



3DSYSTEMS™

**333 Three D Systems Circle
Rock Hill, SC 29730**

March 30, 2012

Dear Fellow Stockholder:

Please join us at the Annual Meeting of Stockholders of 3D Systems Corporation.

Time: Tuesday, May 15, 2012, at 11:00 a.m., Eastern Time.

Place: 333 Three D Systems Circle, Rock Hill, South Carolina 29730.

The principal items that you will be asked to approve at the meeting are:

- The election of eight directors; and
- Ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for 2012.

As required, we conducted a “say-on-pay” advisory vote last year, and a majority of you who voted recommended that we conduct “say-on-pay” votes every three years. The Board of Directors accepted your recommendation. As a result, the next opportunity for an advisory “say-on-pay” vote will be included in the proxy materials for our 2014 Annual Meeting.

We encourage you to attend the Annual Meeting so that we can review the past year with you, listen to your suggestions, and answer any questions that you may have.

3D Systems had a very successful year of growth in 2011 and benefitted substantially from its focused growth initiatives. Our revenue increased by 44% to \$230.4 million from \$159.9 million in 2010. We completed 14 acquisitions, including our acquisition of Z Corporation and Vidar Systems at the beginning of 2012, while we grew our business organically by 19%.

We also continued to focus on our cost structure, and as a result of several of our cost control and optimization initiatives, our net income in 2011 increased by 81% to \$35.4 million from \$19.6 million in 2010. While we were very pleased with these results, the concentration of larger acquisitions that we completed during the latter part of 2011 reduced our net income for the year as we absorbed the acquisition costs and operating expenses of the acquired businesses. We expect the effect of these additional costs and expenses to dissipate during 2012 as we integrate these businesses and realize synergies from their acquisition.

Throughout 2011, the company strengthened itself organizationally, geographically and technologically:

- We built a much deeper and stronger talent bench and streamlined our organization through greater business unit and functional focus and empowerment.
- Geographically, we are continuing to build our global presence. North American revenue increased by \$45.3 million over 2010 and made up 51% of revenue while European revenue increased by \$17.8 million and Asia-Pacific revenue increased by \$7.5 million.
- We also established a presence in India, China, Benelux and Australia.
- We nearly doubled the number of patents that we own, expanded our 3D printer and materials portfolio substantially, and acquired proprietary CAD plug-ins and e-commerce capabilities.
- We introduced 13 new products that we expect to become significant, expanded our 3D print engines to seven and our materials portfolio to 99.

- With our broad portfolio of 3D printers, we benefited from the increasing popularity of personal and professional 3D printing as our unit sales of 3D printers more than doubled, and we continued to benefit from broadening sales to a wide variety of customers, including those in the healthcare, automotive and motorsports industries.
- Reflecting our continuing efforts to increase our recurring revenue, revenue from materials and services amounted to 71% of our total revenue in 2011, with revenue from print materials exceeding \$70 million and revenue from services exceeding \$93 million.
- Our integrated materials revenue increased 84% over 2010 and amounted to 52% of total print materials revenue in 2011, including the stereolithography materials acquired from Huntsman that we began to sell in November.
- We improved employee productivity some 24% as measured by our net income per employee, notwithstanding the temporary adverse effect that recently acquired businesses had on our overall productivity and the near doubling of our employee headcount worldwide.

Our gross profit increased by 47% to \$109 million in 2011, reflecting the growth in all revenue categories. Our gross profit margin also increased in 2011 as demand for our higher gross profit margin materials combined with a higher gross profit margin on our service activities to more than offset the impact of record unit sales of lower margin personal and professional printers.

Operating expenses increased to \$74.1 million, but decreased as a percentage of revenue. The increase in our selling, general and administrative expenses was primarily due to higher sales commissions arising from our higher revenue and the acquisition costs and operating expenses of acquired businesses before taking any benefit from restructuring activities.

We monitor closely the effectiveness of our R&D expenditures and their contribution to our profitable growth. R&D expenses increased \$3.6 million, or 33.6%, compared to 2010 in support of a significant number of new product launches and the development of our Cubify.com consumer destination.

Finally, I would like to comment on two projects that we worked hard to accomplish in 2011 and that came to fruition in early January 2012. First, on January 3 we successfully completed the acquisitions of Z Corporation and Vidar Systems. We believe that this complementary combination with our existing portfolio of 3D printers, materials and services uniquely positions us for accelerated growth in the rapidly growing 3D content-to-print space by filling specific product performance and price gaps with complementary products and technology and effectively doubling of our reseller coverage globally.

Now, with our combined channel of over 330 resellers, we expect to accelerate revenue growth from sales of the combined portfolio of personal and professional 3D printers. Z Corp's product portfolio also filled a price and performance gap in our own product line with differentiated products that combine speed and ease of use with the only full color 3D printer available in the marketplace today. We expect Vidar's extensive digitizing technology, reputable product manufacturing quality and global brand recognition to serve as a springboard to accelerate the overall growth and profitability of our healthcare solutions.

In January, we also unveiled our first-ever home 3D printer, the Cube™, an affordable simple to use 3D printer for children and adults alike priced at \$1,300. Concurrently, we also launched a beta release of Cubify.com, which we believe is a unique marketplace and meeting place destination where artists, designers, children and makers can sell their 3D designs and anyone can download, customize and 3D print. Cubify.com provides a new business model and a powerful platform for individuals and do-it-yourself entrepreneurs to access the same resources previously available only to larger companies – leveling the competitive landscape and empowering startups to succeed and grow. It is designed to combine app-store delivery and monetization with social connectivity to deliver the most intuitive and fluid 3D Create & Make experience available today. It is the culmination of several smaller innovation building blocks that we acquired and developed in the course of last year, like Freedom of Creation, the3dStudio.com and Sycode. We believe that it represents a significant untapped marketplace opportunity to monetize 3D content-to-print by consumers and professionals alike. We expect Cubify.com and the Cube™ 3D printer to be fully commercial during the first half of 2012.

A more detailed discussion of our 2011 results appears in our 2011 Annual Report on Form 10-K, and we encourage you to review it. Our operating results and recent accomplishments are also discussed below under “Executive Compensation.”

On behalf of your Board of Directors, we thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Abraham N. Reichental". The signature is written in a cursive, flowing style.

Abraham N. Reichental
President and Chief Executive Officer



BDSYSTEMS™

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

March 30, 2012

The Annual Meeting of Stockholders of 3D Systems Corporation, a Delaware corporation (the “Company”), will be held:

When: Tuesday, May 15, 2012, at 11:00 a.m., Eastern Time;

Where: 333 Three D Systems Circle, Rock Hill, South Carolina 29730;

Why: for the following purposes:

- To elect eight directors, constituting the whole Board of Directors, to serve until the next Annual Meeting;
- To ratify the appointment of BDO USA, LLP (“BDO”) as our independent registered public accounting firm for 2012; and
- To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Proxy Statement accompanying this Notice of Annual Meeting describes these items of business in greater detail.

