

# **COGNEX CORPORATION**

## **REVISED AND AMENDED AUDIT COMMITTEE CHARTER ADOPTED: MARCH 12, 2004**

### **I. Purpose**

The primary function of the Audit Committee of Cognex Corporation (the "Corporation") is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Corporation's accounting and financial reporting processes and the audits of the Corporation's financial statements. Consistent with this function, the Audit Committee encourages continuous improvement of, and adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
- Review and appraise the audit efforts of the Corporation's independent accountants.
- Provide an open avenue of communication among the independent accountants, financial and senior management, and the Board of Directors.

### **II. Composition**

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall satisfy the independence and experience requirements of applicable statutes and regulations, including those of the Marketplace Rules of the National Association of Securities Dealers, Inc., and shall not have participated in the preparation of the financial statements of the Corporation or a current subsidiary of the Corporation at any time during the past three years. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication.

The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until their successors shall be duly elected and qualified. The members of the Audit Committee may be

replaced or removed by the Board at any time with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Audit Committee. Any vacancy on the Audit Committee, occurring for whatever reason, may be filled only by the Board. Unless a Chair is designated by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Committee membership.

A member of the Audit Committee may not, other than in his capacity as a member of the Audit Committee, the Board or any other committee established by the Board, receive, directly or indirectly, from the Corporation any consulting, advisory or other compensatory fee from the Corporation.

### **III. Meetings**

The Audit Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter, but not less than four times per year. A majority of the members of the Audit Committee shall constitute a quorum for purposes of holding a meeting and the Audit Committee may act by a vote of a majority of the members present at such meeting. In lieu of a meeting, the Audit Committee may act by unanimous written consent. The Chair of the Audit Committee, in consultation with the other committee members, may determine the frequency and length of the committee meetings and may set meeting agendas consistent with this Charter.

### **IV. Responsibilities and Authority**

In meeting its purpose, the Audit Committee is expected to:

#### *Documents/Report Review*

1. Review and assess this Charter at least annually, and as conditions dictate, and recommend to the Board any amendments or modifications to the Charter that the Audit Committee deems appropriate.
2. Review the organization's annual and quarterly financial statements submitted to the Securities and Exchange Commission (the "SEC") on Forms 10-K and 10-Q.
3. Review with financial management and the independent accountants the Corporation's quarterly results prior to the release of earnings.

Independent Accountants

4. Be directly responsible for the appointment, compensation, retention and termination, and oversight of the work of the Corporation's independent accountants (including resolution of any disagreements between management and the independent accountants regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation.
5. Instruct the independent accountants to report directly to the Audit Committee.
6. Request that the independent auditor provide the Audit Committee with the written disclosures and the letter required by Independence Standards Board Standard No. 1, as modified or supplemented, require that the independent auditor submit to the Audit Committee on a periodic basis a formal written statement delineating all relationships between the independent auditor and the Corporation, discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and based on such disclosures, statement and discussion take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence.
7. Review the performance of the independent accountants with the Corporation's senior financial management.
8. Pre-approve all auditing services and the terms thereof (which may include providing comfort letters in connection with securities underwritings) and non-audit services (other than non-audit services prohibited under Section 10A(g) of the Securities Exchange Act of 1934 (the "Exchange Act") or the applicable rules of the SEC or the Public Company Accounting Oversight Board) to be provided to the Corporation by the independent auditor; provided, however, the pre-approval requirement is waived with respect to the provision of non-audit services for the Corporation if the "de minimus" provisions of Section 10A(i)(1)(B) of the Exchange Act are satisfied. This authority to pre-approve non-audit services may be delegated to one or more members of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision.

Financial Reporting Processes

9. Meet with the independent auditors and financial management of the Corporation to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors, including any serious difficulties or disputes with management encountered during the course of the audit.
10. Review with the independent auditors and senior financial personnel the adequacy and effectiveness of the accounting and financial controls of the Corporation, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
11. Discuss with the independent accountants any audit findings pursuant to Section 10A of the Private Securities Litigation Reform Act of 1995. (Among other things, this section requires each audit to include procedures regarding detection of illegal acts, identification of related party transactions and evaluation of the issuer's ability to continue as a going concern.)
12. In consultation with the independent accountants, review the integrity of the organization's financial reporting processes, both internal and external.
13. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
14. Discuss with management and the independent accountants the accounting policies of the Corporation which may be viewed as critical; the nature and extent of any significant changes in accounting principles or the application thereof; significant judgment areas; significant risks and exposures and the steps management has taken to minimize such risks to the Corporation; and the quality and adequacy of the Corporation's accounting policies and estimates.
15. Review and discuss with the independent auditor those matters brought to the attention of the Audit Committee by the auditors pursuant to Statement on Auditing Standards No. 61 ("SAS 61"),

including internal control matters, fraud, the auditor's responsibility under generally accepted auditing standards, significant audit adjustments and other such items.

16. Based on the Audit Committee's review and discussions (1) with management of the audited financial statements, (2) with the independent auditor of the matters required to be discussed by SAS 61, and (3) with the independent auditor concerning the independent auditor's independence, make a recommendation to the Board as to whether the Corporation's audited financial statements should be included in the Corporation's Annual Report on Form 10-K for the last fiscal year.

Procedures for Addressing Complaints and Concerns

17. Establish procedures for (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and (2) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. The Audit Committee may review and reassess the adequacy of these procedures periodically and adopt any changes to such procedures that the Audit Committee deems necessary or appropriate.

Related Party Transactions

18. The Audit Committee shall conduct an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis, and the approval of the Audit Committee shall be required for all related party transactions.

Other

19. Meet with the independent accountants and management in separate executive sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.
20. Report Committee actions to the Board of Directors with such recommendations as the Audit Committee may deem appropriate.
21. Prepare the report required by Item 306 of Regulation S-K of the Exchange Act (or any successor provision) to be included in the Corporation's annual proxy statement.

22. The Audit Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
23. The Audit Committee may engage independent counsel and such other advisors it deems necessary or advisable to carry out its responsibilities and powers, and, if such counsel or other advisors are engaged, shall determine the compensation or fees payable to such counsel or other advisors.
24. The Committee shall perform such other functions as required by law, the Corporation's charter or bylaws, or the Board of Directors.
25. Provide an independent, direct communication link between the Board of Directors and the independent accountants.

Notwithstanding the responsibilities and authority of the Audit Committee set forth in this Charter, the Audit Committee does not have the responsibility of planning or conducting audits of the Corporation's financial statements or determining whether the Corporation's financial statements are complete, accurate and in accordance with GAAP. Such responsibilities are the duty of management and, to the extent of the independent auditor's audit responsibilities, the independent auditor. In addition, it is not the duty of the Audit Committee to conduct investigations or to ensure compliance with laws and regulations or the Corporation's Code of Business Conduct and Ethics.

In carrying out its responsibilities, the Audit Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management, the independent auditor and such experts, advisors and professionals with whom the Audit Committee may consult. The Audit Committee shall have the authority to request that any officer or employee of the Corporation, the Corporation's outside legal counsel, the Corporation's independent auditor or any other professional retained by the Corporation to render advice to the Corporation attend a meeting of the Audit Committee or meet with any members of or advisors to the Audit Committee.

The Corporation shall provide appropriate funding, as determined by the Audit Committee, for payment of compensation to (1) the independent accountants engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation and (2) independent counsel or any other advisors engaged by the Audit Committee. The Audit Committee is authorized to incur such ordinary administrative expenses as are necessary or appropriate in carrying out its duties.

ADOPTED: March 12, 2004