

**UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION  
Washington, D.C. 20549**

**FORM S-3  
REGISTRATION STATEMENT  
Under  
THE SECURITIES ACT OF 1933**

**FARO TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Florida**  
(State or other jurisdiction of  
incorporation or organization)

**59-3157093**  
(I.R.S. Employer  
Identification No.)

**FARO Technologies, Inc.  
125 Technology Park  
Lake Mary, Florida 32746  
(407) 333-9911**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Jay Freeland  
President and Chief Operating Officer  
FARO Technologies, Inc.  
125 Technology Park  
Lake Mary, Florida 32746  
(407) 333-9911  
Fax: (407) 333-4181**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

with a copy to:  
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**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement, as determined by the selling shareholders.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to Be Registered	Amount to Be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, par value \$.001 per share	314,736 shares	\$24.97	\$7,858,958	\$941.60

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- (1) In the event of a stock split, stock dividend, or similar transaction involving the common stock, the number of shares registered shall be automatically increased to cover additional shares in accordance with Rule 416(a) under the Securities Act.
  - (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, based on the average of the high and low prices of the common stock as reported on the Nasdaq National Market on April 7, 2005, which date was within five business days of the date of this filing.

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**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**Prospectus**

**314,736 Shares**

**FARO TECHNOLOGIES, INC.**

**Common Stock**

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This prospectus relates to the offering from time to time of up to 314,736 shares of common stock of FARO Technologies, Inc. by the shareholders named in this prospectus. These shareholders acquired these shares directly from us in connection with our acquisition of iQvolution Ag on March 29, 2005.

We will not receive any proceeds from the sale of these shares. We are registering these shares for resale, but the registration of these shares does not necessarily mean that the selling shareholders will sell any of these shares.

Our common stock is traded on the Nasdaq National Market under the symbol "FARO." On April 11, 2005, the last reported sale price of our common stock was \$24.84 per share.

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**Investing in our common stock involves risks. See "Risk Factors" beginning on page 1 for a discussion of these risks.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the sale of the common stock or determined that the information in this prospectus is accurate and complete. It is illegal for any person to tell you otherwise.**

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The date of this prospectus is April \_\_, 2005.

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### ABOUT THIS PROSPECTUS

This prospectus is a part of the registration statement that we filed with the Securities and Exchange Commission. The selling shareholders named in this prospectus may from time to time sell the securities described in the prospectus. You should read this prospectus together with the more detailed information regarding our company, our common stock, and our financial statements and notes to those statements that appear elsewhere in this prospectus and any applicable prospectus supplement together with the additional information that we incorporate in this prospectus by reference, which we describe under the heading “Incorporation of Certain Documents By Reference.”

**You should rely only on the information contained in, or incorporated by reference in, this prospectus and in any accompanying prospectus supplement. We have not authorized anyone to provide you with information different from that contained in, or incorporated by reference in, this prospectus. The common stock is not being offered in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of the prospectus or prospectus supplement, as applicable.**

## THE COMPANY

We design, develop, market and support portable, software-driven, 3-D measurement systems that are used in a broad range of manufacturing and industrial applications. Our principal products are the Faro Arm, FARO Scan Arm and Faro Gage articulated measuring devices, the Faro Laser Tracker, and their companion CAM2 software, which provide for computer-aided design (CAD)-based inspection and/or factory-level statistical process control. Together, these products integrate the measurement and quality inspection function with CAD software to improve productivity, enhance product quality and decrease rework and scrap in the manufacturing process. We use the acronym "CAM2" for this process, which stands for the computer-aided measurement market. Our products bring precision measurement, quality inspection and specification conformance capabilities, integrated with leading CAD software, to the factory floor. We are a pioneer in the development, marketing and manufacturing of 3-D measurement technology in manufacturing and industrial applications. Our products have been purchased by approximately 3,800 customers worldwide, ranging from small machine shops to such large manufacturing and industrial companies as Audi, Bell Helicopter, Boeing, British Aerospace, Caterpillar, Daimler Chrysler, General Electric, General Motors, Honda, Johnson Controls, Komatsu Dresser, Lockheed Martin, Nissan, Siemens, Volkswagen among many others.

Our principal executive offices are located at 125 Technology Park, Lake Mary, Florida 32746, and our telephone number at that address is (407) 333-9911. Our website address is [www.faro.com](http://www.faro.com). Information on our website does not constitute part of this prospectus.

## RISK FACTORS

*Before you invest in our securities, you should be aware that the occurrence of any of the events described in this Risk Factors section and elsewhere in this prospectus or in a supplement to this prospectus could have a material adverse effect on our business, financial condition and results of operations. You should carefully consider these risk factors and the specific risks set forth under the caption "Risk Factors" in any supplement to this prospectus, together with all of the other information included in this prospectus or in a supplement to this prospectus and in documents we incorporate by reference before you decide to purchase our securities. You can obtain the information incorporated by reference into this prospectus without charge by following the instructions in the "Where You Can Find More Information" section of this prospectus.*

### Risks Related to Our Operations

*Our customers' buying process for our products is highly decentralized, and therefore, it typically requires significant time and expense for us to further penetrate the potential market of a specific customer, which may delay our ability to generate additional revenue.*

Our success will depend, in part, on our ability to further penetrate our customer base. During 2004, 52.7% of our revenue was attributable to sales to our existing customers, compared to 54.6% in 2003. If we are not able to continue to penetrate our existing customer base, our sales growth will be impaired. Most of our customers have a decentralized buying process for measurement devices. Thus, we must spend significant time and resources to increase revenues from a specific customer. For example, we may provide products to only one of our customers manufacturing facilities or for a specific product line within a manufacturing facility. We cannot be certain that we will be able to maintain or increase the amount of sales to our existing customers.

*Others may develop products that make our products obsolete or less competitive.*

The CAM2 market is emerging and could be characterized by rapid technological change. Others may develop new or improved products, processes or technologies that may make our products obsolete or less competitive. We cannot assure you that we will be able to adapt to evolving markets and technologies or maintain our technological advantage.

Our success will depend, in part, on our ability to maintain our technological advantage by developing new products and applications and enhancing our existing products. Developing new products and applications and enhancing our existing products can be complex and time-consuming and will require substantial investment by us. Significant delays in new product releases or difficulties in developing new products could adversely affect our revenues and results of operations. Because our customers are concentrated in a few industries, a reduction in sales to any one of these industries could cause a significant decline in our revenues.

*An economic slowdown in manufacturing will affect our growth and profitability.*

Approximately 75% of our sales are to manufacturers in the automotive, aerospace and heavy equipment industries. We are dependent upon the continued growth, viability and financial stability of our customers in these industries, which are highly cyclical and dependent upon the general health of the economy and consumer spending. The cyclical nature of these industries may exert significant influence on our revenues and results of operations. In addition, the volume of orders from our customers and the prices of our products may be adversely impacted by decreases in capital spending by a significant portion of our customers during recessionary periods. In addition, we generate significant accounts receivable in connection with providing products and services to our customers. If one or more of our significant customers were to become insolvent or otherwise were unable to pay for the products provided by us, our operating results and financial condition would be adversely affected.

*The potential size and growth of the CAM2 market could be less than we anticipate.*

Because the CAM2 market is emerging, the potential size and growth of the CAM2 market is uncertain and difficult to quantify. If the CAM2 market does not continue to expand or does not expand at least as quickly as we anticipate, we will not be able to continue our sales growth, which will affect our profitability.