The record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting is March 20, 2012.

We are mailing a Notice of Internet Availability of Proxy Materials commencing on or about March 30, 2012 to all stockholders of record as of the record date. We will send you copies of the attached Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2011 upon request by following the instructions in our Notice of Internet Availability of Proxy Materials.

We encourage you to cast your votes on the proposals to be considered at the Annual Meeting electronically by using the website that hosts our Proxy Statement and Annual Report as described on the Notice of Internet Availability. If you have requested delivery of a printed version of the materials, you will receive a proxy card that you may use to vote your shares. You may also vote by telephone as set forth on your proxy card. Regardless of whether you plan to attend the Annual Meeting, we encourage you to vote your shares electronically on the internet, by proxy card or by telephone in case your plans change. Please vote today to ensure that your votes are counted.

If you hold our shares in street name, please follow the instructions set forth below in “*How to Vote*” below, and vote your shares.

Even if you plan to attend the Annual Meeting in person, please vote today to ensure that your votes are counted, in case your plans change. If you are a stockholder of record and attend the Annual Meeting in person, you will be able to vote your shares personally at the meeting if you so desire, even if you previously voted.

By Order of the Board of Directors

Robert M. Grace, Jr.
Secretary

Rock Hill, South Carolina
March 30, 2012

TABLE OF CONTENTS

GENERAL INFORMATION	1
RECORD DATE, VOTING SECURITIES AND QUORUM	1
HOW TO VOTE	1
VOTING MATTERS	2
PROPOSAL ONE	4
ELECTION OF DIRECTORS	4
CORPORATE GOVERNANCE MATTERS	8
DIRECTOR COMPENSATION	15
PROPOSAL TWO	19
RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	19
Fees of Independent Registered Public Accounting Firm	19
Report of the Audit Committee	20
EMPLOYEE COMPENSATION AND ATTENDANT RISKS	21
EXECUTIVE COMPENSATION	22
Say-on-Pay	22
Compensation Discussion and Analysis	22
Compensation Committee Report	32
Summary Compensation Table	32
Grants of Plan-Based Awards in 2011	34
Employment and Other Agreements with NEOs	35
Outstanding Equity Awards at Year-End 2011	38
Option Exercises and Stock Vested in 2011	39
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	39
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	39
HOW TO CAST YOUR VOTE IF YOU ARE A STOCKHOLDER OF RECORD	42
HOW TO CAST YOUR VOTE IF YOU ARE A STREET-NAME HOLDER	43
OTHER VOTING AND STOCKHOLDER MATTERS	43
OTHER MATTERS	46



3D SYSTEMS™

**333 Three D Systems Circle
Rock Hill, South Carolina 29730**

**PROXY STATEMENT
Dated March 30, 2012**

**For the Annual Meeting of Stockholders
To Be Held on May 15, 2012**

GENERAL INFORMATION

We plan to hold our 2012 Annual Meeting of Stockholders at the following time and place:

When: 11:00 a.m., Eastern Time, on May 15, 2012;

Where: 333 Three D Systems Circle, Rock Hill, South Carolina 29730.

This Proxy Statement is being furnished in connection with the solicitation of proxies by our Board of Directors for use at the Annual Meeting and any adjournments or postponements of the Annual Meeting.

This Proxy Statement and related materials are first being made available on or about March 30, 2012.

RECORD DATE, VOTING SECURITIES AND QUORUM

The record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting is the close of business on March 20, 2012.

Our Common Stock, par value \$0.001 per share (the "Common Stock"), is our only outstanding class of voting securities. As of the record date for the Annual Meeting, there were 50,973,072 shares of Common Stock issued and outstanding. Each such share of Common Stock is entitled to one vote on each matter to be voted on at the Annual Meeting. We distributed a two-for-one stock split in the nature of a 100% stock dividend on May 18, 2011. All appropriate adjustments related to that stock split have been made in this Proxy Statement.

Holders of record of shares of our Common Stock outstanding as of the close of business on the record date are entitled to notice of and to vote at the Annual Meeting. A list of the stockholders of record as of the record date will be kept at our principal office at 333 Three D Systems Circle, Rock Hill, South Carolina 29730 for a period of ten days prior to the Annual Meeting.

A majority of the shares of Common Stock outstanding on the record date that are present in person or represented by proxy will constitute a quorum for the transaction of business at the Annual Meeting.

HOW TO VOTE

You are considered to be a holder of record of each share of Common Stock that is registered in your name on the records of our transfer agent. If you are a stockholder of record, we will send you a Notice of Internet Availability of Proxy Materials. Please follow the instructions in that Notice in order to cast your vote.

Most of you hold your shares in a brokerage account or bank or through another nominee holder. In that case, your broker or nominee is generally considered to be the holder of record of those shares, and you are considered the “beneficial owner” of shares held in “street name.” As a beneficial owner, you generally have the right to instruct your broker or nominee how to vote your shares, and that party is required to vote your shares in accordance with your instructions. In this Proxy Statement, we refer to these stockholdings as “street-name holdings” and to you as a “street-name holder.”

You should expect your nominee to send you a voting instruction form either by regular mail or in an email. Your nominee generally has the right to vote your shares pursuant to your instructions. In limited circumstances, your nominee is entitled to vote your shares in the absence of specific voting instructions from you for matters that are considered “routine.” We understand that the only “routine” proposal to be considered at the Annual Meeting is the ratification of the selection of BDO as our independent registered accounting firm. Accordingly, if you do not give voting instructions to your nominee, it will be entitled to vote your shares in its discretion only on the ratification of the appointment of BDO, and it will not vote your shares in connection with the election of directors.

Accordingly, street-name holders need to be mindful of the following:

- For your vote to be counted in our election of directors, you will need to communicate your voting instructions to your broker, bank or other nominee before the date of our Annual Meeting.
- You may also give your broker, bank or other nominee instructions on voting your shares as to the ratification of BDO’s appointment. If you provide no instructions, that person may exercise its discretion in voting on the ratification of the appointment of BDO as our auditors.
- If your broker, bank or other nominee exercises that discretion, your shares will be treated as present at the meeting for all quorum purposes.

To ensure that you as a street-name holder are able to participate in our upcoming Annual Meeting, please review our proxy materials and follow the instructions for voting your shares on the voting instruction form that you will be receiving from your nominee.

Voting your shares is important, among other things, to ensure that we get the minimum quorum required for the Annual Meeting. Your affirmative participation in the voting process also fosters your active participation as a stockholder and helps us avoid the need and the added expense of having to contact you to solicit your vote and helps us avoid the need of having to reschedule our Annual Meeting. We hope that you will exercise your legal rights and fully participate in our future.

You are encouraged to review our Proxy Statement and Annual Report before you cast your vote.

