

=====

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement

[] CONFIDENTIAL, FOR USE OF THE
COMMISSION ONLY (AS PERMITTED BY
RULE 14A-6(E)(2))

[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

FARO TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

FARO TECHNOLOGIES, INC.

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

Payment of Filing Fee (Check the appropriate box):

[X] 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:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (set forth the amount on which
the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange
Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee
was paid previously. Identify the previous filing by registration statement
number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

FARO TECHNOLOGIES, INC.

[LOGO OF FARO]

125 Technology Park
Lake Mary, Florida 32746

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 25, 2002

To the Shareholders of FARO Technologies, Inc.:

Notice is hereby given that the Annual Meeting of Shareholders of FARO Technologies, Inc. (the "Company") will be held at the offices of the Company, 125 Technology Park, Lake Mary, Florida, on Thursday, April 25, 2002 at 10:00 A.M., local time, for the following purposes:

1. To elect two directors, each to serve for a term of three years.
2. To transact such other business as may properly come before the meeting.

Shareholders of record as of the close of business on March 11, 2002 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting. Information relating to the matters to be considered and voted on at the Annual Meeting is set forth in the proxy statement accompanying this Notice.

By Order of the Board of Directors

/s/ Gregory A. Fraser
GREGORY A. FRASER, Ph.D.
Secretary

March 29, 2002

YOUR VOTE IS IMPORTANT

Shareholders who do not expect to attend the meeting in person are urged to complete, date and sign the enclosed proxy and return it promptly in the enclosed postage-paid envelope.

FARO TECHNOLOGIES, INC.
125 Technology Park
Lake Mary, Florida 32746

PROXY STATEMENT FOR
2002 ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of FARO Technologies, Inc. (the "Company") for use at the Annual Meeting of Shareholders to be held on Thursday, April 25, 2002 at 10:00 A.M., local time, at the offices of the Company, 125 Technology Park, Lake Mary, Florida, and at any adjournment or postponement of Annual Meeting. The telephone number at that address is (407) 333-9911. The Notice of Annual Meeting, this Proxy Statement and the accompanying proxy, together with the Company's Annual Report to Shareholders and Form 10-K for the year ended December 31, 2001, are first being sent to shareholders on or about March 29, 2002 to shareholders entitled to vote at the Annual Meeting.

Shareholders of record as of March 11, 2002 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were 11,416,469 shares of the Common Stock outstanding and entitled to vote. There is no other class of voting securities outstanding. Each outstanding share of Common Stock is entitled to one vote on all matters submitted to a vote of shareholders. Votes may not be cumulated in the election of directors. The presence, in person or by proxy, at the Annual Meeting of the holders of a majority of the share of Common Stock entitled to vote will constitute a quorum for purposes of the Annual Meeting.

If the proxy card accompanying this Proxy Statement is properly executed, dated and returned to the Company, and not revoked, the shares of Common Stock represented by the proxy will be voted as instructed on the proxy card. If no instructions are given, the shares of Common Stock represented by the proxy will be voted "FOR" each of the Proposals listed in the Notice of Annual Meeting of Shareholders and described more fully in this Proxy Statement. The giving of the proxy does not affect the right to vote in person if the shareholder attends the Annual Meeting. The shareholder may revoke the proxy at any time prior to the voting of the shares represented by the proxy by giving written notice of revocation to the Secretary of the Company, by delivering to the Secretary of the Company a duly executed proxy bearing a later date or by appearing at the Annual Meeting and voting by written ballot in person.

Proxies solicited by this Proxy Statement may be exercised only at the Annual Meeting and any adjournment of the Annual Meeting and will not be used for any other meeting. Proxies solicited by this Proxy Statement will be returned to the Board of Directors and will be tabulated by an inspector of elections designated by the Board of Directors who will not be employed by the Company or any of its affiliates.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspector of elections appointed for the Annual Meeting who will also determine whether a quorum is present for the transaction of business. The Company's Bylaws provide that a quorum is present if the holders of a majority of the issued and outstanding shares of Common Stock entitled to vote at the Annual Meeting are present in person or represented by proxy. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Shares held by nominees for beneficial owners will also be counted for purposes of determining whether a quorum is present if the nominee has the discretion to vote on at least one of the matters presented, even though the nominee may not exercise discretionary voting power with respect to other matters and even though voting instructions have not been received from the beneficial owner (a "broker non-vote"). Neither abstentions nor broker non-votes are counted in determining whether a proposal has been approved.

Under Florida law, if a quorum exists, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election. Shareholders are requested to vote by completing the enclosed proxy and returning it signed and dated in the enclosed postage-paid envelope, which requires no postage if mailed in the United States. Shareholders are urged to indicate their votes in the spaces provided on the proxy. Proxies solicited by the Board of Directors of the Company will be voted in accordance with the directions given in the proxy. Where no instructions are indicated, signed proxies will be voted FOR each of the proposals listed in the Notice of Annual Meeting of Shareholders. Returning your completed proxy will not prevent you from voting in person at the Annual Meeting, should you be present and wish to do so.