*Our inability to protect our patents and proprietary rights in the United States and foreign countries could adversely affect our revenues.*

Our success depends in large part on our ability to obtain and maintain patent and other proprietary right protection for our processes and products in the United States and other countries. We also rely upon trade secrets, technical know-how and continuing inventions to maintain our competitive position. We seek to protect our technology and trade secrets, in part, by confidentiality agreements with our employees and contractors. Our employees may breach these agreements or our trade secrets may otherwise become known or be independently discovered by inventors. If we are unable to obtain or maintain protection of our patents, trade secrets and other proprietary rights, we may not be able to prevent third parties from using our proprietary rights.

Our patent protection involves complex legal and technical questions. Our patents may be challenged, narrowed, invalidated or circumvented. We may be able to protect our proprietary rights from infringement by third parties only to the extent that our proprietary processes and products are covered by valid and enforceable patents or are effectively maintained as trade secrets. Furthermore, others may independently develop similar or alternative technologies or design around our patented technologies. Litigation or other proceedings to defend or enforce our intellectual property rights could require us to spend significant time and money and could otherwise adversely affect our business.

*Claims from others that we infringe their intellectual property rights may adversely affect our operations.*

From time to time we receive notices from others claiming we infringe their intellectual property rights. The number of these claims may grow. Responding to these claims may require us to enter into royalty and licensing agreements on unfavorable terms, require us to stop selling or to redesign affected products or require us to pay damages. Any litigation or interference proceedings, regardless of their outcome, may be costly and may require significant time and attention of our management and technical personnel.

*Our operating results may fluctuate due to a number of factors, many of which are beyond our control.*

Our annual and quarterly operating results have varied significantly in the past and likely will vary significantly in the future as a result of:

- the size and timing of customer orders, many of which are received towards the end of the quarter;
- sales promotions and sales of demonstration equipment;
- geographic expansion in the Asia/Pacific region and other regions;
- training and ramp-up time for new sales people;
- investments in technologies and new products;
- our inability to successfully identify and acquire target companies or achieve expected benefits from acquisitions that are consummated, such as iQvolution;
- the effects of increased competition as a result of recent consolidation in the CAM2 market;
- our effective tax rate;
- the amount of time that it takes to fulfill orders and ship our products;
- the length of our sales cycle to new customers and the time and expense incurred in further penetrating our existing customer base;
- increases in operating expenses for product development and new product marketing;
- costs associated with new product introductions, such as assembly line start-up costs and low introductory period production volumes;
- the timing and market acceptance of new products and product enhancements;
- customer order deferrals in anticipation of new products and product enhancements;
- our success in expanding our sales and marketing programs;
- start-up costs and ramp-up time associated with opening new sales offices outside of the United States;
- fluctuations in revenue without proportionate adjustments in fixed costs;
- the efficiencies achieved in managing inventories and fixed assets; and
- adverse changes in the manufacturing industry and general economic conditions.

Any one or a combination of these factors could adversely affect our annual and quarterly operating results in the future.

*The CAM2 market is an emerging market and our growth depends on the ability of our products to attain broad market acceptance.*

The CAM2 market is in an early stage of adoption. The market for traditional fixed-base CMMs, check fixtures, and other handheld measurement tools is mature. Part of our strategy is to continue to displace these traditional measurement devices. Displacing traditional measurement devices and achieving broad market acceptance of our products requires significant effort to convince manufacturers to reevaluate their historical measurement procedures and methodologies.

We market four closely interdependent products (Faro Arm, Scan Arm, Faro Laser Tracker and Faro Gage) and related software for use in measurement and inspection applications. Substantially all our revenues are currently derived from sales of these products and software and we plan to continue our business strategy of focusing on the portable software-driven, 3-D measurement and inspection market. Consequently, our financial performance will depend in large part on portable, computer-based measurement and inspection products achieving broad market acceptance. If our products cannot attain broad market acceptance, we will not grow as anticipated and may be required to make increased expenditures on research and development for new applications or new products.

*We compete with manufacturers of portable measurement systems and traditional measurement devices, many of which have more resources than us and may develop products or technologies that will directly compete with us.*

Our portable measurement systems compete in the broad market for measurement devices for manufacturing and industrial applications, which, in addition to portable articulated arms and laser tracker products, consists of fixed-base CMMs, check fixtures, and handheld measurement tools. The broad market for measurement devices is highly competitive. In the Faro Gage product line, manufacturers of handheld measurement tools and fixed-base CMMs include a significant number of well-established companies that are substantially larger and possess substantially greater financial, technical and marketing resources than we possess. In the Faro Arm product line, we compete with Hexagon Metrology, a division of Hexagon. Hexagon is significantly larger than us. In the Faro Laser Tracker product line, we compete primarily with Leica Geosystems, a division of Leica. Leica is significantly larger than us. We will be required to make continued investments in technology and product development to maintain our technological advantage over our competition. We cannot assure you that we will have sufficient resources to make additional investments in technology and product development or that our product development efforts will allow us to successfully compete as the industry evolves.

Our competitors may develop products or technologies that directly compete with us. For example, fixed-base CMM manufacturers are introducing CAD-based inspection software in response to the trend toward CAD-based factory floor metrology. In addition, some fixed-base CMM manufacturers are miniaturizing and increasing the mobility of their conventional CMMs. These companies may continue to alter their products and devote resources to the development and marketing of additional products that compete with ours.

*We derive a substantial part of our revenues from our international operations, which are subject to greater volatility and often require more management time and expense to achieve profitability than our domestic operations.*



Since 2000, we have derived approximately 50% of our sales from international operations. We opened a manufacturing facility in Schaffhausen, Switzerland in 2003 and have regional sales offices in Germany, France, Spain, Italy, Japan, China, India, South Korea and the United Kingdom. Should trade relations between the United States and China deteriorate, our ability to transfer products between China and other regions of the world, including the United States, Asia and Europe could be significantly impaired and our results of operations would suffer. In our experience, entry into new international markets requires considerable management time as well as start-up expenses for market development, hiring and establishing office facilities before any significant revenues are generated. As a result, initial operations in a new market may operate at low margins or may be unprofitable. Our international operations may be subject to a number of risks including:

- difficulties in staffing and managing foreign operations;
- political and economic instability;
- unexpected changes in regulatory requirements and laws;
- longer customer payment cycles and difficulty collecting accounts receivable;
- export duties, import controls and trade barriers;
- governmental restrictions on the transfer of funds to us from our operations outside the United States;
- burdens of complying with a wide variety of foreign laws and labor practices; and
- fluctuations in currency exchange rates, which could affect local payroll utility and other expenses.

Several of the countries where we operate have emerging or developing economies, which may be subject to greater currency volatility, negative growth, high inflation, limited availability of foreign exchange and other risks. These factors may harm our results of operations and any measures that we may implement to reduce the effect of volatile currencies and other risks of our international operations may not be effective. In addition, during 1997 and 1998 several Asian countries, including Japan, experienced severe currency fluctuation and economic deflation. If such situations reoccur or occur in other regions where we operate, it may negatively impact our sales and our ability to collect payments from customers in these regions.