Whether you are a stockholder of record or a street-name holder, you may vote any shares of Common Stock that you are entitled to vote:

- electronically on the internet;
- by mail by using a proxy card or voting instruction form that will be furnished to you; or
- by using a toll-free telephone number that will be furnished to you.

For a discussion of the mechanics of each of these means of voting, please see “*How to Cast Your Vote if You are a Stockholder of Record*,” “*How to Cast Your Vote if You are a Street-Name Holder*,” and “*Other Voting and Stockholder Matters*” below.

VOTING MATTERS

Once a quorum of the shares entitled to vote is present in person or represented by proxy at the Annual Meeting, the votes required to approve the matters to be considered at the Annual Meeting are as follows:

- *Election of Directors.* The directors are elected by a plurality of the votes cast in the election.
- *Ratification of Selection of Auditors.* The affirmative vote of the holders of a majority of the votes cast at the Annual Meeting is required to approve this matter.

- *Voting on Other Matters.* We do not know of any other matters to be presented for consideration at the Annual Meeting. However, if any other matters are properly presented for consideration, the proxy holders will have the discretion to vote your shares on those matters in accordance with the Board of Directors' recommendations. If the Board of Directors does not make a recommendation on any such matters, the proxy holders will be entitled to vote in their discretion on those matters.

If you specify how your shares are to be voted on a matter, the shares represented by your proxy or other voting instructions will be voted in accordance with your instructions. If you do not give specific voting instructions when you grant an otherwise valid proxy, your shares will be voted as follows:

- FOR the election of the eight nominees for director described below; and
- FOR the ratification of the selection of BDO as our independent registered public accounting firm.

On any other matters that properly may come before the Annual Meeting, your proxy will be voted as recommended by the Board of Directors or, if no recommendation is made, in the discretion of the proxy holders named on the proxy card.

PROPOSAL ONE

ELECTION OF DIRECTORS

At the Annual Meeting, the stockholders will elect the whole Board of Directors to serve until the 2013 Annual Meeting and until their successors are elected and qualified. The Board of Directors, based upon the recommendation of the Corporate Governance and Nominating Committee, has designated as nominees for election the eight persons named below, all of whom currently serve as directors.

In nominating each of those individuals, the Governance Committee and the Board considered, among other things, the Board's Corporate Governance Guidelines and Qualifications for Nomination to the Board, which were adopted in 2004 and are posted on our website at www.3DSystems.com. These qualifications include, among other factors, a candidate's ethical character, experience and diversity of background as well as whether the candidate is independent under applicable listing standards and financially literate. In considering the re-nomination of these individuals, the Committee and the Board also took into consideration the following additional factors relating to each director since the 2011 Annual Meeting:

- Such director's contributions to the Board;
- The absence of any material change in such director's employment or responsibilities with any other organization;
- Such director's attendance at meetings of the Board and the Board committees on which such director serves and such director's participation in the activities of the Board and such committees;
- The absence of any relationships with the Company or another organization, or any other circumstances that have arisen, that might make it inappropriate for the director to continue serving on the Board; and
- The director's age and length of service on the Board. We have not adopted a retirement policy for directors.

The background and experience of each of the nominees for director that the Governance Committee and the Board considered in evaluating each nominee is set forth opposite their respective names in "*Information Concerning Nominees*" below. See also "*Corporate Governance Matters*" below, which discloses additional information about the nominees and our corporate governance policies and practices.

The Governance Committee and the Board considered each nominee's overall business experience, contributions to Board activities during 2011 and independence in their evaluation of each nominee in conjunction with the factors discussed above, but did not otherwise give greater weight to any of the factors cited above compared with any of the others. While the Board considers diversity of background and experience in its nomination decisions, we do not maintain a diversity policy relating to the composition of our Board of Directors. The Board believes that each of the nominees for director is well qualified to continue to serve as a director of the Company and that the nominees provide the mix of experience that is required to enable the Board to perform its functions.

Shares of Common Stock properly voted at the Annual Meeting will be voted FOR the election of the nominees named below unless you otherwise withhold your vote for any or all of the nominees in your voting instructions or your proxy. If any nominee becomes unavailable for any reason or if a vacancy should occur before the election (which events are not anticipated), the holders of your proxy may vote shares represented by a duly executed proxy in favor of such other person as they may determine.

**The Board of Directors unanimously recommends that you vote
FOR
the nominees listed below.**

Information Concerning Nominees

The following table sets forth for each nominee for director, his or her business experience, the year in which he or she first became a director, his or her age as of the record date for the Annual Meeting, and any directorships in publicly owned companies or registered investment companies that such nominee has held during the past five years.

<u>Name</u>	<u>Business Experience</u>	<u>Director Since</u>	<u>Age</u>
William E. Curran	<p>Currently retired, Mr. Curran served as non-executive Chairman and Director of Resonant Medical, an early-stage privately owned company specializing in three-dimensional ultrasound image-guided adaptive radio therapy products, until May 2010 at which time Resonant was sold to Elekta A.B. He also served until May 2009 as a director of Ventracor, a global medical device company which produced an implantable blood pump, at which time the directors brought in an administrator under Australian law. For more than five years prior to 2004, he held diverse functional and senior management positions with Philips Electronics and Philips Medical Systems. His experience at Philips Medical Systems, a medical device manufacturer, included positions as Chief Operating Officer and Chief Financial Officer, and while at Philips Electronics North America he served as President and Chief Executive Officer as well as Chief Financial Officer.</p> <p>First elected a director in 2008, Mr. Curran brings to the Board wide experience in operations, finance and executive management both in the United States and abroad.</p>	2008	63
Charles W. Hull	<p>Executive Vice President and Chief Technology Officer of the Company. He has served as a director and in various executive positions with us for more than five years. He is a founder of the Company and has served as Chief Technology Officer since 1997 and as Executive Vice President since 2000. He has also previously served in various other of our executive capacities, including Chief Executive Officer, Vice Chairman of the Board of Directors and President and Chief Operating Officer.</p> <p>One of our founders and a director since 1993, Mr. Hull brings to the Board a broad understanding of the technologies of our industry as well as a wide-ranging historical perspective on our strategy and growth.</p>	1993	72