The cost of solicitation of Proxies by mail on behalf of the Board of Directors will be borne by the Company. Proxies also may be solicited by personal interview or by telephone by directors, officers, and other employees of the Company without additional compensation. The Company also has made arrangements with brokerage firms, banks, nominees, and other fiduciaries to forward proxy solicitation materials for shares of common stock held of record to the beneficial owners of such shares. The Company will reimburse such record holders for their reasonable out-of-pocket expenses.

PROPOSAL 1

ELECTION OF DIRECTORS

The Board of Directors recommends the following nominees for election as directors and urges each shareholder to vote "FOR" the nominees. Executed proxies in the accompanying form will be voted at the annual meeting in favor of the election as directors of the nominees named below, unless authority to do so is withheld.

The Company's Board of Directors is divided into three classes, as nearly equal as possible, with each class serving three-year terms expiring at the third annual meeting of shareholders after their elections. The term of one of the classes of directors expires at the 2002 Annual Meeting of Shareholders. Accordingly, two directors will be elected at the Annual Meeting to serve until their terms expire at the 2005 Annual Meeting of Shareholders (in each case, until their respective successors are elected and qualified).

In the event any such nominee is unable to serve, the persons designated as proxies will cast votes for such other person in their discretion as a substitute nominee. The Board of Directors has no reason to believe that the nominees named below will be unable, or if elected, will decline to serve.

The following information is set forth with respect to the persons nominated for election as a director and each director of the Company whose term of office will continue after the meeting.

Nominees for Election at the Annual Meeting

Name ----	Director Term	
	Age	Since Expires
	---	-----
Gregory A. Fraser, Ph.D.....	47	1982 2002
Stephen R. Cole.....	50	2000 2002

Gregory A. Fraser, Ph.D..... Co-founder of the Company, has served as Executive Vice President since September 1999. Formerly Chief Financial Officer and Executive Vice President since May 1997. Secretary, Treasurer and a director of the Company since its inception in 1982.

Stephen R. Cole..... Fellow of Institute of Chartered Accountants of Ontario, Canada. President since 1975 and Founding Partner of Cole & Partners, a Toronto, Canada based mergers and acquisition and corporate finance advisory service company.

Messrs. Fraser and Cole will each be elected for a three-year term, with their terms expiring at the 2005 Annual Meeting of Shareholders.

Directors Whose Terms Will Continue After the Annual Meeting

Name	Age	Director Since	Term Expires
Norman H. Schipper, Q.C.....	71	1982	2004
Simon Raab, Ph.D.....	49	1982	2003
Hubert D'Amours.....	63	1990	2003
Andre Julien.....	58	1986	2003

Norman H. Schipper, Q.C. Formerly, a Partner in the Toronto office of the law firm of Goodmans, LLP from 1962 until his mandatory retirement as Partner on December 31, 1997; now Of Counsel to the firm.

Simon Raab, Ph.D. Chairman of the Board and Chief Executive Officer of the Company since its inception in 1982, and President since 1986. Mr. Raab is a co-founder of the Company.

Hubert d'Amours..... President of Montroyal Capital, Inc. and Capimont, Inc., two venture capital investment firms, since 1990.

Andre Julien..... Independent consultant, formerly President, LAB Pharmacological Research International, Montreal Canada. Former President and owner of Chateau Paints, Inc., a coatings and paint manufacturer in Montreal, Canada from 1969 until 1994.

BOARD OF DIRECTORS

General

Nine meetings of the Board were held during 2001. In all the meetings, 94% of the members attended the meetings of the Board and the committees thereof of which they are a member, during the periods in which they served. The Board of Directors also took certain actions by unanimous written consent in lieu of a meeting as permitted by Florida law.

Audit Committee

The Audit Committee consists of Messrs. d'Amours, Julien, and Cole. There is no formal Chairman of the Audit Committee. The Audit Committee held one meeting during 2001 and all members were in attendance.

The Audit Committee reviews the independence, qualifications and activities of the Company's independent certified accountants and the Company's financial policies, control procedures and accounting staff. The Audit Committee recommends to the Board the appointment of the independent certified public accountants and reviews and approves the Company's financial statements. The Audit Committee also reviews transactions between the Company and any officer or director or any entity in which an officer or director of the Company has a material interest. The Audit Committee is governed by a written charter approved by the Board of Directors. A copy of this charter was appended to the Company's 2001 Annual Meeting Proxy Statement.

Except as noted below, the members of the Audit Committee are independent, as defined under the Nasdaq Stock Market regulations. The independent accountants have access to the Committee without any other members of management being present. In addition to its formal meeting, members of the Committee met with management and the independent accountants before the announcement of the quarterly earnings announcement during 2001. The full Committee reviewed annual results, the Audit Committee report (see page 6 of this proxy statement) and annual disclosure filings before filing.

