



News Release

3D Systems Corporation
333 Three D Systems Circle
Rock Hill, SC 29730
Phone: 803-326-3900

www.3dsystems.com
NASDAQ: TDSC

Investor Contact: Chanda Hughes
803-326-4010
Email: HughesC@3dsystems.com

Media Contact: Katharina Hayes
803-326-3941
Email: HayesK@3dsystems.com

3D Systems Reports Operating Results for Fourth-Quarter and Full-Year 2008

-Company Reports Higher Cash and Improved Fourth Quarter Gross Profit Margin and Operating Income on Lower Revenue and Lower Operating Expenses-

ROCK HILL, South Carolina – March 4, 2008 - 3D Systems

Corporation (NASDAQ: TDSC), a leading provider of 3-D Printing, Rapid Prototyping and Manufacturing solutions, announced today its operating results for the fourth-quarter and year-end 2008. The company also announced the filing with the SEC today of its Annual Report on Form 10-K.

The company will hold a conference call to discuss these results tomorrow morning, March 5, 2009 at 9:00 a.m., Eastern Time. Additional information relating to that call is provided below.

The company reported improved gross profit margin and operating income for the fourth quarter of 2008 with lower revenue and lower operating expenses. The company also reported higher unrestricted cash than it had at September 30, 2008.

The table below summarizes the company's key financial results. They are within the ranges that the company preliminarily announced on February 17, and they include the effect of an increase in the company's bad debt expense in the fourth-quarter 2008 that the company made upon learning on February 25, 2009 that a large Japanese customer filed

for financial reorganization under Japanese law. The net effect of this increase in the company's bad debt expense was to reduce E.P.S. for the fourth-quarter and full-year 2008 by \$0.02.

Operating Highlights
Fourth Quarter and Full Year of 2008
(\$ in millions except for per share amounts)

Operating Highlights	Fourth Quarter			Full Year		
	2008	2007	% Change	2008	2007	% Change
Revenue	\$34.9	\$44.9	(22%)	\$138.9	\$156.5	(11%)
Gross profit % of Revenue	\$15.4 44%	\$18.1 40%	(15%)	\$56.0 40%	\$63.5 41%	(12%)
Operating expenses % of Revenue	\$13.9 40%	\$16.7 37%	(17%)	\$61.1 44%	\$68.6 44%	(11%)
Operating income (loss) % of Revenue	\$1.5 4%	\$1.4 3%	5%	(\$5.1) NM	(\$5.1) NM	(1%)
Net income (loss) % of Revenue	\$1.8 5%	\$1.4 3%	37%	(\$6.2) NM	(\$6.7) NM	(9%)
Diluted income (loss) per share	\$0.08	\$0.06	33%	(\$0.28)	\$(0.33)	(15%)
Unrestricted cash	\$22.2	\$29.7	(25%)	\$22.2	\$29.7	(25%)
Depreciation and amortization % of Revenue	\$1.7 5%	\$1.5 3%	13%	\$6.7 5%	\$7.0 4%	(4%)

NM= Not Meaningful

"I am grateful that amidst a broadening global economic crisis, during the fourth quarter, we were able to continue to reduce our operating expenses while improving our gross profit margin and unrestricted cash," said Abe Reichental, 3D Systems' president and chief executive officer. "For 2008, our total revenue deteriorated some 11% as a result of the worsening global recession and frozen credit markets, a very challenging operating environment that adversely impacted many of our automotive, aerospace and consumer electronics customers and their first-tier service providers. While these unprecedented global economic conditions resulted

in a significant decline in large-frame systems' sales and slowed down our materials' revenue growth, our new lineup of 3-D Printers continued to generate revenue growth," continued Reichental.

During the fourth quarter, revenue from 3-D Printers increased by 64% over the comparable 2007 period. Additionally, half of the \$1.4 million of backlog that the company had at December 31, 2008 was attributable to 3-D Printers. The increase in 3-D Printer sales was not enough to overcome the continued decline in revenue from large-frame and mid-frame systems. As a result, total systems revenue declined by 34% to \$11.7 million in the fourth quarter of 2008 compared to the 2007 period.

The company's integrated materials' revenue grew to 28% of total materials' sales for the quarter. This increase continued the sequential trend experienced for each quarter in 2008, which started at 22% in the first quarter, but was not enough to counter the flattening of total materials' revenue over the course of 2008 and its decline to \$14.8 million in the fourth quarter of 2008 from \$17.1 million in the fourth quarter of 2007.