<u>Name</u>	<u>Business Experience</u>	<u>Director Since</u>	<u>Age</u>
Jim D. Kever	<p>Mr. Kever has been a Principal in Voyent Partners, LLC, a venture capital firm, since 2001. He is also a director of Luminex Corporation, a manufacturer of laboratory testing equipment, Tyson Foods, Inc., an integrated processor of food products, and Emdeon Business Services LLC and EBS Master, a provider of healthcare revenue and payment cycle solutions. He previously served as a director of Transaction Systems Architects, Inc., a supplier of electronic payment software products and network integration solutions until 2007 and as the President and Co-Chief Executive Officer of the Transaction Services Division of WebMD Corporation (formerly Envoy Corporation), an internet healthcare services company, from 1995 to 2001, and prior to 1995 he served as Envoy Corporation's Executive Vice President, Secretary and General Counsel.</p> <p>A director since 1996, Mr. Kever brings to our Board wide experience in operations, finance and executive management.</p>	1996	59
G. Walter Loewenbaum, II . . .	<p>Chairman of the Board of Directors. Mr. Loewenbaum also serves as the Chairman of the Board of Luminex Corporation, a manufacturer of laboratory testing equipment. For more than five years prior to December 31, 2011, Mr. Loewenbaum was the Chairman, and for a period of time the Chief Executive Officer, of Finetooth Enterprises, Inc. d/b/a Mumboe (formerly STI Healthcare, Inc.), a software developer that develops and hosts contract management applications.</p> <p>Chairman of our Board of Directors since 1999, Mr. Loewenbaum brings to our Board wide experience in operations, finance and executive management and, as a major stockholder, perspective on strategy and growth for the benefit of our stockholders.</p>	1999	67
Kevin S. Moore	<p>Mr. Moore has been with The Clark Estates, Inc., a private investment firm, for more than ten years, where he is currently President and a director. He is also a director of Aspect Resources LLC, The Clark Foundation and the National Baseball Hall of Fame & Museum, Inc. He previously served as a director of Cyberonics, Inc., a manufacturer of implantable medical devices, until 2007.</p> <p>A director since 1999, Mr. Moore brings to our Board wide experience in operations, finance and executive management and, as President of a major stockholder, perspective on strategy and growth for the benefit of our stockholders.</p>	1999	57

<u>Name</u>	<u>Business Experience</u>	<u>Director Since</u>	<u>Age</u>
Abraham N. Reichental	<p>President and Chief Executive Officer of the Company for more than five years. He was also a director of Finetooth Enterprises, Inc. d/b/a Mumboe until December 2011. He became our President and Chief Executive Officer in September 2003. Previously, for more than five years, he served in various executive management positions with Sealed Air Corporation, a global manufacturer of protective, specialty and food packaging materials, most recently serving as Vice President and General Manager of Sealed Air's Shrink Packaging Division from May 2001 until September 2003 and previously as Vice President Asia-Pacific.</p> <p>Appointed President and Chief Executive Officer as well as a director in 2003, Mr. Reichental provides leadership to our company reflecting almost 30 years of business leadership both in the United States as well as in various other countries.</p>	2003	55
Daniel S. Van Riper	<p>Mr. Van Riper is an independent financial consultant and from January 2002 to June 2005 was Special Advisor to Sealed Air Corporation. Previously, he was Senior Vice President and Chief Financial Officer of that company. He is a director of Hubbell Incorporated, a manufacturer of electrical and electronics products. He previously served as a director of DOV Pharmaceutical, Inc., a biopharmaceutical company, until 2008 and New Brunswick Scientific Co., Inc., a manufacturer of biotechnology equipment, until 2007 and was Senior Vice President and Chief Financial Officer of Sealed Air Corporation between July 1998 and January 2002. Prior to July 1998, he was a partner of KPMG LLP, a public accounting firm, for more than 25 years.</p> <p>First elected a director in 2004, Mr. Van Riper brings to our company extensive experience in public accounting and finance as well as in operations and executive management.</p>	2004	71
Karen E. Welke	<p>Currently retired, Ms. Welke held executive positions for more than 25 years at 3M Corporation where she last served as Group Vice President of its Medical Markets Group. During her tenure at 3M, she also had significant international experience, having served as Managing Director of 3M France for four years and previously as the European Healthcare Group Product Director headquartered in Brussels, Belgium. She served as a director of Millipore Corporation from 2002 until July 2010, when Millipore was merged with Merck KGaA. She previously served as a director of Pentair, Inc. from 1995 until 2006, including 9 years as the Chair of the Audit Committee. Ms. Welke is also a director of Project HOPE, based in Millwood, Virginia.</p> <p>First elected a director in 2008, Ms. Welke has extensive executive, financial and operating experience in both the United States and Europe.</p>	2008	67

CORPORATE GOVERNANCE MATTERS

Our Board of Directors is committed to sound and effective corporate governance practices, to diligently exercising its oversight responsibilities with respect to our business and affairs consistent with the highest principles of business ethics, and to meeting the corporate governance requirements that apply to us.

Corporate Governance Guidelines

In 2004, the Board adopted Corporate Governance Guidelines that address various governance matters, including, among others, the functions of the Board, Board committees, director qualification standards and the director nomination process; director responsibilities; director access to management and, as necessary and appropriate, independent advisors; director compensation; director stock ownership; director orientation and continuing education; management succession; and a periodic performance evaluation of the Board. The Corporate Governance and Nominating Committee, discussed below, is responsible for overseeing these Guidelines, periodically assessing their adequacy and modifying them to meet new circumstances. These Guidelines were most recently revised and approved by the whole Board of Directors as of April 1, 2011, and they are posted on our website at www.3DSystems.com under the “Investor Relations” tab and then under the tab for “Corporate Governance.”

Director Independence

Our Board of Directors is comprised of a majority of independent directors. The Board has determined that Ms. Welke and Messrs. Curran, Kever, Loewenbaum, Moore and Van Riper are independent directors as defined in the listing standards of The New York Stock Exchange, Inc. and that they have no relationships with us that, in the opinion of the Board, would interfere with their exercise of independent judgment in carrying out their responsibilities as a director.

Mr. Reichental, our Chief Executive Officer, and Mr. Hull, one of our founders and our Chief Technology Officer, are also executive officers of our company and as such are not independent directors.

Responsibility and Oversight

Consistent with Delaware law, our business is managed by our officers under the direction and oversight of the Board of Directors. In this regard, our management, including our corporate officers, is responsible for the day-to-day management of the risks facing us, including macroeconomic, financial, strategic, operational, public reporting, legal, regulatory, political, compliance, and reputational risks. They carry out this responsibility through a coordinated effort among themselves in the management of our business.

In exercising its oversight responsibilities, as permitted by law, the Board receives and relies on reports and other information provided by management, reviews and approves matters that it is required or permitted to approve by law or our certificate of incorporation or by-laws, each as amended, and receives information relating to, and inquires into, such other matters as it deems appropriate, including our business plans, prospects and performance, succession planning, risk management and other matters for which it has oversight responsibility. The Board carries out its general oversight responsibility both by acting as a whole as well as through its committees. Among other things, the Board as a whole periodically reviews our processes for identifying, ranking and assessing risks that affect our organization as well as the output of those processes. The Board as a whole also receives periodic reports from our management on various risks, including risks of the types mentioned above facing our businesses, risks presented by transactions that are presented to the Board for approval and risks arising out of our corporate strategy.