The Company engaged Cole & Partners, a mergers and acquisition and corporate finance advisory service firm, to serve as the Company's financial advisor in connection with the Company's acquisition in January, 2002 of SpatialMetrix, Inc. ("SMX"). Stephen R. Cole, one of the Company's directors and a member of the Audit Committee, is the founding Partner and President of Cole & Partners. The Company paid to Cole & Partners total fees of approximately \$440,000 by early 2002 for its services in the SMX acquisition. As a result of these services, Mr. Cole does not satisfy for 2002 the independence qualifications of the Nasdaq Stock Market for independent directors.

Nonetheless, the Nasdaq Stock Market regulations permit one director who is not independent and is not a current employee or an immediate family member of an employee of the Company to serve on the Audit Committee if the Board of Directors, under exceptional and limited circumstances, determines that membership on the Audit Committee by the individual is required by the best interests of the Company and its shareholders. The Board of Directors has determined that, despite the relationship described above, Mr. Cole's service on the Audit Committee is in the best interests of the Company and its shareholders. The Board of Directors' determination was based in part, on Mr. Cole's extensive experience and training in financial matters. The Board of Directors also concluded that neither the fee paid to Cole & Partners by early 2002 nor the Company's relationship with Cole & Partners in general, in the opinion of the Board of Directors, interferes with the exercise of independent judgement by Mr. Cole in carrying out his responsibilities as a director and a member of the Audit Committee.

Compensation Committee

The Compensation Committee consists of all members of Board. Mr. Julien currently serves as Chairman of the Compensation Committee. The Compensation Committee held one meeting during 2001 and all members were in attendance. The Compensation Committee is responsible for establishing the compensation of the Company's directors and executive officers, including salaries, bonuses, termination arrangements and other benefits. In addition, the Compensation Committee administers the Company's 1993 Stock Option Plan, 1997 Employee Stock Option Plan, and 1997 Non-employee Director Stock Option Plan.

Report of the Audit Committee

Management has the primary responsibility for the Company's financial statements and its system of internal controls and the financial reporting process. The independent accountants have the responsibility to express an opinion on the financial statements based on an audit conducted in accordance with generally accepted auditing standards. The Audit Committee has the responsibility to monitor and oversee these processes.

In fulfilling its responsibilities, the Audit Committee recommended to the Board the selection of the company's independent accountants, Ernst & Young LLP. That firm has provided the written disclosures and the letter to the Committee required by Independence Standards Board Standard 1 (Independence Discussions with Audit Committees), and the Committee discussed with that firm its independence. The Audit Committee also considered whether the provision of non-audit services is compatible with maintaining the auditors' independence. The Committee has also discussed with Ernst & Young LLP matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended.

The Committee reviewed with the independent accountants the overall scope and specific plans for its audit. Without management present, the Committee met separately with the independent accountants to review the results of their examinations, their evaluation of the company's internal controls, and the overall quality of the Company's accounting and financial reporting. The Committee reviewed and discussed with management and the independent accountants the Company's audited financial statements.

Based on the Committee's review of the audited financial statements of the Company, and on the Committee's discussions with management of the Company and with Ernst & Young LLP, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001, for filing with the Securities and Exchange Commission.

Hubert d' Amours, Audit Committee Member
Andre Julien, Audit Committee Member
Stephen Cole, Audit Committee Member

Director Compensation

Under the 1997 Non-Employee Directors' Fee Plan, directors of the Company who are not executive officers are entitled to receive fees of \$1,000 for each Board meeting attended, and \$500 per committee meeting attended, plus the expenses of attending meetings. During 2001, Messrs. d'Amours, Cole, Julien, Alexandre Raab, and Schipper earned directors' fees of \$9,000, \$10,000, \$8,500, \$1,000, and \$9,500, respectively. In 2001, Mr. Alexandre Raab retired from the Board of Directors. Additionally, in 2001, Mr. Raab waived his earned fees.

Generally, upon election to the Board, and then annually on the day following the annual meeting of shareholders, each director who is not an executive officer is granted a stock option to acquire 3,000 shares of the Company's Common Stock. The exercise price for such shares is equal to the closing sale price of the Company's Common Stock as reported on The Nasdaq Stock Market on the date the director is elected or reelected to the Board, or on the date of the day following the annual meeting of shareholders for directors whose term will continue after the annual meeting. Options granted to directors generally are granted upon the same terms and conditions as options granted to executive officers and key employees. Additionally, the Company's 1997 Non-employee Directors' Fee Plan permits non-employee directors to elect to receive directors' fees in the form of Common Stock rather than cash. Common Stock issued in lieu of cash directors' fees are issued at the end of the quarter in which the fees are earned, with the number of shares being based on the fair market value of the Common Stock for the five trading days immediately preceding the last business day of the quarter. Directors may defer the receipt of fees for federal income tax purposes, whether payable in cash or in Common Stock. During the year ended December 31, 2001, all non-employee directors' fees were deferred for federal income tax purposes.

SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

During 2001, the executive officers and directors of the Company filed with the Securities and Exchange Commission (the "Commission") on a timely basis all required reports relating to transactions involving equity securities of the Company beneficially owned by them except as follows: Mr. Cole did not file on a timely basis a report for the purchase of 7,500 shares of Common Stock in April, 2001; Mr. d'Amours did not file on a timely basis a report for the purchase of 12,000 shares of Common Stock in April, 2001; Mr. Julien did not file on a timely basis a report for the sale of 5,854 shares of Common Stock in November, 2001. Reports for these transactions subsequently were filed. The Company has relied on the written representation of its executive officers and directors and copies of the reports they have filed with the Commission in providing this information.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of the Record Date (except as noted) by each person known to the Company to own beneficially more than 5% of the Company's Common Stock, each director, each nominee for election as a director, each executive officer named in the Summary Compensation Table below, and all executive officers and directors as a group. Except as otherwise indicated, each of the shareholders listed below has sole voting power and investment power over the shares beneficially owned.

Name of Beneficial Owner	Beneficially Owned	
	Shares	Percent
Simon Raab, Ph.D.(1)....	3,105,249	27.0%
Gregory A. Fraser, Ph.D.(2).....	502,265	4.4%
Hubert d'Amours(3).....	71,677	*
Andre Julien(4).....	85,233	*
Norman H. Schipper, Q.C.(5).....	145,957	1.3%
Stephen R. Cole (6).....	11,267	*
Wellington Management Company, LLP (7).....	725,000	6.3%
All directors and executive officers as a group (6 persons).....	3,921,648	33.7%

* Less than 1%

- (1) Includes 2,849,028 shares held by Xenon Research, Inc. ("Xenon"), and includes options to purchase 100,000 shares at \$3.64 per share which Mr. Raab has the right to acquire pursuant to currently exercisable stock options. Simon Raab and Diana Raab, his spouse, own all of the outstanding capital stock of Xenon.
- (2) Includes options to purchase 60,000 shares at \$3.31 per share which Mr. Fraser has the right to acquire pursuant to currently exercisable stock options.
- (3) Includes 10,317 notional shares subject to the terms of 1997 Non-Employee Directors' Fee Plan, and options to purchase (i) 3,000 shares at \$4.88 per share, (ii) 2,000 shares at \$3.13, and (iii) 1,000 shares at \$2.57 per share which Mr. d'Amours has the right to acquire pursuant to stock options that are currently exercisable or are exercisable within 60 days of the Record Date. The number of shares reflected does not include options to purchase (i) 1,000 shares at \$3.13 per share, or (ii) 2,000 shares at \$2.57 per share which are currently not exercisable.
- (4) Does not include 315,151 shares owned by Philanderer Six, Inc. Mr. Julien has a minority interest in Philanderer Six, Inc., but does not have voting power or dispositive power over the shares of common stock owned by Philanderer Six, Inc. Shares owned includes 9,945 notional shares subject to the terms of the 1997 Non-Employee Directors' Fee Plan, and includes options to purchase (i) 3,000 shares at \$4.88 per share, (ii) 2,000 shares at \$3.13 per share and (iii) 1,000 shares at \$2.57 per share which Mr. Julien has the right to acquire pursuant to stock options that are currently exercisable or are exercisable within 60 days of the Record Date. The number of shares reflected does not include options to purchase (i) 1,000 shares at \$3.13 per share, or (ii) 2,000 shares at \$2.57 per share which are currently not exercisable.
- (5) Includes 134,654 shares owned by Shanklin Investments, Limited, in which Mr. Schipper has a controlling interest, and includes options to purchase (i) 3,000 shares at \$4.88 per share, (ii) 2,000 shares at \$3.13 per share, and (iii) 1,000 shares at \$2.57 per share which Mr. Schipper has the right to acquire pursuant to stock options that are currently exercisable or are exercisable within 60 days of the Record Date. The number of shares reflected does not include options to purchase (i) 1,000 shares, at \$3.13 per share, or (ii) 2,000 shares at \$2.57 per share which are currently not exercisable.

- (6) Includes 5,267 notional shares subject to the terms of the 1997 Non-Employee Directors' Fee Plan and includes options to purchase (i) 3,000 shares at \$2.75 per share and (ii) 3,000 shares at \$2.57 per share which Mr. Cole has the right to acquire pursuant to stock options that are currently exercisable or are exercisable within 60 days of the Record Date. Does not include 55,800 shares owned by Snow Powder Ridge Limited, all the capital stock of which is owned by Mr. Cole's wife, or 2,461 shares held in trust for Snow Powder Ridge Limited.
- (7) The following information is derived from a Schedule 13G filed on February 12, 2002 by Wellington Management Co., LLP reflecting beneficial ownership as of December 31, 2001. Wellington Management Co., LLP is an investment adviser registered under Section 203 of the Investment Advisors Act of 1940 and has sole voting and dispositive power of the shares owned by it. The address of Wellington Management Co., Inc. is 75 State Street, Boston, Massachusetts 02109.