*We rely to a large extent on the experience and management ability of our senior executive officers.*

Our success will depend, in part, on the services of our founders, Simon Raab, our Chief Executive Officer, and Gregory Fraser, our Executive Vice President, Secretary and Treasurer, and Jay Freeland, our President and Chief Operating Officer, who was hired in November 2004, and our Chief Financial Officer, Barbara Smith, who was hired in February 2005. The loss or interruption of the continued full-time services of these executives could have a material adverse effect on us. We do not have employment agreements with these executives.

*We may not be able to identify, consummate or achieve expected benefits from acquisitions.*

We have completed three significant acquisitions since our initial public offering in 1997. The most recent of these acquisitions was iQvolution, headquartered in Ludwigsburg, Germany, a manufacturer and supplier of three-dimensional laser scanning products and services. We intend to pursue access to additional technologies, complementary product lines and sales channels through selective acquisitions and strategic investments. We may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms or otherwise complete acquisitions in the future. In the past we have used our stock as consideration for acquisitions. Our common stock may not remain at a price at which it can be used as consideration for acquisitions without diluting our existing shareholders, and potential acquisition candidates may not view our stock attractively.

Realization of the benefits of the iQvolution acquisition, or any other acquisition, requires integration of some or all of the acquired companies' sales and marketing, distribution, manufacturing, engineering, finance and administrative organizations. The integration of acquisitions demands substantial attention from senior management and the management of the acquired companies. Acquisitions in general are subject to a variety of risks and uncertainties, some of which could include:

- the inability to assimilate effectively the operations, products, technologies and personnel of the acquired companies (some of which may be located in diverse geographic regions);
- the inability to maintain uniform standards, controls, procedures and policies;
- the need or obligation to divest portions of the acquired companies; and
- the potential impairment of relationships with customers.

In addition to these general risks, the iQvolution acquisition is subject to the following additional risks:

- the inability to expand sales of laser scanning products and services beyond engineering applications to other opportunities, such as law enforcement and the forensics market,
- the amount of time that it takes to fulfill orders and ship iQvolution's products,
- the fact that the market potential for the three-dimensional laser scanning market and the potential adoption rate for iQvolution's products are difficult to quantify and predict;
- development by others of new or improved products, processes or technologies that make iQvolution's products and services obsolete or less competitive;
- our inability to introduce new products, such as a phase-based laser scanner for outdoor use, reduce the cost of the products, or improve the ease of use of the products;
- a decline in the overall market opportunity for the products of iQvolution; and
- the loss of Dr. Bernd-Dietmar Becker or Dr. Reinhard Becker, the co-founders of iQvolution, or other key personnel.

We cannot assure you that we will be able to integrate successfully the iQvolution acquisition or any other acquisitions, that iQvolution or any acquired companies will operate profitably or that we will realize the expected benefits from the iQvolution acquisition or any other acquisition.

*We may face difficulties managing growth.*

Our growth has placed significant demands on our management and operations and financial resources. If our business continues to grow rapidly in the future, we expect it to result in:

- increased responsibility for existing and new management personnel; and
- incremental strain on our operations and financial and management systems (both domestically and internationally).

Our success under such conditions will depend to a significant extent on the ability of our executive officers and other members of senior management to operate effectively both independently and as a group. If we are not able to manage future growth, our business, financial condition and operating results may be harmed.

*Our dependence on suppliers for materials could impair our ability to manufacture our products.*

Outside vendors provide key components used by us in the manufacture of our products. Although we believe that alternative sources for these components are available, any supply interruption in a limited source component would harm our ability to manufacture our products until a new source of supply is identified. In addition, an uncorrected defect or supplier's variation in a component, either known or unknown to us, or incompatible with our manufacturing processes, could harm our ability to manufacture our products. We may not be able to find a sufficient alternative supplier in a reasonable period, or on commercially reasonable terms, if at all. If we fail to obtain a supplier for the manufacture of components of our potential products, we may experience delays or interruptions in our operations, which would adversely affect our results of operations and financial condition.

## Risks Related to Our Common Stock

*Future sales of our common stock could depress our stock price.*

We cannot predict the effect that future sales of our common stock will have on the market price of our common stock. Shares that we issued in the iQvolution acquisition or other shares of our common stock that we issue in the future may become available for resale in the public market from time to time. Sales of substantial amounts of our common stock, or the perception that such sales may occur, could adversely affect the market price of our common stock or our ability to raise capital by offering equity securities.

*We may experience volatility in our stock price.*

The price of our common stock has been, and may continue to be, highly volatile in response to various factors, many of which are beyond our control, including:

- developments in the industries in which we operate;
- actual or anticipated variations in quarterly or annual operating results;
- speculation in the press or investment community; and
- announcements of technological innovations or new products by us or our competitors.

Our common stock's market price may also be affected by our inability to meet analyst and investor expectations and failure to achieve projected financial results, including those set forth in this prospectus. Any failure to meet such expectations or projected financial results, even if minor, could cause the market price of our common stock to decline. Volatility in our stock price may result in your inability to sell your shares at or above the price at which you purchased them.

In addition, stock markets have generally experienced a high level of price and volume volatility, and the market prices of equity securities of many companies have experienced wide price fluctuations not necessarily related to the operating performance of such companies. These broad market fluctuations may adversely affect our common stock's market price. In the past, securities class action lawsuits frequently have been instituted against such companies following periods of volatility in the market price of such companies' securities. If any such litigation is instigated against us, it could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business, results of operations and financial condition.

*Our executive officers and directors control a significant percentage of our common stock and these shareholders may take actions that are adverse to your interests.*

Our two co-founders, Simon Raab and Gregory Fraser, beneficially own approximately 17% of our common stock. As a result, these shareholders, acting together, can significantly influence all matters requiring shareholder approval, including the election and removal of directors and approval of significant corporate transactions such as mergers, consolidations and sales of assets. They also could dictate the management of our business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control or impeding a merger or consolidation, takeover or other business combination, which could cause the market price of our common stock to fall or prevent you from receiving a premium in such a transaction.

*Anti-takeover provisions in our articles of incorporation, our bylaws and provisions of Florida law could delay or prevent a change of control that you may favor.*

Our articles of incorporation, our bylaws and provisions of Florida law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to you. These provisions could discourage potential takeover attempts and could adversely affect the market price of our shares. Because of these provisions, you might not be able to receive a premium on your investment. These provisions include:

- a limitation on shareholders' ability to call a special meeting of our shareholders;
- advance notice requirements to nominate directors for election to our board of directors or to propose matters that can be acted on by shareholders at shareholder meetings;
- our classified board of directors, which means that approximately one-third of our directors are elected each year; and
- the authority of the board of directors to issue, without shareholder approval, preferred stock with such terms as the board of directors may determine.

The provisions described above could delay or make more difficult transactions involving a change in control of us, or our management.

## FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, about our plans, beliefs, goals, intentions, objectives, projections, expectations, assumptions, strategies, and future events are forward-looking statements.

