

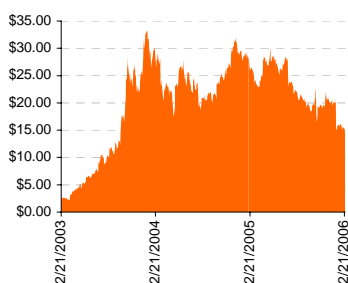
February 25, 2006



FARO TECHNOLOGIES, INC.

(\$14.05 / NASDAQ / FARO)

Three-Year Price History



PORTFOLIO..... **GROWTH**

Reference Statistics

Sector Technology
Industry Equipment Manufacturing

Market Cap \$202.6 M

Average Volume 180,000 shares
Float 13 M shares

P / E 24.77
ROE 8.27%
PE / ROE 2.99x
P / B 2.05
EV / FCF NM

Dividend Yield NA
Screen Score

Fiscal Year End December
Next Report July 2006

Contact Jay Freeland
Title Co-Chief Executive Officer
Number XXX-XXX-XXXX

Fair Value Range \$20 - \$25
Time Horizon 3 years
Expected CAGR 18%

Investment Summary

FARO is an innovator in the computer-aided measurement (CAM) market. It designs, manufactures, and sells a diverse portfolio of software-driven 3-D measurement systems used in a broad range of manufacturing, industrial, and other applications. FARO has built its reputation on the ability to measure anything, anywhere, with a degree of accuracy and ease of measurement never before experienced. The Company sells its products globally through a dedicated sales force and has manufacturing facilities in Florida, Pennsylvania, and Switzerland.

- We applaud management for its long-term focus.** FARO management views its operating performance in five-year blocks. Incremental progress is measured in reference to the five-year targets, even if this requires “unpopular” actions today.
- We believe FARO has the best products in an industry still low on the acceptance curve.** The Company is the number one or two market share player in its markets and current measurement alternatives are insufficient. Furthermore, we believe a good deal of FARO’s business is coming from customers taking measurements that they never took before—in other words, FARO is creating demand for its products and services.
- “The sky is falling,” according to the Street.** Once an investment darling, FARO seems to be hated nowadays. A lack of trust in management, several “missed quarters,” rising expenses, and a self-discovered Asian bribery saga have been cited as evidence of FARO’s fall from grace. We think all these claims are short-sighted.
- Well-positioned as a global provider.** Due to its geographic diversity, its highly under-penetrated market, and the nature of its product, FARO has been relatively immune to economic swings. FARO saves its clients money by minimizing scrap and rework, which becomes vital in tough economic times.
- Costs have nowhere to go but down.** Expenses have escalated at FARO over the past year. We believe that this escalation is due to litigation, a doubling in the size of the Company’s sales force, integration of a recent acquisition, retrofitting the factory of that acquiree to handle FARO-quality production, and a factory built in Singapore. With the exception of litigation, we view all of these expenditures as positive for the long-term success of FARO. In addition, expenses are not likely to persist at such high levels.

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