EXECUTIVE COMPENSATION

The following table sets forth certain information for the years ended December 31, 2001, 2000, and 1999 with respect to compensation paid by the Company to the Company's Chief Executive Officer and each of the Company's other executive officers:

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		Payouts	
					Restricted Stock Award(s) (\$)	Options/SARS (#)	LTIP Payouts (\$)	All Other Compensation (\$)
Simon Raab, Ph.D. President, Chairman and Chief Executive Officer.....	2001	235,600	--					
	2000	235,340	94,240					
	1999	220,000	44,000					
Gregory A. Fraser, Ph.D. Executive Vice President, Secretary and Treasurer.....	2001	184,000	--					
	2000	171,013	51,360					
	1999	160,000	32,000					

The following table sets forth information with respect to grants of stock options during 2001 to the executive officers named in the Summary Compensation Table.

Option/SAR Grants in Last Fiscal Year

Name	Number of Shares Underlying Options/SARs Granted	Percent of Total Options/SARs Granted to Employees in Fiscal Year	Exercise Or Base Price (\$/Sh)	Expiration Date	Potential Realizable Value At Assumed Annual Rates of Stock Price Appreciation For Option Term	
					5%	10%
Simon Raab, Ph.D. President, Chairman and Chief Executive Officer.....	--	--	--	--	--	--
Gregory A. Fraser, Ph.D. Executive Vice President, Secretary and Treasurer.....	--	--	--	--	--	--

The following table sets forth information with respect to aggregate stock option exercises by the executive officers named in the Summary Compensation Table during 2001 and the year-end value of unexercised options held by such executive officers.

Aggregated Option/SAR Exercises in Last Fiscal Year
and FY-End Options/SAR Value Table

Name	Number of Shares Acquired on Exercise	Value Realized (\$)	Number of Unexercised Options/SARs At FY-End (#)	Value of Unexercised In-the-Money Options/SARs at FY-End (\$)(1)	
				----- Exercisable	----- Unexercisable
Simon Raab (2).....	--	\$--	100,000	\$--	\$--
Gregory A. Fraser (3)...	--	\$--	60,000	\$--	\$--

-
- (1) Based on the closing price of \$2.24 per share of the Company's Common Stock on December 31, 2001 as quoted on The Nasdaq Stock Market.
 - (2) All of 100,000 stock options held by Mr. Raab were granted on December 9, 1998, expire on December 9, 2008, and are currently exercisable.
 - (3) All of 60,000 stock options held by Mr. Fraser were granted on December 9, 1998, expire on December 9, 2008, and are currently exercisable.

Report by the Compensation Committee
on Executive Compensation

The Company's executive compensation program is administered by the Compensation Committee of the Board, which has responsibility for all aspects of the compensation program for the executive officers of the Company. A component of overall compensation is the granting of stock options, the award of which is made by the Compensation Committee and is discussed in "Long-Term Stock Incentives," below. The Compensation Committee consists of the entire Board, except in matters involving compensation of the two directors who are employees of the Company, in which matters these two directors abstain from voting.

The Compensation Committee's primary objective with respect to executive compensation is to establish programs that attract and retain key managers and align their compensation with the Company's overall business strategies, values, and performance. To this end, the Compensation Committee established and the Board endorsed an executive compensation philosophy for 2001, which included the following considerations:

- . a "pay-for-performance" feature that differentiates compensation results based upon organizational results and overall performance against plan; and
- . stock incentives, in certain cases, as a component of total compensation in order to closely align the interests of the Company's executives with the long-term interests of shareholders which facilitates retention of talented executives and encourages Company stock ownership and capital accumulation; and

. emphasis on total compensation vs. cash compensation, under which base salaries are generally set somewhat lower than competitive levels but which motivates and rewards Company executives with total compensation (including incentive programs) at or above competitive levels, if the financial performance of the Company meets or exceeds goals established for the year.

For 2001, the Company's executive compensation program was comprised of the following primary components: (a) base salaries; (b) annual cash incentive opportunities; and (c) long-term incentive opportunities in the form of stock options. Each primary component of pay is discussed below.

Base Salaries. Base salaries paid to its executive officers are subject to annual review and adjustment on the basis of individual and Company performance, level of responsibility, individual experience, and competitive, inflationary, and internal equity considerations. The base salary for Simon Raab, the Company's President and Chief Executive Officer, was unchanged in 2001. The Compensation Committee generally attempts to set base salaries of executive officers at levels that are comparable, but slightly below "market" rates, as determined from information gathered by the Company from publicly traded companies which are similar in size and in the same industry group as the Company and which were used by Dow Jones in compiling the Industrial Technology Index appearing in the performance graph set forth below. The Compensation Committee believes that for the year ended December 31, 2001, executive salaries, including the salary paid to Mr. Raab were less than the range of salaries paid by the companies surveyed.

Annual Cash Incentives. Company executives are eligible to receive annual cash bonus awards to focus attention on achieving key goals pursuant to bonus plans designed to provide competitive incentive pay only in the event such objectives are met or exceeded. The objectives include specific targets for earnings as reflected in the Company's financial plan submitted by management and approved by the Compensation Committee and the Board based on a variety of factors, including viability of the target growth rate and amount of earnings appropriate to satisfy shareholder expectations.

