

FARO TECHNOLOGIES INC
Form 8-K
October 26, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **October 20, 2006**

FARO Technologies, Inc.
(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of incorporation)

0-23081
Commission File Number)

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

125 Technology Park, Lake Mary, Florida
(Address of principal executive offices)

32746
(Zip Code)

Registrant's telephone number, including area code **(407) 333-9911**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 Entry into a Material Definitive Agreement

FARO Technologies, Inc. entered into an Employment Agreement dated October 20, 2006, with Jay Freeland, the company's Co-Chief Executive Officer.

Pursuant to Mr. Freeland's employment agreement, in the event that Mr. Freeland's employment with the company is terminated by the company without "cause" or by him for "good reason," (a) Mr. Freeland shall continue to receive salary payments for one year following such termination; (b) Mr. Freeland shall receive a lump sum payment of all earned but unpaid compensation through the date of such termination; (c) all of Mr. Freeland's unvested company stock options and unvested shares of restricted stock of the company shall vest automatically in full as of the date of such termination; and (d) the company shall provide insurance coverage for Mr. Freeland for up to twelve months following such termination. Mr. Freeland's employment agreement also provides that, upon a change of control of the company, (1) all of Mr. Freeland's unvested company stock options shall vest automatically in full as of the date of such event, and (2) Mr. Freeland shall receive a payment equal to 2.99 times Mr. Freeland's base annual salary.

"Cause" means (a) an act of fraud or embezzlement against the company or acceptance of a bribe or kickback, (b) the conviction or a plea of no contest of a felony or of a crime involving fraud, dishonesty, violence or moral turpitude, (c) willful and continued refusal to substantially perform assigned duties (other than any refusal resulting from incapacity due to physical or mental illness or disability), and (d) willful engagement in gross misconduct materially and demonstrably injurious to the company.

"Good reason" means (1) a material breach by the company of its obligations under Mr. Freeland's Employment Agreement, which breach is not cured within ten days after written notice, (2) a reduction in Mr. Freeland's current base annual salary, (3) a material reduction in benefits (except consistent with a general reduction of such benefits to executives of the company as a whole), (4) an ongoing material and substantial diminution in Mr. Freeland's duties not consistent with that of an executive with his position and duties, and (5) relocation of the Mr. Freeland's principal office to a location more than 25 miles from the company's headquarters.

Item 9.01 Exhibits.

See the Exhibit Index set forth below for a list of exhibits included with this Current Report on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FARO Technologies, Inc.

(Registrant)

Date **October 25, 2006**

/s/ Jay Freeland

Jay Freeland

Chief Executive Officer

EXHIBIT INDEX

Exhibit Number Description

10.1 Employment Agreement dated October 20, 2006, between Jay Freeland and FARO Technologies, Inc.

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