



News Release

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3D Systems Reports Operating Results for the Third Quarter

- Improved Net Income and Gross Profit Margin on Sequentially Higher Revenue and Reduced Operating Expenses

ROCK HILL, South Carolina – November 3, 2009 - 3D Systems Corporation (NASDAQ: TDSC), a leading provider of 3-D Printing, Rapid Prototyping and Manufacturing parts and systems solutions, announced its operating results for the third quarter and first nine months of 2009 today.

The company reported diluted earnings per share of 4 cents for the third quarter of 2009 on lower revenue. Gross profit margin and operating expenses both improved compared to the third quarter of 2008.

The company reported \$0.9 million of third quarter net income, including \$1.8 million of non-cash expenses primarily related to depreciation and amortization expense.

The company's cash position remained unchanged from the previous quarter. For the first nine months of 2009, the company generated \$1.8 million of net cash to end the period with \$24.0 million of available cash compared to \$22.2 million at December 31, 2008.

The table below summarizes the company's key financial results for the third quarters and first nine months of 2009 and 2008.

Operating Highlights
Third Quarters and First Nine Months
(\$ in millions except for per share amounts)

Operating Highlights	Third Quarter			First Nine Months		
	2009	2008	% Change Favorable (Unfavorable)	2009	2008	% Change Favorable (Unfavorable)
Revenue	\$27.7	\$35.6	(22%)	\$76.4	\$104.0	(27%)
Gross profit % of Revenue	\$12.3 45%	\$14.0 39%	(12%)	\$33.6 44%	\$40.3 39%	(17%)
Operating expenses % of Revenue	\$11.2 41%	\$14.3 40%	22%	\$35.0 46%	\$47.1 45%	26%
Operating income (loss)	\$1.1	(\$0.3)	473%	(\$1.4)	(\$6.8)	80%
Net income (loss)	\$0.9	(\$1.0)	191%	(\$2.5)	(\$8.0)	69%
Diluted earnings (loss) per share	\$0.04	(\$0.04)	190%	(\$0.11)	(\$0.36)	69%
Available cash	\$24.0	\$18.1	32%	\$24.0	\$18.1	32%
Depreciation & Amortization % of Revenue	\$1.3 5%	\$1.8 5%	28%	\$4.3 6%	\$5.0 5%	12%

"We are pleased that sales of systems and materials rebounded somewhat during the quarter amidst a continued challenging operating environment world-wide," said Abe Reichental, 3D Systems' President and Chief Executive Officer.

"We believe that our ability to deliver improved net income on lower revenue that was derived from a higher portion of 3-D printers, demonstrates the leverage we achieved from the cost reductions and productivity improvements we implemented over the past 24 months," continued Reichental.

Systems revenue increased sequentially by \$0.9 million but declined to \$6.8 million compared to the third quarter of 2008. 3-D Printer sales

accounted for nearly half of all systems revenue, reflecting the first full-quarter revenue contribution of V-Flash[®] Desktop Printers and sustained demand for our expanded family of ProJet[™] Professional Printers.

Materials sales grew by \$1.4 million sequentially, indicating a modest recovery across the installed base, but were 20% below the third quarter of 2008. Integrated materials contributed \$0.5 million to the sequential quarterly growth.

Service revenue rose sequentially by 8% but at \$7.7 million for the quarter was lower than comparable 2008 quarterly revenue reflecting the cumulative impact of the trailing 12-month decline in large-frame systems revenue on recurring maintenance and warranty revenue. These declines began during the first quarter of 2008.

Notwithstanding its 14% lower service revenue, the company reported that service gross profit margin rose 21 percentage points to 48% over the comparable 2008 period, reflecting the results of continued quality improvements. Gross profit for services was \$3.7 million, an increase of \$1.3 million over the third quarter of 2008.

“We are pleased that during a most challenging operating period, we were able to continue to strengthen our balance sheet and get our house in order operationally and financially,” added Reichental. “Our current financial strength and flexibility, as reflected by our debt-free balance sheet and sustained cash position, enabled us to begin to pursue new organic and acquisition-related growth initiatives.