During the year ended December 31, 2001, the Compensation Committee did not award annual cash incentive payments.

Long-Term Stock Incentives. Long-term stock incentives, which are a component of compensation, are awarded by the Compensation Committee of the Board. The Compensation Committee consists of the six Directors whose names are listed at the end of this report, three of whom qualify as disinterested persons for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. The Compensation Committee administers the

Company's 1993 Stock Option Plan (the "1993 Plan"), 1997 Employee Stock Option Plan (the "1997 Plan"), and 1997 Non-Employee Director Stock Option Plan (the "Non-Employee Director Plan") (the 1993 Plan, 1997 Plan, and Non-Employee Director Plan are collectively referred to as the "Plans"), and determines the recipients of the nonqualified and incentive Plans and non-Plan stock options and the exercise price of such stock options on the date of grant.

The 1993 Plan provides for the grant of "incentive stock options," within the meaning of Section 422 of the Internal Revenue Code, and nonqualified stock options, for federal income tax purposes, to officers and other key employees of the Company, and nonqualified stock options to non-employee directors of the Company. The 1997 Plan provides for the grant of incentive stock options and nonqualified stock options to officers and key employees of the Company. The Non-Employee Director Plan provides for the grant of nonqualified stock options and formula options to non-employee directors. The 1993 Plan was originally adopted by the Board and shareholders in 1993. Grants to executives under the Company's 1993 Plan and 1997 Plan are determined by the Compensation Committee and are designed to align a portion of the executive compensation package with the long-term interests of the Company's shareholders by providing an incentive that focuses attention on managing the Company from the perspective of an owner with an equity stake in the business.

Grants of stock options generally are limited to officers and other key employees and managers of the Company who are in a position to contribute substantially to the growth and success of the Company and its subsidiaries. Incentive stock options and nonqualified stock options are granted for terms up to ten years, and are designed to reward exceptional performance with a long-term benefit, facilitate stock ownership, and deter recruitment of key Company personnel by competitors and others. In evaluating annual compensation of executive officers, the Compensation Committee takes into consideration the stock options as a percentage of total compensation, consistent with its philosophy that stock incentives more closely align the interests of Company managers with the long-term interests of shareholders, and takes the number of options granted to an executive officer into consideration in determining base salaries of executive officers. In granting stock options to executive officers, the Compensation Committee considers the number and size of stock options already held by an executive officer when determining the size of stock option awards to be made to the officer in a given fiscal year.

Messrs. Raab and Fraser were not granted any stock options in 2000 and 2001. During the fourth quarter of 2001, Messrs. Raab and Fraser surrendered 180,000 and 120,000 "out-of-the-money" options, respectively, previously granted under the 1997 Plan. At March 11, 2002, the executive officers appearing in the Summary Compensation Table held stock or currently held the right to acquire stock representing 35.3 percent of the Company's outstanding Common Stock.

Section 162(m). Section 162(m) to the Internal Revenue Code of 1986, as amended (the "Code"), which prohibits a deduction to any publicly held corporation for compensation paid to a "covered employee" in excess of \$1 million per year (the "Dollar Limitation"). A covered employee is any employee who appears in the Summary Compensation Table who is also employed by the Company on the last day of the Company's calendar year. The Compensation Committee does not expect the deductibility of compensation paid in 2001 to any of the Company's executive officers to be adversely affected by Section 162(m). The Compensation Committee may consider alternatives to its existing compensation programs in the future with respect to qualifying executive compensation for deductibility.

The Company generally is entitled to a tax deduction upon an employee's exercise of nonqualified options in an amount equal to the excess of the value of the shares over the exercise price. Such deduction is considered compensation for purposes of the Dollar Limitation with respect to options having an exercise price less than fair market value at the date of grant. Deductibility of compensation in future years to Messrs. Raab and Fraser may be affected by the Dollar Limitation if they remain covered employees and exercise options in amounts which would result in compensation to Mr. Raab and/or Mr. Fraser exceeding the Dollar Limitation in any year. As of December 31, 2001, Messrs. Raab and Fraser held options to acquire 100,000 and 60,000 shares, respectively, of the Company's Common Stock. All these options are at a higher exercise price than the current market price. The options held by Messrs. Raab and Fraser expire on December 9, 2008 and are currently exercisable. Messrs. Raab and Fraser have each agreed to cooperate with the Company in exercising their options so as to minimize any loss of deductibility due to the Dollar Limitation.

Conclusion. As described above, the Company's executive compensation program provides a link between total compensation and the Company's performance and long-term stock price appreciation consistent with the compensation philosophies set forth above. This executive compensation program has been established since the Company's establishment of its first stock option plan in 1993, and has been a significant factor in the Company's growth and profitability and the resulting gains achieved by the Company's shareholders.