As discussed below, the Board also maintains several standing committees with oversight responsibility for various Board functions. Although the Board has ultimate responsibility for overseeing risk, its standing committees perform certain of its oversight responsibilities. For example, in accordance with its charter, the Audit Committee engages in ongoing discussions regarding major financial and accounting risk exposures and the process and system employed to monitor and control such exposures. In addition, consistent with its charter, the Audit Committee engages in periodic discussions with management concerning the process by which risk

assessment and management are undertaken, and it exercises oversight with regard to the risk assessment and management processes related to, among other things, internal controls, credit, capital structure, liquidity and insurance programs. In carrying out these responsibilities the Audit Committee, among other things, regularly reviews with the head of Internal Audit the audits or assessments of significant accounting and audit risks conducted by Internal Audit personnel based on their audit plan, and the committee regularly meets in executive sessions with the head of Internal Audit. The Audit Committee also regularly reviews with management our internal control over financial reporting, including any significant deficiencies or material weaknesses. As part of these reviews, the Audit Committee reviews steps taken by management to monitor, control and mitigate risks. The Audit Committee also regularly reviews with the General Counsel and Chief Compliance Officer significant legal, regulatory and compliance matters that could have a material impact on our financial statements or business. Finally, from time to time executives who are responsible for managing particular risks report to the Audit Committee on how those risks are being controlled and mitigated.

Other Board committees also exercise responsibility to oversee risk within their areas of responsibility and expertise. For example, as noted in the section below entitled “Risk Assessment of Compensation Policies and Practices,” the Compensation Committee oversees risk assessment and management with respect to our compensation policies and practices, and it exercises oversight with respect to our retirement and 401(k) plans.

In those cases in which committees have risk oversight responsibilities, the Chairs of the committees regularly report to the full Board the significant risks facing the Company, as identified by management, and the measures undertaken by management for controlling and mitigating those risks.

Risk Assessment of Compensation Policies and Practices

We have reviewed our material compensation policies and practices and have concluded that these policies and practices are not reasonably likely to have a material adverse effect on us. Specifically, our compensation programs contain many design features that mitigate the likelihood of inducing behavior that may be considered as excessive risk-taking. These features include:

- A balance of fixed and variable compensation, with variable compensation tied to defined objectives that are approved by our Compensation Committee;
- Reasonable goals and objectives in our incentive programs;
- Payouts to highly compensated employees and officers modified based upon individual performance, as assessed by management and approved by the Compensation Committee;
- The Compensation Committee’s ability to exercise downward discretion in determining incentive program payouts; and
- The requirement that all conduct be in compliance with our Codes of Conduct and Ethics as a condition to the receipt of any incentive compensation.

Based on the foregoing, we believe that our compensation policies and practices do not create inappropriate or unintended significant risk to us as a whole. We also believe that our incentive compensation arrangements do not provide incentives that encourage risk-taking beyond our ability to effectively identify and manage significant risks, are compatible with effective internal controls and our risk management practices, and are supported by the oversight and administration of the Compensation Committee with regard to executive compensation programs.

Board Leadership Structure

As noted above, Mr. Loewenbaum, an independent director, serves as Chairman of the Board of Directors, a position that he has held since 1999. As a result, the Board has separated the position of its Chairman from the position of Chief Executive Officer.

Nevertheless, as a company we do not have a policy regarding whether the Chairman and CEO roles should be combined or separated. Rather, our Board of Directors prefers to retain flexibility to choose its leadership structure and Chairman in any way that it deems best for us at any given time. The Board periodically reviews the appropriateness and effectiveness of its leadership structure given numerous factors. Currently, the Board believes that it is appropriate for Mr. Loewenbaum to remain as Chairman given his independence as a director, his background and experience and his significant holdings of our Common Stock, which enable him to reflect the views of stockholders in the deliberations of the Board of Directors. With the foregoing in mind, the Board believes that the current Board leadership structure has promoted decisive leadership, ensured clear accountability and enhanced our ability to communicate with a consistent voice to stockholders, customers, employees and other stakeholders. The Board also believes that it has assisted in the efficient conduct of Board meetings as the directors discuss key business and strategic matters and other critical issues.

While the Board believes that the separation of the positions of Chairman and Chief Executive Officer has been beneficial to the Company, the Board does not view any particular Board leadership structure as being preferable to any other. Accordingly, in the event that any future change in the Board's leadership structure occurs (which the Board does not currently expect to happen), the Board will take such actions with respect to its leadership structure as it then considers to be appropriate.

Succession Planning

We maintain a succession plan for the CEO and other executive officers. To assist the Board with this requirement, our CEO annually leads the Board of Directors in a discussion of CEO and senior management succession. The annual review includes an evaluation of the requirements for the CEO and each senior management position and an examination of potential permanent and interim candidates for CEO and senior management positions.

Meetings and Meeting Attendance

During 2011, the Board of Directors held nine meetings. Each member of the Board of Directors attended at least 75 percent of the aggregate number of meetings of the Board of Directors and of the committees of the Board on which he or she served during 2011. A discussion of the number of committee meetings held during 2011 appears below.

The Board holds executive sessions with only independent directors in attendance at its regular meetings and at other meetings when circumstances warrant those sessions. The CEO, any other non-independent director and other members of management are excused from these executive sessions.

We encourage, but do not require, all incumbent directors and director nominees to attend our annual meetings of stockholders. All of the directors then in office attended our 2011 Annual Meeting of Stockholders.

Committees of the Board of Directors

The Board of Directors maintains an Audit Committee, a Compensation Committee, a Corporate Governance and Nominating Committee, and an Executive Committee as standing committees of the Board. As a matter of policy, all of the members of these committees are independent directors, except that Mr. Reichental, as CEO, serves on the Executive Committee and, as noted above, is not regarded as an independent director. Each of these committees operates under a written charter that has been approved by the Board and is posted on our website, which can be viewed by going to www.3DSystems.com and clicking on the "Investor Relations" tab, then the "Corporate Governance" tab and then selecting the appropriate charter from the list of documents on the web page. Each of these committees periodically reviews and updates its written charter as necessary.

The following table below provides membership information for each of the Board’s standing committees as of the date of this Proxy Statement.

<u>Director Name</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Corporate Governance and Nominating Committee</u>	<u>Executive Committee</u>
William E. Curran	X*			X
Jim D. Kever			X	
G. Walter Loewenbaum, II		X		X*
Kevin S. Moore	X		X*	X
Abraham N. Reichental				X
Daniel S. Van Riper	X	X		
Karen E. Welke		X*	X	

* Chairperson

Audit Committee

In addition to the risk oversight matters discussed above, the principal responsibilities of the Audit Committee are to assist the Board of Directors in fulfilling its responsibilities for:

- monitoring and overseeing our systems of internal accounting and financial controls;
- our public reporting processes;
- the retention, performance, qualifications and independence of our independent registered public accounting firm;
- the performance of our internal audit function;
- the annual independent audit of our consolidated financial statements;
- the integrity of our consolidated financial statements; and
- our compliance with legal and regulatory requirements.