Words such as “may,” “will,” “believe,” “plan,” “should,” “could,” “seek,” “expect,” “anticipate,” “intend,” “estimate,” “goal,” “objective” and similar words, or discussions of our strategy or other intentions identify forward-looking statements. Forward-looking statements are subject to a number of known and unknown risks, uncertainties, and other factors that could cause actual results to differ materially from those contemplated by such forward-looking statements. Consequently, you should not place undue reliance on these forward-looking statements. We do not intend to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Important factors that could cause a material difference in the actual results from those contemplated in such forward-looking statements include among others those under “Risk Factors” in this prospectus or in any supplement to this prospectus, together with all of the other information included in this prospectus or in a supplement to this prospectus and in documents we incorporate by reference. You can obtain the information incorporated by reference into this prospectus without charge by following the instructions in the “Where You Can Find More Information” section of this prospectus.

## USE OF PROCEEDS

The selling shareholders will receive all of the proceeds from the sale of the common stock offered by this prospectus. We will not receive any of the proceeds from the sale of the common stock offered by the selling shareholders under this prospectus, but we have agreed to pay the expenses of preparing this prospectus and the related registration statement.

## SELLING SHAREHOLDERS

We are registering all 314,736 shares covered by this prospectus on behalf of the selling shareholders named in the table below. We issued these shares of common stock to the selling shareholders in connection with our acquisition of iQvolution AG. That issuance was exempt from the registration requirements of the Securities Act of 1933, as amended. We are registering these shares to permit the selling shareholders to offer and sell these shares for resale from time to time. The selling shareholders may sell all, some, or none of the shares covered by this prospectus. All information with respect to beneficial ownership has been furnished to us by the respective selling shareholders. For more information, see “Plan of Distribution.” None of the selling shareholders has had any material relationship with us within the past three years other than (i) as a result of the ownership of these shares, (ii) each selling shareholder other than cubixx GmbH and Dr. Wilfried Sihn has been employed by one of our subsidiaries since our acquisition of iQvolution AG, and (iii) each of the shareholders of cubixx GmbH has been employed by one of our subsidiaries since our acquisition of iQvolution AG.

The table below lists the selling shareholders and information regarding their ownership of our common stock:

Selling Shareholder	Shares Owned Prior To This Offering	Shares Being Offered Hereby	Shares Owned After Offering <sup>(1)</sup>	
			Number	Percentage <sup>(2)</sup>
cubixx GmbH	297,432	297,432	0	0
Jurgen Gittinger	1,573	1,573	0	0
Dr. Martin Ossig	1,573	1,573	0	0
Regis Derimay	1,573	1,573	0	0
Steffen Gehring	1,573	1,573	0	0
Rainer Simon	3,147	3,147	0	0
Dr. Hansjorg Volz	1,573	1,573	0	0
Bernard Broutechoux	1,573	1,573	0	0
Rick Ruitermann	1,573	1,573	0	0
Dr. Wilfried Sihn	1,573	1,573	0	0
Advanced Technical Solutions	1,573	1,573	0	0

(1) Assumes that the shareholders dispose of all the shares of common stock covered by this prospectus and do not acquire or dispose of any additional shares of common stock. The selling shareholders are not representing, however, that any of the shares covered by this prospectus will be offered for sale, and the selling shareholders reserve the right to accept or reject, in whole or in part, any proposed sale of shares.

(2) The percentage of common stock beneficially owned is based on 14,051,707 shares of common stock outstanding on March 9, 2005.

## PLAN OF DISTRIBUTION

The selling shareholders may resell or redistribute the shares being offered by this prospectus from time to time in one or more transactions on the Nasdaq National Market or otherwise, at fixed prices that may be changed, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. Selling shareholders may sell the shares by one or more of the following methods, without limitation:

- block trades (which may include cross trades) in which the broker or dealer so engaged will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker or dealer as principal and resale by the broker or dealer for its own account;
- an exchange distribution or secondary distribution in accordance with the rules of any stock exchange or market on which the shares are listed;
- ordinary brokerage transactions and transactions in which the broker solicits purchases;
- an offering at other than a fixed price on or through the facilities of any stock exchange or market on which the shares are listed or to or through a market maker other than on that stock exchange or market;
- privately negotiated transactions, directly or through agents;
- through the distribution of the shares by any selling shareholder to its shareholders;
- agreements between a broker or dealer and one or more of the selling shareholders to sell a specified number of the securities at a stipulated price per share; and
- any combination of any of these methods of sale or distribution, or any other method permitted by applicable law.

We do not know of any current arrangements by the selling shareholders for the sale or distribution of any of the securities. The selling shareholders have advised us that they have acquired their shares in the ordinary course of business and they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their shares of common stock, nor is there an underwriter or coordinating broker acting in connection with a proposed sale of shares of common stock by any selling shareholder. If we are notified by any selling shareholder that any material arrangement has been entered into with a broker-dealer for the sale of shares of common stock, if required, we will file a supplement to this prospectus.

The selling shareholders may engage brokers and dealers, and any brokers or dealers may arrange for other brokers or dealers to participate in effecting sales of the securities. These brokers, dealers, or underwriters may act as principals, or as an agent of a selling shareholder. Broker-dealers may agree with a selling shareholder to sell a specified number of the securities at a stipulated price per security. If the broker-dealer is unable to sell securities acting as agent for a selling shareholder, it may purchase as principal any unsold securities at the stipulated price. Broker-dealers who acquire the shares as principals may thereafter resell the shares from time to time in transactions in any stock exchange or automated interdealer quotation system on which the securities are then listed, at prices and on terms then prevailing at the time of sale, at prices related to the then-current market price or in negotiated transactions. Broker-dealers may use block transactions and sales to and through broker-dealers, including transactions of the nature described above. The selling shareholders may also sell the securities in accordance with Rule 144 under the Securities Act rather than pursuant to this prospectus, regardless of whether the securities are covered by this prospectus.

The selling shareholders and any underwriters, brokers, dealers, or agents that participate in the distribution of the shares may be deemed to be “underwriters” within the meaning of the Securities Act, and any discounts, concessions, commissions, or fees received by them and any profit on the resale of the shares sold by them may be deemed to be underwriting discounts and commissions.

The selling shareholders and other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the related rules and regulations adopted by the SEC, including Regulation M. This regulation may limit the timing of purchases and sales of any of the shares by the selling shareholders and any other person. The anti-manipulation rules under the Exchange Act may apply to sales of shares in the market and to the activities of the selling shareholders and their affiliates. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of the shares to engage in market-making activities with respect to the particular shares being distributed for a period of up to five business days before the distribution. These restrictions may affect the marketability of the shares and the ability of any person or entity to engage in market-making activities with respect to the shares.

We will indemnify the selling shareholders against liabilities, including some liabilities under the Securities Act, in accordance with the registration rights agreement, or the selling shareholders will be entitled to contribution. We may be indemnified by a selling shareholder against civil liabilities, including liabilities under the Securities Act, that may arise from any written information furnished to us by the selling shareholder specifically for use in this prospectus, in accordance with the registration rights agreement, or we may be entitled to contribution. The selling shareholders may agree to indemnify any brokers, dealers, or agents who participate in transactions involving sales of the shares against specified liabilities arising under the federal securities laws in connection with the offering and sale of the shares.

The shares offered under this prospectus were originally issued to the selling shareholders pursuant to an exemption from the registration requirements of the Securities Act. We agreed to register the shares under the Securities Act and to keep the registration statement of which this prospectus is a part effective until the earlier of (a) the date on which all the shares of common stock subject to this registration statement have been sold under this registration statement or pursuant to Rule 144 of the Securities Act or otherwise or (b) the date on which all the shares of common stock subject to this registration statement are eligible to be sold pursuant to Rule 144(k) of the Securities Act. We have agreed to pay all expenses in connection with this offering, but not including underwriting discounts, concessions, commissions, or fees (legal or otherwise) of the selling shareholders.