March 11, 2002

Compensation Committee

Hubert d'Amours
Andre Julien
Norman H. Schipper
Stephen R. Cole
Simon Raab
Gregory A. Fraser

Compensation Committee Interlocks and Insider Participation

The Compensation Committee currently consists of Messrs. Hubert d'Amours, Andre Julien, Norman H. Schipper, Stephen R. Cole, Simon Raab, and Gregory A. Fraser. Currently, Mr. Julien serves as Chairman of the Committee. There were no transactions during the year ended December 31, 2001 between the Company and members of the Compensation Committee or entities in which they own an interest, other than as disclosed in CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, below.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company leases its headquarters from Xenon Research, Inc. ("Xenon"), all of the issued and outstanding capital stock of which is owned by Simon Raab, the Company's President and Chief Executive Officer, and Diana Raab, his spouse. The term of the lease expires on 2006, and the Company has two five-year renewal options. Rent under the lease was \$391,000 for 2001. Rent during renewal periods will reflect changes in the U.S. Bureau of Labor statistics consumer Price Index for all Urban Consumers. The terms of the lease were approved by an independent committee of the Company's Board of Directors upon review of an independent market study of comparable rental rates and such terms are, in the opinion of the Board of Directors, no less favorable than those that could be obtained on an arm's-length basis.

The Company engaged Cole & Partners, a mergers and acquisition and corporate finance advisory service firm, to serve as the Company's financial advisor in connection with the Company's acquisition in January, 2002 of SpatialMetrix, Inc. ("SMX"). Stephen R. Cole, one of the Company's directors, is the founding Partner and President of Cole & Partners. The Company paid to Cole & Partners total fees of approximately \$440,000 by early 2002 for its services in the SMX acquisition.

PERFORMANCE GRAPH

The following line graph compares the Company's cumulative total shareholder return with the cumulative total shareholder return of the Dow Jones Equity Market Index and the Dow Jones Industrial Technology Index since the Company's initial public offering in September 1997 assuming in each case an initial investment of \$100 on September 18, 1997:

COMPARISON OF 51 MONTH CUMULATIVE TOTAL RETURN*
 AMONG FARO TECHNOLOGIES, INC.,
 THE DOW JONES US TOTAL MARKET INDEX
 AND THE DOW JONES US ADVANCED INDUSTRIAL EQUIPMENT INDEX

	Cumulative Total Return									
	9/18/97	9/97	12/97	3/98	6/98	9/98	12/98	3/99	6/99	9/99
FARO TECHNOLOGIES, INC.	100.00	100.77	71.54	73.85	65.00	19.42	24.62	39.23	30.77	21.15
DOW JONES US TOTAL MARKET	100.00	100.20	102.42	116.01	118.61	105.23	127.92	133.06	143.11	133.64
DOW JONES US ADVANCED INDUSTRIAL EQUIPMENT	100.00	101.86	91.14	99.86	89.60	72.76	90.16	93.12	114.81	109.78

	Cumulative Total Return									
	12/99	3/00	6/00	9/00	12/00	3/01	6/01	9/01	12/01	
FARO TECHNOLOGIES, INC.	18.08	25.00	19.23	29.23	18.46	15.38	16.68	11.69	13.78	
DOW JONES US TOTAL MARKET	156.99	163.32	156.67	157.40	142.44	124.36	133.00	112.06	125.47	
DOW JONES US ADVANCED INDUSTRIAL EQUIPMENT	154.32	188.19	208.18	194.83	128.71	76.20	71.28	51.88	68.79	

* \$100 invested on September 18, 1997 in stock or index, including reinvestment of dividends, fiscal year ending December 31.

INDEPENDENT PUBLIC ACCOUNTANTS

In 2000, Deloitte & Touch LLP ("Deloitte"), who had served as principal accountant to audit the consolidated financial statements of the Company, resigned from its engagement with the Company. Following Deloitte's resignation, the Board of Directors of the Company approved the engagement of Ernst & Young LLP as the its principal accountant and replacement for Deloitte.

During fiscal years 1998 and 1999, no report of Deloitte on the Company's consolidated financial statements contained an adverse opinion or a disclaimer of opinion, nor was one qualified as to uncertainty, audit scope, or accounting principles. During fiscal years 1998 and 1999, there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Deloitte, would have caused Deloitte to make a reference to the subject matter of the disagreements in connection with its report.

Deloitte did not advise the Company at any time during fiscal years 1998 and 1999:

(a) that the internal controls necessary for the Company to develop reliable consolidated financial statements did not exist;

(b) that information had come to its attention that had led it to no longer be able to rely on management's representations, or that had made it unwilling to be associated with the consolidated financial statements prepared by management;

(c) of the need to expand significantly the scope of its audit, or that information had come to its attention during fiscal years 1998 and 1999, that if further investigated may (i) materially have impacted the fairness or reliability of either: a previously issued audit report or the underlying consolidated financial statements, or the consolidated financial statements issued or to be issued covering the fiscal periods subsequent to the date of the most recent consolidated financial statements covered by an audit report or (ii) have caused it to be unwilling to rely on management's representations or be associated with the Company's consolidated financial statements; or

(d) that information had come to its attention that it concluded materially impacts the fairness or reliability of either (i) a previously issued audit report or the underlying consolidated financial statements issued or to be issued covering the fiscal periods subsequent to the date of the most recent consolidated financial statements covered by an audit report.