Although gross profit declined by 15% to \$15.4 million for the fourth-quarter 2008 from \$18.1 million in the 2007 quarter on lower revenue, gross profit margin increased to 44%, up almost 400 basis points year-over-year and up more than 500 basis points sequentially.

Net income (loss) for the fourth-quarter and full-year 2008 included the benefit of a favorable foreign tax settlement amounting to \$1.2 million or \$0.05 per fully diluted earnings per share.

For the full-year 2008, systems' revenue declined by 29% to \$41.3 million. Sales of 3-D Printers increased by 51% for the 2008 year compared to 2007. Materials' revenue remained relatively flat at \$62.3

million in 2008 and \$62 million in 2007. Service revenue decreased modestly by 3% to \$35.3 million for the full-year 2008 primarily as a result of the decline in systems revenue.

Notwithstanding its lower 2008 revenue, the company reported that, as a result of its continuing improvements in its gross profit margins and lower operating expenses, its net loss for 2008 improved to \$6.2 million from \$6.7 million for the full-year 2007.

The company also reported that at year-end 2008 it had \$22.2 million of unrestricted cash on hand.

"Having recognized the effects of the contracting economy earlier in the year, I am pleased that we were able to implement a series of focused, cost-reduction and profit-improvement programs without impairing any of our critical, new product-development programs. As a result, the company's profitability improved in this difficult business environment," continued Reichental. "While the future effect of this broadening recession on our business is difficult to predict, we expect to continue to strengthen our cost-control program and our operating results throughout 2009."

"I believe that our new and improved lineup of 3-D Printers and Direct Rapid Manufacturing Systems and Materials can help our existing and prospective customers reduce their development costs, shorten their time to market and provide real, economic cost-saving alternatives to their traditional design and manufacturing processes at a time when all can benefit from tangible, here and now cost savings. As evidenced by the positive traction we are getting from our new 3-D Printers, I believe that even within the current elongated capital spending cycle, it is reasonable to expect that our cost-saving system solutions could help drive demand

for our products during this uncertain economic period," continued Reichental.

"In line with this expectation, we plan to move forward with two of our previously announced 3-D Printer commercial introductions. During the second quarter of 2009, we expect to commence commercial shipments of our long anticipated V-Flash[®] Modeler, our first sub-ten-thousand dollar desktop modeler, and in the third quarter, we plan to begin shipping the ProJet[™] 5000, our new large-format 3-D Printer," added Reichental.

"I am pleased that, even during a period of lower demand among our automotive, aerospace and consumer electronics customers and their tier-one service providers for paid parts, our integrated materials' revenue continued to grow in 2008 albeit at a slower rate, indicating that our integrated materials' strategy is working," continued Reichental.

"Our year-end cash position reflects in part our continued progress to conserve cash by reducing our cost of sales and our operating expenses and the ongoing improvement of our working capital management," continued Reichental. "We believe that our financial resources remain adequate for our current and anticipated needs during this unprecedented economic period."

"However, recognizing that several of our current customers may experience solvency difficulties or have already taken steps to obtain reorganization protection available to them by law, we remain very vigilant in our credit and collection activities," continued Reichental. "Our pro-active approach toward reducing future potential bad debt exposure may in some instances result in curtailment of our recurring revenue generation opportunities as we elect to take specific steps to balance risk

and exposure against additional revenue opportunities. We are planning, if marketplace conditions deteriorate further, to be ready to act on additional cost control and working capital management improvements as needed to see us through this trying period," concluded Reichental.

Conference Call and Audio Webcast Details

3D Systems will hold a conference call and audio webcast to discuss its operating results for the quarter and the year-ended December 31, 2008 on March 5, 2009 at 9:00 a.m., Eastern Time.

- To access the March 5, 2009 Conference Call, dial 1-888-336-3485 (or 706-634-0653 from outside the United States). The confirmation code is 85493285.
- To access the audio webcast on March 5, 2009, log onto 3D Systems' Web site at www.3dsystems.com/ir. To ensure timely participation and technical capability, we recommend logging on a few minutes prior to the conference call to activate your participation. The webcast will be available for replay beginning approximately three hours after completion of the call at: www.3dsystems.com/ir.