We will not receive any proceeds from sales of any shares by the selling shareholders. We cannot assure you that the selling shareholders will sell all or any portion of the shares offered under this prospectus.



## LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed on for us by Foley & Lardner LLP, Tampa, Florida.

### EXPERTS

The consolidated financial statements of FARO Technologies, Inc. appearing in FARO Technologies, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004 have been audited by Grant Thornton LLP, independent registered public accountants, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

### WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational reporting requirements of the Exchange Act. In accordance with the Exchange Act, we file reports, proxy statements, and other information with the Securities and Exchange Commission. You can inspect and copy these reports, proxy statements, and other information at the Public Reference Room of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Our Securities and Exchange Commission filings are also available on the Securities and Exchange Commission's web site. The address of this site is <http://www.sec.gov>.

We have filed with the Securities and Exchange Commission a registration statement (which term includes all amendments, exhibits, and schedules thereto) on Form S-3 under the Securities Act with respect to the shares offered by this prospectus. This prospectus does not contain all the information set forth in the registration statement because certain information has been incorporated into the registration statement by reference in accordance with the rules and regulations of the Securities and Exchange Commission. Please review the documents incorporated by reference for a more complete description of the matters to which such documents relate. The registration statement may be inspected at the public reference facilities maintained by the Securities and Exchange Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and is available to you on the Securities and Exchange Commission's web site.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission allows us to incorporate by reference into this prospectus the information we file with the Securities and Exchange Commission, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information we file later with the Securities and Exchange Commission will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made by us with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until the sale of all of the shares of common stock that are part of this offering. The documents we are incorporating by reference are as follows:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2004;
- our Current Report on Form 8-K as filed with the SEC on March 30, 2005;
- our Current Report on Form 8-K as filed with the SEC on April 1, 2005;
- the description of our common stock contained in our Registration Statement on Form 8-A filed on September 15, 1997 and any amendments or reports filed for the purpose of updating such description; and

All documents that we file with the Securities and Exchange Commission pursuant to Sections 13(a), 13(c), 14, and 15(d) of the Exchange Act subsequent to the date of this registration statement and prior to the filing of a post-effective amendment to this registration statement that indicates that all securities offered under this prospectus have been sold, or that deregisters all securities then remaining unsold, will be deemed to be incorporated in this registration statement by reference and to be a part hereof from the date of filing of such documents.

Any statement contained in a document we incorporate by reference will be modified or superseded for all purposes to the extent that a statement contained in this prospectus (or in any other document that is subsequently filed with the Securities and Exchange Commission and incorporated by reference) modifies or is contrary to that previous statement. Any statement so modified or superseded will not be deemed a part of this prospectus except as so modified or superseded.

You may request a copy of these filings at no cost (other than exhibits unless such exhibits are specifically incorporated by reference) by writing or telephoning us at the following address and telephone number:

FARO Technologies, Inc.  
125 Technology Park  
Lake Mary, Florida 32746  
(407) 333-9911  
Attention: Gregory A. Fraser

314,736 SHARES

FARO TECHNOLOGIES, INC.

COMMON STOCK

April \_\_, 2005

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**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution.**

Securities and Exchange Commission filing fee	\$ 941.60
Nasdaq National Market listing fee	\$ 315.00
Accounting fees and expenses	\$ 6,000.00
Legal fees and expenses	\$ 15,000.00
Miscellaneous	\$ 2,743.40
Total expenses	\$ 25,000.00

All of the above fees and expenses will be paid by the Registrant. Other than the Securities and Exchange Commission filing fee, all fees and expenses are estimated.

**Item 15. Indemnification of Directors and Officers.**

The Florida Business Corporation Act (the "Florida Act") permits a Florida corporation to indemnify a present or former director or officer of the corporation (and certain other persons serving at the request of the corporation in related capacities) for liabilities, including legal expenses, arising by reason of service in such capacity if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and in any criminal proceeding if such person had no reasonable cause to believe his conduct was unlawful. However, in the case of actions brought by or in the right of the corporation, no indemnification may be made with respect to any matter as to which such director or officer shall have been adjudged liable, except in certain limited circumstances. The Company's Articles of Incorporation and Bylaws provide that the Company shall indemnify directors and executive officers to the fullest extent now or hereafter permitted by the Florida Act. In addition, the Company may enter into Indemnification Agreements with its directors and executive officers in which the Registrant has agreed to indemnify such persons to the fullest extent now or hereafter permitted by the Florida Act. The indemnification provided by the Florida Act and the Company's Bylaws is not exclusive of any other rights to which a director or officer may be entitled. The general effect of the foregoing provisions may be to reduce the circumstances which an officer or director may be required to bear the economic burden of the foregoing liabilities and expense. The Company may obtain a liability insurance policy for its directors and officers as permitted by the Florida Act which may extend to, among other things, liability arising under the Securities Act.

**Item 16. Exhibits.**

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Registration Statement.

**Item 17. Undertakings.**

- (a) The undersigned Registrant hereby undertakes:
  - (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
    - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

- (ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
  - (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions set forth or described in Item 15 of this Registration Statement, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Form S-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lake Mary, and State of Florida, on this 12th day of April, 2005.

### FARO TECHNOLOGIES, INC.

By: /s/ Simon Raab

*Chairman of the Board of Directors, President,  
Chief Executive Officer, and Director*

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated. Each person whose signature appears below constitutes and appoints Simon Raab and Gregory A. Fraser, and each of them individually, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any Rule 462(b) Registration Statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Simon Raab</u> Simon Raab	Chairman of the Board of Directors, President, Chief Executive Officer, and Director	April 12, 2005
<u>/s/ Gregory A. Fraser</u> Gregory A. Fraser	Director, Executive Vice President, Secretary and Treasurer (the principal financial officer and principal accounting officer)	April 12, 2005
<u>/s/ Hubert d'Amours</u> Hubert d'Amours	Director	April 12, 2005
<u>/s/ Stephen R. Cole</u> Stephen R. Cole	Director	April 12, 2005
<u>/s/ Norman H. Schipper</u> Norman H. Schipper	Director	April 12, 2005
<u>/s/ Andre Julien</u> Andre Julien	Director	April 12, 2005
<u>/s/ John Caldwell</u> John Caldwell	Director	April 12, 2005

## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Document Description</u>
3.1	Articles of Incorporation, as amended ( <i>Filed as Exhibit 3.1 to Registrant's Registration Statement on Form S-1, No. 333-32983, and incorporated herein by reference</i> ).
3.2	Bylaws, as amended ( <i>Filed as Exhibit 3.2 to Registrant's Registration Statement on Form S-1, No. 333-32983, and incorporated herein by reference</i> ).
4	Registration Rights Agreement, dated March 29, 2005, by and among FARO Technologies, Inc. and the shareholders named on the signature pages thereto ( <i>filed herewith</i> ).
5	Opinion of Foley & Lardner LLP (including consent of counsel) ( <i>filed herewith</i> ).
23.1	Consent of Grant Thornton LLP ( <i>filed herewith</i> ).
23.2	Consent of Foley & Lardner LLP ( <i>filed as part of Exhibit 5</i> ).
24	Power of Attorney relating to subsequent amendments ( <i>included on the signature page to this Registration Statement</i> ).