“We expect to benefit competitively from our expanding products and services portfolio that now includes 3Dproparts[™], the world’s largest Rapid Prototyping and Manufacturing parts service. We remain confident

in our ability to execute on our strategic plans and provide value to our customers and stockholders," 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 third quarter and first nine months of 2009 on Wednesday, November 4, 2009 at 9:00 a.m., Eastern Time.

- To access this Conference Call, dial 1-888-336-3485 (or 706-634-0653 from outside the United States). The confirmation code is 360-281-48.
- To access the audio webcast, 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 parts and systems 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. 3D Systems also operates 3dproparts.com, the world’s largest Rapid Prototyping and Manufacturing parts service. 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, www.modelin3d.com, www.3Dsystems.com/3dm, www.3Dproparts.com, www.3Dsystems.com/ir, www.toptobottomdental.com, www.mqast.com, <http://blog.3Dsystems.com>, or via email at moreinfo@3Dsystems.com.

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Tables Follow

3D SYSTEMS CORPORATION
Condensed Consolidated Statements of Operations
Quarters and Nine Months Ended September 30, 2009 and 2008
(Unaudited)

	<u>Quarters Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<i>(in thousands, except per share amounts)</i>				
Revenue:				
Products	\$ 19,948	\$ 26,559	\$ 53,021	\$ 77,037
Services	7,719	9,018	23,382	26,983
Total revenue	<u>27,667</u>	<u>35,577</u>	<u>76,403</u>	<u>104,020</u>
Cost of sales:				
Products	11,309	14,925	28,689	42,888
Services	4,039	6,615	14,086	20,790
Total cost of sales	<u>15,348</u>	<u>21,540</u>	<u>42,775</u>	<u>63,678</u>
Gross profit	<u>12,319</u>	<u>14,037</u>	<u>33,628</u>	<u>40,342</u>
Operating expenses:				
Selling, general and administrative	8,362	10,414	26,368	36,033
Research and development	2,865	3,916	8,618	11,091
Total operating expenses	<u>11,227</u>	<u>14,330</u>	<u>34,986</u>	<u>47,124</u>
Operating income (loss)	1,092	(293)	(1,358)	(6,782)
Interest and other expense, net	<u>59</u>	<u>336</u>	<u>546</u>	<u>165</u>
Income (loss) before provision for income taxes	1,033	(629)	(1,904)	(6,947)
Provision for income taxes	<u>106</u>	<u>360</u>	<u>566</u>	<u>1,056</u>
Net income (loss)	927	(989)	(2,470)	(8,003)
Net income attributable to noncontrolling interest	25	-	29	-
Net income (loss) attributable to 3D Systems	<u>\$ 902</u>	<u>\$ (989)</u>	<u>\$ (2,499)</u>	<u>\$ (8,003)</u>
Shares used to calculate basic earnings (loss) per share	<u>22,627</u>	<u>22,366</u>	<u>22,504</u>	<u>22,348</u>
Shares used to calculate diluted earnings (loss) per share	<u>22,694</u>	<u>22,366</u>	<u>22,504</u>	<u>22,348</u>
Basic and diluted net earnings (loss) per share (1)	<u>\$ 0.04</u>	<u>\$ (0.04)</u>	<u>\$ (0.11)</u>	<u>\$ (0.36)</u>

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

3D SYSTEMS CORPORATION
Condensed Consolidated Balance Sheets
September 30, 2009 and December 31, 2008
(Unaudited)