The Audit Committee has the ultimate authority and responsibility to select, evaluate and approve the terms of retention and compensation of, and, where appropriate, to replace our independent registered public accounting firm, subject to ratification of the selection of that public accounting firm by our stockholders at the Annual Meeting. The current members of the Audit Committee are Messrs. Curran (Chairman), Moore and Van Riper.

The Board of Directors has determined that each member of the Audit Committee is an “audit committee financial expert” as defined in the regulations of the Securities and Exchange Commission and therefore meets the requirement of the listing standards of The New York Stock Exchange, Inc. of having accounting or related financial management expertise.

The Audit Committee held eight meetings in 2011. It also held private sessions with our independent registered public accounting firm and the Director of Internal Audit at several of its meetings. Our Director of Internal Audit reports to the Chairman of the Audit Committee.

The report of the Audit Committee is set forth beginning on page 20 of this Proxy Statement.

Compensation Committee

In addition to the risk oversight matters discussed above, the principal responsibilities of the Compensation Committee are to:

- determine the compensation of our Chief Executive Officer;

- determine the compensation of all of our other executive officers and of any of our other employees or employees of any of our subsidiaries with a base annual salary of \$200,000 or more;
- administer our equity compensation plans and authorize the issuance of shares of Common Stock and other equity instruments under those plans; and
- perform the duties and responsibilities of the Board of Directors under our Section 401(k) Plan.

Consistent with the requirements of the listing standards of The New York Stock Exchange, Inc., the Chief Executive Officer may not be present during voting or deliberations regarding his or her compensation.

The members of the Compensation Committee are Ms. Welke (Chair) and Messrs. Loewenbaum and Van Riper. The Compensation Committee held five meetings in 2011, in addition to various unanimous consents.

The report of the Compensation Committee appears on page 32 of this Proxy Statement.

Compensation Committee Interlocks and Insider Participation

Mr. Reichental, our President and CEO, served as a director of Finetooth Enterprises, Inc. d/b/a Mumboe, a company for which Mr. Loewenbaum served as Chairman, and for a period of time as Chief Executive Officer, from 2006 through 2011. There has been no financial transaction, arrangement or relationship between the Company and Mr. Loewenbaum or any immediate family member since 2006 in which Mr. Loewenbaum or any immediate family member had or will have a direct or indirect material interest. See “*Security Ownership of Certain Beneficial Owners and Management*” and “*Director Compensation*” below.

None of our other current executive officers served during 2011 as a director of any entity with which any of our outside directors is associated or whose executive officers served as one of our directors, and, except as noted below, none of the members of the Compensation Committee has been an officer or employee of the Company or any of our subsidiaries.

Mr. Loewenbaum, while previously elected as a director of the Company, was an employee of the Company from 1999 until 2002.

Corporate Governance and Nominating Committee

The principal responsibilities of the Corporate Governance and Nominating Committee are to:

- assist the Board in identifying individuals qualified to become Board members;
- recommend to the Board nominees to be elected at annual meetings of stockholders;
- fill vacancies or newly created directorships at other times;
- recommend to the Board the corporate governance guidelines applicable to the Company;
- lead the Board in its reviews of the performance of the Board and its committees; and
- recommend to the Board nominations of the directors to serve on each committee.

The current members of the Corporate Governance and Nominating Committee are Messrs. Moore (Chairman) and Kever and Ms. Welke. The Corporate Governance and Nominating Committee held four meetings in 2011.

Executive Committee

The principal responsibilities of the Executive Committee are to function on behalf of the Board of Directors during intervals between meetings of the Board and to guide our strategic planning.

The members of the Executive Committee are Messrs. Loewenbaum (Chair), Curran, Moore and Reichental. The Executive Committee held nine meetings in 2011.

Stockholdings of Directors

Among the factors considered under our “*Qualifications for Nomination to the Board*” discussed above is an expectation that each director will hold during his or her term of office a meaningful number of shares of our Common Stock. Shares awarded under the Restricted Stock Plan for Non-Employee Directors and shares acquired upon the exercise of options granted under our 1996 Stock Option Plan for Non-Employee Directors are taken into account as are any other securities that the director holds beneficially. It is expected that directors will retain during their term of office at least 50% of the shares of Common Stock acquired under those Plans. Several of our directors beneficially own substantial numbers of shares of our Common Stock. See “*Director Compensation*” and “*Security Ownership of Certain Beneficial Owners and Management*” below.

Stockholder Communications with the Board of Directors

Stockholders and other interested persons may communicate with the Board by sending an email to BoardofDirectors@3DSystems.com or by sending a letter to the Board of Directors of 3D Systems Corporation, c/o Corporate Secretary, 333 Three D Systems Circle, Rock Hill, South Carolina 29730. All communications must contain a clear notation indicating that they are a “Stockholder-Board Communication” or a “Stockholder-Director Communication” and must identify the author.

The office of the Corporate Secretary will receive the correspondence and forward appropriate correspondence to the Chairman of the Board or to any individual director or directors to whom the communication is directed. We reserve the right not to forward any communication that is hostile, threatening or illegal, does not reasonably relate to the Company or its business or is similarly inappropriate. The office of the Corporate Secretary has authority to discard or disregard any inappropriate communication or to take any other action that it deems to be appropriate with respect to any inappropriate communications.

We also welcome communications from our stockholders that are consistent with applicable law and are initiated through our Investor Relations Coordinator, who may be contacted at (803) 326-4010.

Code of Conduct and Code of Ethics

Our Code of Conduct applies to all of our employees worldwide, including all of our officers. We separately maintain a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer, all other senior financial executives and to directors of the Company when acting in their capacity as directors.

These documents are designed to set high standards of business conduct and ethics for our activities and to help directors, officers and employees resolve ethical issues. The purpose of our Code of Conduct and our Code of Ethics is to provide assurance to the greatest possible extent that our business is conducted in a consistently legal and ethical manner. Employees may submit concerns or complaints regarding ethical issues on a confidential basis by means of a toll-free telephone call to an assigned voicemail box. We investigate all concerns and complaints.

We intend to disclose amendments to, or waivers from, any provision of the Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer, principal accounting officer or controller and persons performing similar functions and that relates to any element of the Code of Ethics described in Item 406(b) of Regulation S-K by posting such information on our website, which can be viewed by going to www.3DSystems.com and clicking on the “Investor Relations” tab, then the “Corporate Governance” tab and then selecting the document titled “Code of Conduct” or “Code of Ethics” from the list of documents on the web page. There have been no such waivers since the date of the proxy statement for our 2011 Annual Meeting.