## REGISTRATION RIGHTS AGREEMENT

**THIS REGISTRATION RIGHTS AGREEMENT** (this "Agreement") is made and effective as of March 29, 2005 among FARO Technologies, Inc., a corporation organized under the laws of the State of Florida, United States ("FARO"), FARO FNH Netherlands BV, a corporation organized under the laws of the Netherlands ("Buyer"), the undersigned shareholders of FARO (individually, a "Shareholder" and collectively, the "Shareholders").

WHEREAS, this Agreement is made in connection with the Stock Purchase Agreement dated as of the date hereof (the "Purchase Agreement") among FARO, FARO FNH Netherlands BV, a corporation organized under the laws of the Netherlands and an indirect wholly owned subsidiary of FARO, iQvolution AG, a stock corporation organized under the laws of the Federal Republic of Germany, and the Shareholders (who formerly constituted all of the holders of capital stock of iQvolution AG).

WHEREAS, in connection with the Purchase Agreement, FARO has agreed, upon the terms and subject to the conditions of the Purchase Agreement, to issue and sell to the Shareholders certain shares of FARO common stock, \$0.001 par value per share ("Common Stock");

WHEREAS, FARO has agreed to provide certain registration rights under the 1933 Act with respect to the shares of Common Stock that may be issued to the Shareholders in accordance with the Purchase Agreement.

**NOW, THEREFORE**, in consideration of the foregoing, and intending to be legally bound, the parties agree as follows:

**1. Definitions.**

- (a) "1933 Act" means the Securities Act of 1933, as amended, or any successor legislation.
  - (b) "1934 Act" means the Securities and Exchange Act of 1934, as amended, or any successor legislation.
  - (c) "Agreement" shall have the meaning set forth in the preamble hereto.
  - (d) "Allowable Grace Period" shall have the meaning set forth in Section 3(a).
  - (e) "Common Stock" shall have the meaning set forth in the recitals hereto.
  - (f) "Effectiveness Failure" shall have the meaning set forth in Section 2(b).
  - (g) "FARO" shall have the meaning set forth in the preamble hereto.
  - (h) "Grace Period" shall have the meaning set forth in Section 3(a).
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- (i) “Indemnified Party” shall have the meaning set forth in Section 6(c).
- (j) “Indemnifying Party” shall have the meaning set forth in Section 6(c).
- (k) “Prospectus” shall have the meaning set forth in Section 4(b).
- (l) “Purchase Agreement” shall have the meaning set forth in the recitals hereto.

(m) “Register,” “registered,” and “registration” refers to a registration effected by preparing and filing one or more Registration Statements (as defined below) in compliance with the 1933 Act and pursuant to Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous or delayed basis, and the declaration or ordering of effectiveness of such Registration Statement(s) by the SEC.

(n) “Registrable Securities” means (i) the shares of Common Stock that constitute the “Initial Shares,” the “Workout Shares,” and the “Deferred Shares” (as each such term is defined in the Purchase Agreement) and (ii) any capital stock of FARO issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares of Common Stock referenced in clause (i); provided, that such shares of Common Stock will cease to be Registrable Securities at such time as they have been sold under a Registration Statement or pursuant to Rule 144 under the 1933 Act or such time as they are eligible to be sold pursuant to Rule 144(k) under the 1933 Act.

(o) “Registration Statement” means a Form S-3 registration statement or registration statements filed under the 1933 Act covering the Registrable Securities.

(p) “SEC” means the United States Securities and Exchange Commission or any successor agency or entity.

(q) “Shareholder” and “Shareholders” shall have the meanings set forth in the preamble hereto.

(r) “Violation” shall have the meaning set forth in Section 6(a).

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Purchase Agreement.

## 2. The Registration of the Registrable Securities.

(a) Mandatory Registration. FARO shall use its reasonable best efforts to prepare, and, as soon as practicable but in no event later than ten (10) business days after the date hereof, file with the SEC a Registration Statement covering the resale of all of the Registrable Securities. FARO shall use its reasonable best efforts to have the Registration Statement declared effective by the SEC as soon as practicable. Without the consent of the Shareholders’ Agent, FARO shall not include any securities other than the Registrable Securities in the Registration Statement.

(b) Effect of Failure to Obtain Effectiveness of Registration Statement. If a Registration Statement covering the Registrable Securities is not declared effective by the SEC by the dates set forth in Section 4.7 of the Purchase Agreement (each, an “Effectiveness Failure”), then the Shareholders’ Agent may exercise the right set forth in Section 4.7 of the Purchase Agreement to sell to FARO the applicable Registrable Securities pursuant to Section 4.7 of the Purchase Agreement. If, upon an Effectiveness Failure, the Shareholders’ Agent exercises such right pursuant to Section 4.7 of the Purchase Agreement, then (with respect to the Registrable Securities that are sold to FARO pursuant thereto) the Shareholders waive all claims (whether for damages or at law or equity) by reason of an Effectiveness Failure or any delay in or reduction of such Shareholders’ ability to sell such Registrable Securities.

**3. Postponement or Suspension of the Registration.**

(a) Notwithstanding anything to the contrary herein, at any time after the Registration Statement has been declared effective by the SEC, FARO may delay the disclosure of material non-public information the disclosure of which at the time is not, in the good faith opinion of the Board of Directors of FARO, in the best interest of FARO (a "Grace Period"); provided, that FARO shall promptly (i) notify the Shareholders' Agent in writing of the existence of material non-public information giving rise to a Grace Period (provided that in each notice FARO will not disclose the content of such material non-public information), the date on which the Grace Period will begin, and the fact that the use of the Registration Statement has been suspended, and (ii) notify the Shareholders' Agent in writing of the date on which the Grace Period ends and that the use of the Registration Statement may be resumed; and, provided further, that no Grace Period shall exceed 30 consecutive days and during any 365-day period such Grace Periods shall not exceed an aggregate of 90 days and the first day of any Grace Period must be at least three trading days after the last day of any prior Grace Period (each, an "Allowable Grace Period"). For purposes of determining the length of a Grace Period above, the Grace Period shall begin on and include the date the Shareholders' Agent receives the notice referred to in clause (i) and shall end on and include the later of the date the Shareholders' Agent receives the notice referred to in clause (ii) and the date referred to in such notice.

(b) During the period of any Allowable Grace Period, the first sentence of Section 4(d) hereof with respect to the information giving rise to such Allowable Grace Period shall not be applicable and the use of the Registration Statement shall be suspended. Upon expiration of the Grace Period, FARO shall again be bound by the first sentence of Section 4(d) with respect to the information giving rise thereto unless such material non-public information is no longer applicable.

**4. Obligations of FARO.** FARO shall:

(a) Registration. Use its reasonable best efforts to cause a Registration Statement covering all the Registrable Securities to become effective and use its reasonable best efforts to keep such Registration Statement effective until such shares of Common Stock cease being Registrable Securities. FARO shall promptly notify the Shareholders' Agent in writing when the Registration Statement has been filed, when it has been declared effective, of the issuance by the SEC of any stop order suspending effectiveness of the Registration Statement and of the initiation of any process for that purpose. FARO shall use its best efforts to promptly obtain the withdrawal of any stop order suspending the effectiveness of the Registration Statement.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement (as amended or supplemented from time to time, the “Prospectus”) as may be necessary to comply with the provisions of the 1933 Act with respect to the disposition of all securities covered by such Registration Statement.

