

## FARO Technologies Completes Acquisition of SpatialMetrix Corp.

January 18, 2002

LAKE MARY, Fla., Jan. 18 /PRNewswire-FirstCall/ -- FARO Technologies, Inc. (Nasdaq: FARO), a leading provider of computer-aided manufacturing measurement (CAM2) solutions, said today that it has completed the acquisition of privately held SpatialMetrix Corporation ("SMX") for \$1.9 million comprised of 850,000 shares of FARO common stock at \$2.25 per share. Faro also assumed and/or repaid \$4.9 million of SMX debt. The acquisition will be treated as a purchase for accounting purposes.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20000522/FLM035LOGO>)

SMX, which is headquartered in Kennett Square, Pennsylvania, is a leading manufacturer and supplier of laser trackers, metrology software and contract inspection services, had revenues of approximately \$12 million in 2001. SMX has completed the development of a new generation laser tracker product, which is expected to start shipping in the first quarter of 2002. The previous generation product, introduced in 1996, was sold until the end of the third quarter of 2001. Approximately 75% of SMX's sales were in North America in 2001. FARO expects increased sales of SMX products and services outside of North America through FARO's existing sales channels in Europe and Asia.

"This acquisition provides FARO an excellent opportunity to expand our product line with a complementary technology for our existing worldwide customer base," said Simon Raab, Faro's President and CEO. "Faro's new patent-pending laser tracker represents a dramatic improvement in capability and reliability, at two-thirds of the cost of the competition. The Laser Tracker is a high-accuracy, portable 3-dimensional measurement technology with a range of over 100 feet, which when combined with FARO's conventional Control Station with FaroArms results in a portable product line capable of handling virtually any manufacturing measurement challenge," Raab concluded.

"Our 60 employees are very excited with the opportunity to team with FARO," said Andrew Thomson, President of SMX. "FARO's financial strength and global presence provide the basis for strong growth in our laser tracker sales worldwide."

FARO Technologies, Inc. and its international subsidiaries are pioneers and market leaders in the computer-aided manufacturing measurement (CAM2) market, which is the final frontier of the computer-aided design (CAD) and computer-aided manufacturing (CAM) revolution. FARO's product line includes portable, 3D measurement equipment, a broad range of CAD-based inspection software for portable and fixed-base coordinate measurement machines, as well as factory-level statistical process control (SPC), and manufacturing quality consulting services. The Company's products play a key role in the worldwide trend toward CAD-based total quality management for shortened production cycles and for the reduction in scrap and rework. FARO's products are used worldwide by a wide variety of manufacturing companies, both large and small. News and information are available at the Company's web site at <http://www.faro.com>.

Statements contained in this press release that are not historical facts are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities and Litigation Reform Act of 1995. In addition, words such as "believes," "anticipates," "expects" and similar expressions are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties or other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- \* inability of the Company's products to attain broad market acceptance,
- \* inability of the Company to ship new laser tracker products in the first quarter of 2002, as a result of manufacturing delays,
- \* downturn in manufacturing activity in Europe and Japan,
- \* foreign exchange fluctuation,
- \* the impact of competitive products and pricing,
- \* fluctuations in quarterly operating results as a result of the size, timing and recognition of revenue from significant orders, increases in operating expenses required for product development and marketing, the timing and market acceptance of new products and product enhancements; customer order deferrals in anticipation of new products and product enhancements; the Company's success in expanding its sales and marketing programs, and general economic condition,
- \* increased length of the Company's sales cycle,
- \* uncertainties in patent enforcement or the protection of other proprietary rights,
- \* dependence on Simon Raab and Gregory A. Fraser and other key personnel,
- \* the cyclical nature of the industries of the Company's customers,
- \* the other risks detailed in the Company's 10-K report and other filings from time to time with the Securities and Exchange Commission.

Forward-looking statements in this release represent the Company's judgment as of the date of this release. The Company disclaims, however, any intent or obligation to update these forward-looking statements.

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