Related Party Transaction Policies and Procedures

In addition to the provisions of our Code of Conduct and Code of Ethics that deal with conflicts of interest and related-party transactions, we have adopted a Related Party Transaction Policy that is designed to confirm our position that related-party transactions should be avoided except when they are in our interests and to require that certain types of transactions that may create conflicts of interest or other relationships with related parties are approved in advance by the Board of Directors and a committee composed of directors who are independent and

disinterested with respect to the matter under consideration. This policy applies to transactions meeting the following criteria:

- the amount involved will or may be expected to exceed \$120,000 in any calendar year;
- we or any of our subsidiaries would be a participant; and
- any person who is or was in the current or immediately preceding calendar year an executive officer, director, director nominee, greater than five percent beneficial owner of our Common Stock or immediate family member of any of the foregoing has or will have a direct or indirect interest.

In adopting this policy, the Board reviewed certain types of transactions and deemed them to be pre-approved even if the amount involved exceeds \$120,000. These types of transactions include:

- employment arrangements with executive officers where such executive officer's employment in that capacity and compensation for serving as an executive officer has been approved by the Board, the Compensation Committee or another committee of independent directors;
- director compensation arrangements where such arrangement has been approved by the Corporate Governance and Nominating Committee (or another committee of independent directors) and the Board;
- awards to executive officers and directors under compensatory plans and arrangements pursuant to our 2004 Incentive Stock Plan and 2004 Restricted Stock Plan for Non-Employee Directors, the exercise by any executive officer or director of any previously awarded stock option that is exercised in accordance with its terms and any grants or awards made to any director or executive officer under any other equity compensation plan that has been approved by our stockholders;
- certain transactions with other companies where a related party has a *de minimis* relationship (as described in the policy) with the other company and the amount involved in the transaction does not exceed the lesser of \$500,000 or two percent of the other company's total annual revenue;
- charitable contributions made by us to a charitable organization where a related party has a *de minimis* relationship and the amount involved does not exceed the lesser of \$10,000 or two percent of the charitable organization's total annual receipts and charitable contributions under any matching program maintained by us that is available on a broad basis to employees generally; and
- other transactions where all security holders receive proportional benefits.

Under the terms of our Related Party Transaction Policy, when considering whether to approve a proposed related party transaction, factors to be considered include, among other things, whether such transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction. No transactions that would constitute related-party transactions or which would otherwise be reportable transactions or relationships under Item 404 of Regulation S-K were considered by the Board or any of its committees since the beginning of 2011.

A copy of our Related Party Transaction Policy is posted on our website, which can be viewed by going to www.3DSystems.com and clicking on the "Investor Relations" tab, then the "Corporate Governance" tab and then selecting the document titled "Related Party Transaction Policies and Procedures" from the list of documents on the web page.

Policy on Hedging Transactions

Since 2005, our Insider Trading Policy has contained provisions to the effect that we consider it inappropriate for anyone who is employed by or associated with us to engage in short-term or speculative transactions in our securities. This policy includes within its coverage short sales, which for directors and executive officers of the company are prohibited by Section 16(c) of the Securities Exchange Act. It also prohibits transactions in publicly traded options, such as puts, calls and other derivative securities, or other hedging transactions on a securities exchange or other organized market. Our Insider Trading Policy requires that our executive officers and directors pre-clear any transactions in our securities with our general counsel, chief executive officer or chief financial officer.

Claw Backs of Incentive Compensation

As part of its Corporate Governance Guidelines, the Board has adopted a policy on the claw back of incentive compensation. We are pleased that it has not been necessary for us to invoke this policy. Under the terms of this policy, if the Board or an appropriate Board committee has determined that any fraud or intentional misconduct by one or more executive officers caused, directly or indirectly, the Company to restate its financial statements, the Board shall take, in its sole discretion, such action as it deems necessary to remedy the misconduct and prevent its recurrence. The Board may require reimbursement of any bonus or incentive compensation awarded to such officers and/or effect the cancellation of unvested restricted stock or outstanding stock option awards previously granted to such officers in the amount by which such compensation exceeded any lower payment that would have been made based on the restated financial results.

The Board recognizes that the Dodd-Frank legislation enacted in 2010 would, following rule making, likely require the modification of this policy. The Board intends to review any rules adopted as a result of that legislation and to adopt any modifications to this policy that become required by applicable law.

Availability of Information

As noted above:

- The Board of Directors has adopted a series of corporate governance documents, including Corporate Governance Guidelines, a Code of Conduct for our employees, a Code of Ethics for Senior Financial Executives and Directors and a Related Party Transaction Policy; and
- Each standing committee of the Board operates under a written charter that has been approved by the Board.

Each of these documents is available online and can be viewed on our website by going to www.3DSystems.com and clicking on the “Investor Relations” tab, then the “Corporate Governance” tab and then selecting the appropriate document from the list on the web page.

DIRECTOR COMPENSATION

Director Compensation for 2011

The following table sets forth information concerning all compensation of each of our independent directors for their services as a director during the year ended December 31, 2011.

<u>Name</u>	<u>Fees Earned or Paid in Cash</u>	<u>Stock Awards(1)</u>	<u>Total(2)</u>
G. Walter Loewenbaum, II	\$180,000	\$49,985	\$229,985
William E. Curran	113,777	49,985	163,762
Jim D. Keever	64,250	49,985	114,235
Kevin S. Moore	105,000	49,985	154,985
Daniel S. Van Riper	107,195	49,985	157,180
Karen E. Welke	72,500	49,985	122,485

- (1) Represents the grant date fair value of awards (the “Grant Date Fair Value”) made in 2011 on a split-adjusted basis under the Directors Stock Plan. Grant Date Fair Value includes awards on a pre-split basis of 1,371 shares of Common Stock made to each such director on May 17, 2011 minus the \$1.37 purchase price for the shares covered by each award paid by the recipients. Such awards were, as provided for by such Plan, valued based on the closing market price of our Common Stock (\$36.46 per share) on May 17, 2011, the date of grant. We have accounted for all of such shares in accordance with Accounting Standards Codification Section 718 (“ASC 718”), “Stock Compensation.”

As of December 31, 2011, each of our independent directors then in office had received since the Plan's adoption in 2004 awards on a split-adjusted basis covering 44,742 shares of Common Stock pursuant to this Plan, except for Mr. Van Riper who was first elected to the Board of Directors in 2004 and had received awards covering 43,388 shares of Common Stock pursuant to this Plan, Mr. Curran who was first elected to the Board on January 24, 2008 and had received awards covering 24,682 shares of Common Stock pursuant to this Plan, and Ms. Welke who was first elected to the Board on May 20, 2008 and had received awards covering 22,742 shares of Common Stock pursuant to this Plan. See "*Directors Stock Plan*" below.

- (2) As of December 31, 2011, two of our independent directors held vested, unexercised stock options granted to them prior to the end of 2003 covering the following number of shares of Common Stock on a split-adjusted basis: Mr. Kever—40,000 shares; and Mr. Moore—40,000 shares. The other independent directors held no options. See "*1996 Non-Employee Directors Stock Option Plan*" below.