(c) Copies of Prospectus and Registration Statement. Furnish to the Shareholders’ Agent such numbers of copies of the Prospectus, including a preliminary Prospectus, in conformity with the requirements of the 1933 Act, such numbers of signed copies of the Registration Statement and any post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference) and such other documents as it may reasonably request in order to facilitate the disposition of Registrable Securities owned by such Shareholder.

(d) Notice of Material Untrue Statements or Omissions. Notify the Shareholders’ Agent at any time when the Prospectus is required to be delivered under the 1933 Act of the happening of any event as a result of which the Prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. Subject to Section 3 hereof, FARO will use its reasonable best efforts to file any amendment or supplement to the Registration Statement and/or Prospectus and take any other necessary action to ensure that the use of the Prospectus may be resumed as quickly as possible.

(e) Expenses. Pay all costs, fees and expenses in connection with the Registration Statement including, without limitation, FARO’s legal and accounting fees, printing expenses, blue sky fees and expenses (but excluding any fees and expenses of any special counsel, if any, engaged by the Shareholders’ or the Shareholders’ Agent), and registration, filing and qualification fees relating to the Prospectus and other documents and audit expenses.

(f) Blue Sky Registration. Take all necessary action which may be required in qualifying or registering the Registrable Securities included in a registration statement for offering and sale under the securities or blue sky laws of such states as reasonably are requested by the Shareholders, provided that FARO shall not be obligated to execute or file any general consent to service of process or to qualify as a foreign corporation to do business under the laws of any such jurisdiction.

(g) Listing/Quotation. Cause all Registrable Securities to be listed or quoted on each securities exchange and listing on which similar securities of FARO are then listed or quoted.

(h) Transfer Agent and Registrar. Provide a transfer agent and registrar for all Registrable Securities and a CUSIP number for all Registrable Securities no later than the effective date of the Registration Statement.

(i) Stock Certificates. Cooperate with each Shareholder to facilitate the timely preparation and delivery of stock certificates representing the Registrable Securities not bearing any restrictive legends in such denominations and registered in such names as such Shareholder may request.

(j) **Earnings Statements.** Make “generally available to its security holders” (within the meaning of Rule 158 under the 1933 Act) an earnings statement (which need not be audited unless required by the 1933 Act) in the detail required by and complying with Section 11(a) and Rule 158 of the 1933 Act, covering a period of at least 12 consecutive months.

(k) **SEC Correspondence.** Deliver promptly to each Shareholder copies of all correspondence between the SEC and FARO, its counsel or auditors with respect to the Registration Statement. Upon the written request of the Shareholders’ Agent, in connection with the Shareholders’ Agent due diligence requirements with respect to information contained in or omitted from the Registration Statement and if and to the extent that Shareholders’ Agent deems reasonably necessary to comply with applicable securities laws or the rules and regulations of the National Association of Securities Dealers, Inc., FARO will make available for inspection by the Shareholder’s Agent the pertinent books, records and properties of FARO and will provide the Shareholders’ Agent with opportunities to discuss the business of FARO with its executive officers, all to such reasonable extent and at such reasonable times as the Shareholders’ Agent shall reasonably request. The foregoing sentence is subject to the requirement that Shareholders’ Agent agreeing in writing (in a form reasonably acceptable to FARO) to hold in strict confidence and shall not make any disclosure or use of any books, record, or other information that has been so inspected.

(l) **Public Information.** For so long as the Registrable Securities shall be registered under Section 12 of the 1934 Act, at any time when any Shareholder is entitled and desires to make sales of any Registrable Securities in reliance on Rule 144 either (i) make available adequate current public information with respect to FARO as required by paragraph (c) of Rule 144, or (ii) if such information is not available, use its reasonable best efforts to make such information available without delay.

(m) **Other Documents.** Furnish to Shareholders’ Agent upon written request a written statement by FARO as to its compliance with the reporting requirements of Rule 144 (at any time, and of the 1933 Act and the 1934 Act).

5. **Furnish Information.** FARO’s obligation to cause any Registration Statement to become effective in connection with distribution of any Registrable Securities pursuant to this Agreement shall be contingent upon each of the Shareholders, with reasonable promptness, furnishing to FARO such information regarding such Shareholder, the Registrable Securities held by such Shareholder, and the intended method of disposition of the Registrable Securities, as shall be required to effect the registration of the Registrable Securities.

6. **Indemnification and Contribution.** To the fullest extent permitted by law, FARO and FARO FNH Netherlands BV will indemnify and hold harmless each Shareholder, each of its directors, each of its officers who has signed such Registration Statement, and each person, if any, who controls such Shareholder within the meaning of the 1933 Act against any losses, claims, damages, or liabilities to which any of the foregoing persons may become subject under the 1933 Act, the 1934 Act or any other statute, common law or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a “Violation”): (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, including any preliminary Prospectus or final Prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by FARO of the 1933 Act or the 1934 Act or any other statute, common law or otherwise, or any rule or regulation promulgated under the 1933 Act, the 1934 Act, or any other statute, common law or otherwise, and FARO will pay to such Shareholder any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 6(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of FARO, nor shall FARO be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon (1) a Violation which occurs in reliance upon and in strict conformity with information furnished in writing to FARO by such Shareholder for use in connection with the preparation of the Registration Statement or any amendment thereof or supplement thereto, or (2) a Violation which results from the fact that such Shareholder did not send or give to a person who bought Registrable Securities, at or prior to the written confirmation of the sale, a copy of the final Prospectus, as then amended or supplemented, if FARO had previously furnished copies of such Prospectus hereunder and such Prospectus corrected the misstatement or omission forming the basis of the Violation.

(b) To the extent permitted by law, each Shareholder, severally and not jointly, will indemnify and hold harmless FARO, each of its directors, each of its officers who has signed such Registration Statement, and each person, if any, who controls FARO within the meaning of the 1933 Act against any losses, claims, damages, or liabilities to which any of the foregoing persons may become subject, under the 1933 Act, or the 1934 Act or any other statute, common law or otherwise, insofar as such losses, claims, damages, or liabilities (or action in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in strict conformity with information furnished in writing to FARO by such Shareholder for use in connection with the preparation of the Registration Statement or any amendment thereof or supplement thereto; and such Shareholder will pay, as incurred, any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this Section 6(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of such Shareholder, which consent shall not be unreasonably withheld; provided further, that in no event shall any indemnity under this Section 6(b) exceed the net proceeds actually received from such Shareholder from the sale of Registrable Securities effected pursuant to such registration.

