COGNEX

Stock Split - Frequently Asked Questions & Answers

On October 30, 2017, Cognex Corporation announced that its Board of Directors had authorized a two-for-one stock split of Cognex common stock. The split is structured in the form of a stock dividend payable on December 1, 2017 to shareholders of record on November 17, 2017 (the "Record Date"). What follows are answers to frequently asked questions:

What is the two-for-one stock split?
Each shareholder at the close of business on the Record Date will receive one (1) additional share for every one (1) share of Cognex stock owned, and the value of each share will be reduced by half.

Why did Cognex's Board of Directors authorize a stock split?
A stock split makes the price of Cognex stock more affordable and potentially more attractive to new investors. It is expected to expand Cognex's shareholder base and maintain strong liquidity in trading of the stock.

What are the key dates relating to the stock split?

- November 17, 2017 is the Record Date: This date determines which shareholders are entitled to receive additional shares because of the stock split.
- December 1, 2017 is the Distribution Date (or Payable Date): This is the date when Cognex's transfer agent will adjust shareholders' holdings to reflect the stock split.
- December 4, 2017 is the Ex-Distribution Date: This is the date when Cognex's common stock will begin trading at its new split-adjusted price on the NASDAQ Stock Market.

Does the stock split change my percentage of ownership in Cognex?
The stock split will not change your proportionate interest in Cognex. Each shareholder will receive one additional share for every share held as of the Record Date, and each share will have one-half the value. For example, if prior to the split a shareholder owned 1,000 shares of Cognex stock trading at $120 per share, after the split that shareholder will own 2,000 shares of Cognex stock trading at $60.

Why is the stock split payable in the form of a stock dividend?
A stock dividend is a common way to issue a stock split.

How is the stock split different than the cash dividend?
In the stock split, shareholders will receive one additional share of Cognex stock for every share held on the Record Date and each share will have one-half the value. In the cash dividend, shareholders will receive $0.09 for each share held on the Record Date on a pre-split basis.

Does the stock split affect the cash dividend amount that I receive?
The stock split will not impact the cash dividend amount paid by Cognex on December 1. For example, a shareholder whose stock ownership increased from 1,000 to 2,000 shares because of the split will receive the same amount of $90.00 (1,000 shares multiplied by $0.09 per share vs. 2,000 shares multiplied by $0.045 per share).

What happens if I sell my shares before the record date?
If you sell your shares before the Record Date, you are not entitled to receive either the additional split shares or the cash dividend that will be paid on December 1.

Do I need to pay anything for these new shares?
There is no cost to you associated with the stock split.

How and when will I receive my stock split shares?
The stock dividend will be distributed electronically on or about the Distribution Date.

If your shares are registered with Cognex's transfer agent, Computershare Investor Services (Computershare), or if you hold a physical stock certificate, you will receive a confirmation from Computershare in the form of a DRS Transaction Statement indicating the number of addition split shares you received. Keep it with your other important documents as a record of your ownership.

If your shares are held in a brokerage account, your additional shares will automatically be deposited to your brokerage account. Please contact your broker directly for an account statement reflecting the additional shares credited to your account because of the stock split, or with any questions regarding your brokerage account.

Please note: If you hold a physical stock certificate with restrictions, the restriction will remain on the original shares, but will not carry over to the additional shares you receive because of the stock split. All new stock split shares will be free & clear.

What is the Direct Registration System?
The Direct Registration System (DRS) is a method of recording shares of stock without the need for a physical stock certificate as evidence of ownership.

If I hold physical stock certificates, should I continue to hold them?
Existing Cognex stock certificates are still valid. Do not destroy them. You may deposit your existing certificate(s) to a DRS account at Computershare or in a brokerage account, or you may continue to physically hold them and be responsible for their safekeeping. You can convert your certificated shares into book-entry shares by mailing your certificates and a letter of instruction via registered or certified mail with return receipt requested, or some other form of traceable, insured mail to: Computershare Investor Services, P.O. Box 43078, Providence, RI 02940-3078. *For security purposes, please do not sign your certificates.* Once the certificate shares are converted to book-entry form, you will be sent a statement confirming your account balance.

How do I request a Cognex stock certificate?
We believe DRS is the safest and most convenient way to hold your Cognex shares of stock. If, however, you prefer to receive a certificate for your additional stock split shares, you may request it by calling Computershare at (877) 581-5548, or by accessing the web at www.computershare.com/investor, and following the instructions. You can expect to receive your certificates within two weeks of your request.

What are the tax consequences for this split?
Cognex has been advised that for United States federal income tax purposes;

- the receipt of additional shares of common stock because of a stock split do not result in taxable income, gain or loss to shareholders;
- immediately after a stock split, the tax basis of the shares of common stock held by a shareholder prior to the stock split are divided equally between such original shares and the new shares issued with respect to the original shares, and
- the new shares are deemed to have been acquired at the same time as the original shares with respect to which the new shares were issued.

In other words, if you owned 1,000 shares of Cognex stock before the split with a tax basis of $70.00 per share, after the split you have 2,000 shares of Cognex stock with a tax basis of $35.00 per share.

The laws of jurisdictions other than the United States may impose income taxes on the receipt of additional shares. The foregoing tax information is furnished for your assistance. We suggest you consult your tax adviser regarding the impact this might have on your personal tax situation.

What if I have more questions?
For more information about DRS, the stock split or your Cognex shareholder account, please call Computershare Investor Services at (877) 581-5548.