Neither the Company nor anyone on its behalf has consulted with Ernst & Young regarding either: (a) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and neither a written report nor oral advice was provided to the Company that Ernst & Young concluded was an important factor considered by the Company in reaching a decision as to an accounting, auditing or financial reporting issue; or (b) any matter that was the subject of either a disagreement or any other event described above.

The fees for professional services rendered by Ernst & Young LLP in connection with all audit and non-audit related matters for the year ended December 31, 2001 were as follows:

Audit Fees

Ernst & Young LLP's fees for the audit of the Company's annual financial statements for the year ended December 31, 2001 and the reviews of the interim financial statements included in the Company's Quarterly Reports on Form 10-Q filed during the year ended December 31, 2001, were \$337,500. The Company also paid during 2001 an additional \$150,000 to Ernst & Young LLP for audit fees relating to the audit of the Company's annual financial statements for the year ended December 31, 2000.

Financial Information Systems Design and Implementation Fees

The Company did not engage Ernst & Young LLP to provide advice to the Company regarding financial information systems design and implementation during the year ended December 31, 2001.

All Other Fees

Ernst & Young LLP has billed the Company approximately \$593,000 for all other professional services rendered during the year ended December 31, 2001, including audit-related services of \$41,000 and non-audit services of \$552,000. Audit-related services included fees for business acquisitions and accounting consultations. Non-audit services included fees for tax consultations and tax preparation.

The Audit Committee has determined that the services provided by Ernst & Young LLP that were not directly related to the most recent audit are compatible with maintaining the principal accountant's independence.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. Those representatives will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

DEADLINE FOR RECEIPT OF SHAREHOLDER PROPOSALS

The deadline for submission of shareholder proposals pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 ("Rule 14a-8") for inclusion in the Company's proxy statement for its 2003 Annual Meeting of Shareholders is November 29, 2002. Notice to the Company of a shareholder proposal submitted otherwise than pursuant to Rule 14a-8 will be considered untimely, and the persons named in proxies solicited by the Board of Directors of the Company for its 2003 Annual Meeting of Shareholders may exercise discretionary voting power with respect to any such proposal if received by the Company after February 12, 2003.

OTHER MATTERS

If any other matters shall come before the Annual Meeting, the persons named in the proxy, or their substitutes, will vote thereon in accordance with their judgment. The Board does not know of any other matters which will be presented for action at the meeting.

By Order of the Board of Directors

/s/ Gregory A. Fraser
GREGORY A. FRASER, Ph.D.
Secretary

March 29, 2002

PROXY
FARO TECHNOLOGIES, INC.

THIS PROXY IS BEING SOLICITED BY THE BOARD OF DIRECTORS

FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 25, 2002

The undersigned stockholder appoints SIMON RAAB and GREGORY A. FRASER, or either of them, as proxy with full power of substitution, to vote the shares of voting securities of FARO Technologies, Inc. (the "Company") which the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held at the offices of the Company, 125 Technology Park, Lake Mary, Florida, on Thursday, April 25, 2002, at 10:00 a.m., local time, and at any adjournments thereof, upon matters properly coming before the meeting, as set forth in the Notice of Annual Meeting and Proxy Statement, both of which have been received by the undersigned. Without otherwise limiting the general authorization given hereby, such proxy is instructed to vote as follows:

THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO CONTRARY DIRECTION IS INDICATED, WILL BE VOTED FOR THE PROPOSALS INDICATED ON THIS CARD AND AS SUCH PROXIES DEEM ADVISABLE WITH DISCRETIONARY AUTHORITY ON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING AND ANY ADJOURNMENT OR ADJOURNMENTS THEREOF.

PLEASE CHECK THE BOXES BELOW, SIGN, DATE AND RETURN THIS PROXY TO U.S. BANK, N.A., 1555 NORTH RIVERCENTER DRIVE, SUITE 301, MILWAUKEE, WISCONSIN 53212, IN THE SELF-ADDRESSED ENVELOPE PROVIDED.

DETACH BELOW AND RETURN USING THE ENVELOPE PROVIDED

FARO TECHNOLOGIES, INC. 2002 ANNUAL MEETING

1. TO ELECT TWO DIRECTORS:
(to serve for a term of three years)

1 - Gregory A. Fraser 2 - Stephen R. Cole

FOR all nominees listed to the left (except as specified below).

WITHHOLD AUTHORITY to vote for all nominees listed to the left.

(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)

In his discretion, the proxy is authorized to vote upon such other business as may properly come before the meeting.

Check appropriate box
Indicate changes below:

Address Change?

Name Change?

Date , 2002

NO. OF SHARES

Signature(s) in Box

Print Names

Please sign exactly as your name appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If shares are jointly held, each holder must sign. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by an authorized person.