(c) Indemnification Procedure. Each party entitled to indemnification under this Section 6 (for the purposes of this Section 6, the “Indemnified Party”) shall give notice to the party required to provide indemnification (for the purposes of this Section, the “Indemnifying Party”) after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party’s expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement, unless the failure to give such notice is materially prejudicial to an Indemnifying Party’s ability to defend such action, and provided further that the Indemnifying Party shall not assume the defense for matters as to which there is a conflict of interest or separate and different defenses. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

(d) Contribution. If the indemnification provided for in this Section 6 is unavailable, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnifying Party as a result of such losses, claims, damages, liabilities or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of FARO and FARO FNH Netherlands BV on the one hand and each Shareholder on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, or expenses (or actions in respect thereof), as well as any other relevant considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by FARO, FARO FNH Netherlands BV or such Shareholder, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, and whether a party breached a representation or warranty or covenant or agreement contained in this Agreement. FARO, FARO FNH Netherlands BV and each Shareholder agrees that it would not be just and equitable if contribution were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages, liabilities or expenses (or actions in respect thereof) referred to above shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such claim. Notwithstanding the provisions of this paragraph, no Shareholder shall be required to contribute any amount in excess of the net proceeds actually received by such Shareholder from the sale of Registrable Securities effected pursuant to such registration. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) Survival. The obligations of FARO, FARO FNH Netherlands BV and each Shareholder under this Section 6 shall survive the completion of any offering of the Registrable Securities in the Registration Statement and otherwise.

## 7. Miscellaneous.

(a) Termination of Obligations. The obligations of FARO pursuant to Sections 2 and 4, other than Sections 4(e), (g), (h), (i), (l) and (m), shall cease and terminate upon the date that the shares of Common Stock covered hereby cease to constitute Registrable Securities.

(b) Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided that the Shareholders may not assign its rights under this Agreement without the consent of FARO. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

(c) Governing Law; Jurisdiction; Venue. This Agreement shall be governed by and construed under the laws of the State of New York (without reference to any principles of conflict of laws). FARO, FARO FNH Netherlands BV and each of the Shareholders hereby consents to the jurisdiction and venue of any court located in Orange County, State of Florida.

(d) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(f) Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (i) upon personal delivery to the party to be notified, (ii) on the seventh business day after deposit with the United States Post Office, by registered or certified mail, postage prepaid, (iii) on the next business day after dispatch via nationally recognized overnight courier or (iv) upon confirmation of transmission by facsimile, all addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties. Notices should be provided in accordance with this Section at the following addresses:

If to Shareholders, to:

cubixx GmbH, the Shareholders' Agent  
c/o Dr. Bernd-Dietmar Becker  
Straussweg 1271640 Ludwigsburg  
Facsimile: +49-7141-251182

(with a copy to)

Kees Hehl Heckmann  
Gerokstraße 13 B  
D-70184 Stuttgart  
Attention: Mr. Fritz-Jürgen Heckmann  
Dr. Philipp Bauer  
Facsimile: +49-711-1642640

If to FARO or Buyer, to:

FARO Technologies, Inc.  
125 Technology Park  
Lake Mary, Florida, USA 32746  
Attention: Chief Executive Officer or  
President and Chief Operating Officer  
Facsimile: (407) 333-4181

(with a copy to)

Foley & Lardner LLP  
100 N. Tampa St., Suite 2700  
Tampa, Florida, USA 33602  
Attention: Steven Vazquez, Esq.  
Facsimile: 813-221-4210

And

Thümmel, Schütze & Partner  
Grüneburgweg 102  
60323 Frankfurt am Main  
Attention: Dr. Gabriele Fontane  
Facsimile: +49-69-95 91 35-30

(g) Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

(h) Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of FARO and the Shareholders' Agent. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities, and FARO.

(i) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

(j) Entire Agreement; Amendment; Waiver. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof.

[Remainder of page intentionally left blank]



IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first above written.

**FARO TECHNOLOGIES, INC.**

By: /S/ \_\_\_\_\_

Name: Jay W. Freeland  
Title: President and Chief Operating Officer

**FARO FNH NETHERLANDS BV,**

By: /S/ \_\_\_\_\_

Name: Siegfried K. Buss  
Title: Co-Managing Director

**SHAREHOLDERS' AGENT**

**cubixx GmbH**

By: /S/ \_\_\_\_\_

Name: Dr. Bernd-Dietmar Becker  
Title:

**SHAREHOLDERS**

**cubixx GmbH**

By: /S/ \_\_\_\_\_

Name: Dr. Bernd-Dietmar Becker  
Title:

**SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT**

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Print Name: /S/  
Dr. Martin Ossig,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director, Dr. Bernd-Dietmar  
Becker

Print Name: /S/  
Jürgen Gittinger,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director Dr. Bernd-Dietmar  
Becker

Print Name: /S/  
Steffen Gehring,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director, Dr. Bernd-Dietmar  
Becker

Print Name: /S/  
Dr. Hanjörg Volz,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director Dr. Bernd-Dietmar  
Becker

Print Name: /S/  
Regis Derimay,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director Dr. Bernd-Dietmar  
Becker

***SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT***

Print Name: /S/  
Bernard Broutechoux,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director Dr. Bernd-Dietmar  
Becker

Print Name: /S/  
Rainer Simon,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director Dr. Bernd-Dietmar  
Becker

Print Name: /S/  
Prof. Dr. Wilfried Sihm,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director Dr. Bernd-Dietmar  
Becker

Print Name: /S/  
Richard Adrian Ruiterman,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director Dr. Bernd-Dietmar  
Becker

Print Name: /S/  
Advanced Technology Solutions AB,  
represented by cubixx GmbH by a power of attorney of \_\_\_\_\_, 2005,  
cubixx GmbH being represented by its managing director Dr. Bernd-Dietmar  
Becker

***SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT***



April 12, 2005

FARO Technologies, Inc.  
125 Technology Park  
Lake Mary, FL 32746

Ladies and Gentlemen:

We have acted as counsel to FARO Technologies, Inc., a Florida corporation (the "Company"), in conjunction with the preparation of a Registration Statement on Form S-3 (the "Registration Statement"), including the prospectus constituting a part thereof (the "Prospectus"), to be filed by the Company with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), relating to the sale from time to time by the selling shareholders named in the Registration Statement (the "Selling Shareholders") of up to 314,736 shares of the Company's common stock, \$.001 par value (the "Common Stock"), in the manner set forth in the Registration Statement.

In connection with our representation, we have examined: (i) the Registration Statement, including the Prospectus; (ii) the Company's Articles of Incorporation and By-laws, as amended to date; (iii) resolutions of the Company's Board of Directors authorizing the issuance of the shares of Common Stock subject to the Registration Statement, together with certain related matters; and (v) such other proceedings, documents and records as we have deemed necessary to enable us to render this opinion. In all such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents, certificates and instruments submitted to us as originals and the conformity with the originals of all documents submitted to us as copies. We have, among other things, relied upon certificates of public officials and, as to various factual matters, certificates of officers of the Company.

Based upon the foregoing, we are of the opinion that the shares of Common Stock covered by the Registration Statement that are to be offered and sold from time to time by the Selling Shareholders have been duly authorized, validly issued and are fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and the references to our firm therein. In giving our consent, we do not admit that we are "experts" within the meaning of Section 11 of the Securities Act or within the category of persons whose consent is required by Section 7 of the Securities Act.

Very truly yours,

/s/ FOLEY & LARDNER LLP

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated March 14, 2005 accompanying the consolidated financial statement of FARO Technologies, Inc. and subsidiaries appearing in the 2004 Annual Report of the Company to its shareholders and accompanying the schedule included in the Annual Report on Form 10-K for the year ended December 31, 2004 which are incorporated by reference in this Registration Statement. We consent to the incorporation by reference in the Registration Statement of the aforementioned reports and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Orlando, Florida  
April 12, 2005

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