Forward-Looking Statements

Certain statements made in this release that are not statements of historical or current facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the company to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. In addition to statements that explicitly describe

such risks and uncertainties, readers are urged to consider statements in the conditional or future tenses or that include terms such as “believes,” “belief,” “expects,” “estimates,” “intends,” “anticipates” or “plans” to be uncertain and forward-looking. Forward-looking statements may include comments as to the company’s beliefs and expectations as to future events and trends affecting its business and are necessarily subject to uncertainties, many of which are outside the control of the company. The factors described under the headings “Forward-Looking Statements,” “Cautionary Statements and Risk Factors,” and “Risk Factors” in the company’s periodic filings with the Securities and Exchange Commission, as well as other factors, could cause actual results to differ materially from those reflected or predicted in forward-looking statements.

About 3D Systems Corporation

3D Systems is a leading provider of 3-D Printing, Rapid Prototyping and Manufacturing solutions. Its systems and materials reduce the time and cost of designing products and facilitate direct and indirect manufacturing by creating actual parts directly from digital input. These solutions are used for design communication and prototyping as well as for production of functional end-use parts: *Transform your products.*

More information on the company is available at www.3dsystems.com, or via email at moreinfo@3dsystems.com.

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Tables Below

3D SYSTEMS CORPORATION
Condensed Consolidated Statements of Operations
Three Months and Twelve Months Ended December 31, 2008 and December 31, 2007
(in thousands, except per share amounts)

	Three Months Ended December 31		Twelve Months Ended December 31	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Revenue:				
Products	\$ 26,576	\$ 34,855	\$ 103,613	\$ 120,147
Services	8,344	10,075	35,327	36,369
Total revenue	<u>34,920</u>	<u>44,930</u>	<u>138,940</u>	<u>156,516</u>
Cost of sales:				
Products	13,279	20,183	55,975	65,633
Services	6,207	6,607	26,997	27,423
Total cost of sales	<u>19,486</u>	<u>26,790</u>	<u>82,972</u>	<u>93,056</u>
Gross profit	<u>15,434</u>	<u>18,140</u>	<u>55,968</u>	<u>63,460</u>
Operating expenses:				
Selling, general and administrative	9,826	12,512	45,859	54,159
Research and development	4,108	4,192	15,199	14,430
Total operating expenses	<u>13,934</u>	<u>16,704</u>	<u>61,058</u>	<u>68,589</u>
Income (loss) from operations	1,500	1,436	(5,090)	(5,129)
Interest expense and other, net	<u>413</u>	<u>21</u>	<u>770</u>	<u>1,120</u>
Income (loss) before provision (benefit) for income taxes	1,087	1,415	(5,860)	(6,249)
Provision (benefit) for income taxes	<u>(762)</u>	<u>62</u>	<u>294</u>	<u>491</u>
Net income (loss)	<u>\$ 1,849</u>	<u>\$ 1,353</u>	<u>\$ (6,154)</u>	<u>\$ (6,740)</u>
Shares used to calculate basic net income (loss) per share	<u>22,366</u>	<u>22,163</u>	<u>22,352</u>	<u>20,631</u>
Basic net income (loss) per share (1)	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ (0.28)</u>	<u>\$ (0.33)</u>
Shares used to calculate diluted net income (loss) available to common stockholder per share (1)	<u>22,469</u>	<u>22,759</u>	<u>22,352</u>	<u>20,631</u>
Diluted net income (loss)	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ (0.28)</u>	<u>\$ (0.33)</u>

(1) See Schedule 1 for the calculation of basic and diluted net income (loss) per share.

3D SYSTEMS CORPORATION
Condensed Consolidated Balance Sheets
December 31, 2008 and December 31, 2007
(in thousands)