<i>(in thousands)</i>	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,981	\$ 22,164
Accounts receivable, net	19,059	25,276
Inventories, net	20,284	21,018
Prepaid expenses and other current assets	2,336	1,601
Deferred income tax assets	805	935
Restricted cash	93	3,309
Total current assets	66,558	74,303
Property and equipment, net	21,109	24,072
Other intangible assets, net	3,120	3,663
Goodwill	48,382	48,010
Other assets, net	2,974	2,954
	\$ 142,143	\$ 153,002
LIABILITIES AND EQUITY		
Current liabilities:		
Industrial development bonds related to assets held for sale	\$ -	\$ 3,085
Current portion of capitalized lease obligations	207	195
Accounts payable	13,045	17,133
Accrued liabilities	7,165	8,057
Customer deposits	1,040	1,136
Deferred revenue	7,503	9,418
Total current liabilities	28,960	39,024
Long-term portion of capitalized lease obligations	8,311	8,467
Other liabilities	3,703	3,277
Total liabilities	40,974	50,768
Stockholders' equity:		
Common stock, authorized 60,000 shares, issued and outstanding 22,712 shares (2009) and 22,424 shares (2008)	23	22
Additional paid-in capital	177,372	176,180
Treasury stock, at cost; 74 shares (2009) and 59 shares (2008)	(134)	(120)
Accumulated deficit in earnings	(81,056)	(78,557)
Accumulated other comprehensive income	4,935	4,709
Total 3D Systems stockholders' equity	101,140	102,234
Noncontrolling interest	29	-
Total Equity	101,169	102,234
	\$ 142,143	\$ 153,002

3D SYSTEMS CORPORATION
Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2009 and 2008
(Unaudited)

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2009	2008
Cash flows from operating activities:		
Net loss attributable to 3D Systems	\$ (2,499)	\$ (8,003)
Net income attributable to noncontrolling interest	29	-
Net loss	(2,470)	(8,003)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities :		
Deferred income taxes	153	29
Depreciation and amortization	4,341	4,953
Provision for bad debts	941	745
Stock-based compensation	936	1,144
Gain on the disposition of property and equipment	151	-
Changes in operating accounts:		
Accounts receivable	5,316	5,367
Inventories	744	(6,765)
Prepaid expenses and other current assets	(468)	2,086
Accounts payable	(4,367)	(3,641)
Accrued liabilities	(1,041)	(2,320)
Customer deposits	(116)	60
Deferred revenue	(2,180)	(1,510)
Other operating assets and liabilities	295	(71)
Net cash provided by (used in) operating activities	2,235	(7,926)
Cash flows used in investing activities:		
Purchases of property and equipment	(634)	(4,032)
Additions to license and patent costs	(149)	(352)
Proceeds from disposition of property and equipment	34	-
Net cash used in investing activities	(749)	(4,384)
Cash flows provided by financing activities:		
Restricted stock proceeds and stock options, net	242	1,091
Repayment of long-term debt	(145)	(376)
Repayment of short-term borrowings	(3,085)	-
Restricted cash	3,216	-
Net cash provided by financing activities	228	715
Effect of exchange rate changes on cash	103	25
Net increase (decrease) in cash and cash equivalents	1,817	(11,570)
Cash and cash equivalents at the beginning of the period	22,164	29,689
Cash and cash equivalents at the end of the period	\$ 23,981	\$ 18,119
Supplemental Cash Flow Information:		
Interest payments	\$ 474	\$ 713
Income tax (receipts) payments	(208)	637
Non-cash items:		
Transfer of equipment from inventory to property and equipment	461	4,899
Transfer of equipment to inventory from property and equipment	341	1,597

(Unaudited)

Following is a reconciliation of the numerator and denominator of the basic and diluted net earnings (loss) per share computations:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
<i>(in thousands, except per share amounts)</i>				
Basic and diluted earnings (loss) per share:				
Basic earnings (loss) per share:				
Numerator:				
Net income (loss)	\$ 902	\$ (989)	\$ (2,499)	\$ (8,003)
Denominator:				
Weighted average common shares outstanding	22,627	22,366	22,504	22,348
Basic net earnings (loss) per share	\$ 0.04	\$ (0.04)	\$ (0.11)	\$ (0.36)
Diluted earnings (loss) per share:				
Numerator:				
Net income (loss)	\$ 902	\$ (989)	\$ (2,499)	\$ (8,003)
Denominator:				
Weighted average common shares outstanding	22,627	22,366	22,504	22,348
Effect of dilutive securities:				
Stock options and restricted stock awards	67	-	-	-
Diluted weighted average shares outstanding	22,694	22,366	22,504	22,348
Diluted net earnings (loss) per share	\$ 0.04	\$ (0.04)	\$ (0.11)	\$ (0.36)