of its risk oversight responsibilities.

The Board's Role in Risk Oversight

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

Policy on Pledging, Hedging and Trading of Cognex Stock

Our insider trading policy governs the timing and type of transactions in Cognex stock by our Board of Directors and certain Cognex employees who have regular access to material non-public information, including our executive officers. Among other provisions, the policy:

prohibits our Directors and any Cognex employee, including our executive officers, from engaging in short sales of Cognex stock with violators subject to immediate termination;

prohibits our Directors and executive officers from trading in exchange-traded options for Cognex stock or any other derivative security designed to hedge or offset risk of a decline in the market value of Cognex stock; and

prohibits our Directors and executive officers from pledging Cognex stock as collateral for a loan without the approval of the Compensation/Stock Option Committee of the Board of Directors.

Communications to Directors

Shareholders who wish to communicate with our Board of Directors or with a particular Director may send a letter to the Secretary of Cognex Corporation at One Vision Drive, Natick, Massachusetts 01760. The mailing

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envelope should contain a clear notation indicating that the enclosed letter is a Shareholder-Board Communication or Shareholder-Director Communication. The letter should clearly state whether the intended recipients are all members of our Board or certain specified individual Directors. The Secretary will make copies of all such letters and circulate them to the appropriate Director(s).

Board Meetings, Committees and Attendance

Our Board of Directors held six meetings during 2014. All of our Directors attended at least 75% of the aggregate of the total number of meetings of our Board of Directors held in 2014, and the total number of meetings held by committees of the Board on which they served during 2014. Our Directors are strongly encouraged to attend the annual meeting of shareholders or the special meeting in lieu of the annual meeting; however, we do not have a formal policy with respect to attendance at that meeting. All of our Directors attended the 2014 Annual Meeting of Shareholders held on April 29, 2014.

The Board has three standing committees: The Compensation/Stock Option Committee, the Audit Committee and the Nominating and Corporate Governance Committee. Each committee acts according to a written charter approved by the Board. The charters are available on our website at www.cognex.com under Company Investor Information Governance. Each Director who served on a Board committee during 2014 was independent as such term is defined in the applicable listing standards of Nasdaq and rules of the SEC. The agenda for committee meetings is determined by its Chairman in consultation with the other members of the committee and management. The Chairman reports the actions and determinations of the committee to the full Board on a regular basis.

The following table provides current committee membership information for each of the Board committees:

Name	Compensation/ Stock Option	Audit	Nominating and Corporate Governance
Theodor Krantz	X	*	
Jeffrey B. Miller		X	X
J. Bruce Robinson			X
Anthony Sun	X		*
Reuben Wasserman	*	X	

* Committee Chairman

X Committee Member

Mr. Krantz also served on the Nominating and Corporate Governance Committee until April 2014.

Compensation/Stock Option Committee

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

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