	2008	2007
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,164	\$ 29,689
Accounts receivable, net	25,166	31,115
Inventories, net	21,018	20,041
Prepaid expenses and other current assets	1,711	4,429
Deferred income tax assets	935	693
Restricted cash - short-term	3,309	1,200
Assets held for sale, net	-	3,454
Total current assets	74,303	90,621
Property and equipment, net	24,072	21,331
Intangible assets, net	3,663	5,170
Goodwill	48,010	47,682
Other assets, net	2,954	2,581
	\$ 153,002	\$ 167,385
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Industrial development bonds related to assets held for sale	\$ 3,085	\$ 3,325
Current portion of capitalized lease obligations	195	181
Accounts payable	17,133	20,712
Accrued liabilities	8,057	12,248
Customer deposits	1,136	1,537
Deferred revenue	9,418	11,712
Total current liabilities	39,024	49,715
Long-term portion of capitalized lease obligations	8,467	8,663
Other liabilities	3,277	4,238
Total liabilities	50,768	62,616
Stockholders' equity:		
Common stock, \$0.001 par value, authorized 60,000 shares; 22,424 (2008) and 22,224 (2007) issued	22	22
Additional paid-in capital	176,180	173,645
Treasury stock, at cost; 59 shares (2008) and 50 shares (2007)	(120)	(111)
Accumulated deficit in earnings	(78,557)	(72,403)
Accumulated other comprehensive income	4,709	3,616
Total stockholders' equity	102,234	104,769
	\$ 153,002	\$ 167,385

3D SYSTEMS CORPORATION
Condensed Consolidated Statements of Cash Flows
Twelve Months Ended December 31, 2008 and December 31, 2007
(in thousands)

	Twelve Months Ended December 31,	
	2008	2007
	(Unaudited)	
Cash flows from operating activities:		
Net loss	\$ (6,154)	\$ (6,740)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities :		
Provision for (benefit of) deferred income taxes	(243)	(268)
Depreciation and amortization	6,676	6,970
Provision for bad debts	849	109
Stock-based compensation	1,437	2,668
Loss on disposition of property and equipment	167	6
Changes in operating accounts:		
Accounts receivable	3,484	4,988
Inventories	(2,461)	6,055
Prepaid expenses and other current assets	2,592	2,000
Accounts payable	(2,802)	(7,141)
Accrued liabilities	(3,228)	(683)
Customer deposits	(383)	(4,977)
Deferred revenue	(2,023)	(160)
Other operating assets and liabilities	(1,390)	(202)
Net cash provided by (used in) operating activities	(3,479)	2,625
Cash flows used in investing activities:		
Purchase of property and equipment	(5,811)	(946)
Proceeds from disposition of property and equipment	3,454	21
Additions to license and patent costs	(297)	(683)
Software development costs	-	(597)
Net cash used in investing activities	(2,654)	(2,205)
Cash flows provided by (used in) financing activities:		
Bank (repayments) borrowings	-	(8,200)
Proceeds from issuance of common stock	-	20,367
Stock option and restricted stock proceeds	1,098	2,890
Repayment of long-term debt	(423)	(388)
Restricted cash	(2,109)	-
Net cash provided by (used in) financing activities	(1,434)	14,669
Effect of exchange rate changes on cash	42	269
Net increase (decrease) in cash and cash equivalents	(7,525)	15,358
Cash and cash equivalents at the beginning of the period	29,689	14,331
Cash and cash equivalents at the end of the period	\$ 22,164	\$ 29,689
Supplemental Cash Flow Information:		
Interest payments	\$ 939	\$ 1,833
Income tax payments	692	1,776
Non-cash items:		
Conversion of 6% convertible subordinated debentures	-	15,354
Transfer of equipment from inventory to property and equipment	4,615	1,644
Transfer of equipment to inventory from property and equipment	2,395	946

Schedule 1

Following is a reconciliation of the numerator and denominator of the basic and diluted net loss available to common stockholders per share computations:

	Three Months		Twelve Months	
	Ended December 31		Ended December 31	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Basic and diluted earnings (loss) per share:				
Basic earnings (loss) per share:				
Numerator:				
Net income (loss) available to common stockholders	\$ 1,849	\$ 1,353	\$ (6,154)	\$ (6,740)
Denominator:				
Weighted average common shares outstanding	22,366	22,163	22,352	20,631
Basic net income (loss) available to common stockholders, per share	\$ 0.08	\$ 0.06	\$ (0.28)	\$ (0.33)
Diluted earnings (loss) per share:				
Numerator:				
Net income (loss) available to common stockholders	\$ 1,849	\$ 1,353	\$ (6,154)	\$ (6,740)
Denominator:				
Weighted average common shares outstanding	22,366	22,163	22,352	20,631
Effect of dilutive securities:				
Stock options and restricted stock awards	103	596	-	-
Diluted weighted average shares outstanding	22,469	22,759	22,352	20,631
Diluted net income (loss) available to common stockholders, per share	\$ 0.08	\$ 0.06	\$ (0.28)	\$ (0.33)