Directors' Fees

Director compensation is set by the Board, based upon the recommendation of the Corporate Governance and Nominating Committee. We pay the following cash compensation to directors:

- Mr. Loewenbaum, as the Chairman of the Board of Directors, receives a fee of \$180,000 per annum for serving as Chairman.
- Before April 1, 2011, independent directors (other than the Chairman of the Board) received an annual retainer of \$15,000. Effective April 1, 2011, that annual retainer was increased to \$50,000 per year.
- Each member of the Audit Committee (other than its Chairman) receives a \$10,000 annual retainer.
- The Chairman of the Audit Committee received a \$50,000 retainer before May 16, 2011. After May 16, 2011, that retainer was reduced to \$30,000 per year.
- The Chairs of the Compensation Committee and the Corporate Governance and Nominating Committee each receive \$5,000 retainers.
- The following meeting fees are paid to independent directors other than the Chairman of the Board:
 - A meeting fee of \$2,000 for each regular or special Board meeting attended.
 - Members of the Audit Committee receive a fee of \$2,000 for each committee meeting attended on a day other than a day on which the Board is holding a regularly scheduled Board meeting.
 - For meetings of other standing committees of the Board, members of those committees receive a fee of \$1,500 for each committee meeting attended on a day other than a day on which the Board is holding a regularly scheduled Board meeting.
 - For meetings of any standing committee of the Board attended by a member of such committee on a day on which the Board is holding a regularly scheduled Board meeting, attendees receive 50% of the meeting fee that would otherwise be payable to such director.
 - A director who attends by invitation a meeting of a committee that he or she is not a member of is similarly entitled to receive a meeting fee.

Ms. Welke and Messrs. Curran, Kever, Moore and Van Riper are entitled to receive these cash directors' fees.

As discussed below, independent directors also participate in the Directors Stock Plan, and, prior to its termination in 2004, certain of them participated in the 1996 Non-Employee Directors Stock Option Plan. Directors are also entitled to be reimbursed for their expenses of attendance at meetings of the Board of Directors or its committees.

Messrs. Reichental and Hull, our other directors, are also executive officers of the Company. Their compensation is described below under "*Executive Compensation*."

Directors Stock Plan

The stockholders approved the Directors Stock Plan in May 2004. Under this Plan, each director who is neither one of our officers or employees nor an officer or employee of any of our subsidiaries or affiliates (referred to in the Plan as a “Non-Employee Director”) is eligible to receive grants of Common Stock under the Plan as described below. Of the current directors, Messrs. Curran, Loewenbaum, Kever, Moore and Van Riper and Ms. Welke are entitled to participate in this Plan and to receive stock grants, as follows:

- *Annual Grants.* Upon the adjournment of each annual meeting of the stockholders, each Non-Employee Director who has been elected a director at that annual meeting receives a grant of 3,000 shares of Common Stock.
- *Interim Grants.* Any Non-Employee Director who is first elected a director other than at an annual meeting receives on the date of election a pro rata portion of the annual grant that the director would have received if elected at the preceding annual meeting.
- *Initial Grants.* Each newly elected Non-Employee Director receives an initial grant of 1,000 shares of Common Stock when he or she is first elected to the Board.

Effective April 1, 2011, co-incident with the increase in the annual retainer to be paid to directors, the Board amended the Directors Stock Plan to limit the value of any award of shares made to an eligible director to \$50,000 valued on the date of the award.

As a condition of each award under this Plan, each participant is required to pay an issue price equal to the \$0.001 par value per share of Common Stock issued under the Plan, to execute an agreement to hold the shares covered by such grant in accordance with the terms and conditions of the Plan (including without limitation restrictions on transferability provided for in the Plan) and to comply with certain other terms and conditions of the grant. Except in limited circumstances provided for in the Plan, a Non-Employee Director is not permitted to sell, transfer, pledge or otherwise dispose of shares of Common Stock awarded under the Plan as long as (a) the Non-Employee Director remains a director of the Company or (b) a change of control as provided for in the Plan has not occurred. Non-Employee Directors who hold shares of Common Stock under the Plan are entitled to voting rights and any dividends paid with respect to such shares. Shares of Common Stock issued under the Plan are considered to be fully vested when issued.

The Plan authorizes the issuance of up to 400,000 shares of Common Stock for awards under the Plan, subject to further adjustment in the event of changes in the Common Stock by reason of any stock dividend, stock split, combination of shares, reclassification, recapitalization, merger, consolidation, reorganization or liquidation. At December 31, 2011, 120,962 shares of Common Stock remained available for issuance under this Plan. We record an amount equal to the fair market value of each award on the date of grant less the amount paid by the director for the number of shares awarded as director compensation expense in our accounts as of the date of grant.

The Directors Stock Plan does not prevent the Board of Directors from exercising its authority to approve the payment of additional fees to members of the Board of Directors, to adopt additional plans or arrangements relating to the compensation of directors or to amend the existing cash fees paid to directors.

The number of shares awarded to each Non-Employee Director since the adoption of the Plan in 2004 and their aggregate fair market value at December 30, 2011, the last business day of the year (\$14.40 per share), on a split-adjusted basis but without deduction for the purchase price of these shares, is set forth in the following table.

<u>Name</u>	<u>Prior Years</u>	<u>2011</u>	<u>Value at December 30, 2011</u>
G. Walter Loewenbaum, II	42,000	2,742	\$ 644,285
Jim D. Kever	42,000	2,742	644,285
Kevin S. Moore	42,000	2,742	644,285
Daniel S. Van Riper	40,646	2,742	624,787
William E. Curran	21,940	2,742	355,421
Karen E. Welke	20,000	2,742	327,485
Total	208,586	16,452	\$3,240,548

1996 Non-Employee Directors Stock Option Plan

Prior to the adoption of the Directors Stock Plan in 2004, we maintained our 1996 Non-Employee Directors Stock Option Plan. Under that Plan, each independent director received stock options covering 10,000 shares of Common Stock at the first meeting of the Board of Directors following each annual meeting of the stockholders. Messrs. Kever, Loewenbaum and Moore participated in this Plan.

These options were granted with an exercise price equal to 100% of the fair market value of the Common Stock on the date of grant. All options previously granted under this plan became fully vested in accordance with their terms in 2006, and no options were granted under it subsequent to 2003.

The following table sets forth for each of the current directors who hold options under this Plan, the number of shares of Common Stock underlying outstanding stock options held at December 30, 2011 and the option exercise prices and expiration dates of each of those options on a split-adjusted basis.

<u>Name</u>	<u>Number of Securities Underlying Unexercised Options</u>	<u>Option Exercise Price</u>	<u>Option Expiration Date</u>
Jim D. Kever	20,000	\$ 7.12	5/14/2012
	20,000	4.065	8/26/2013
Kevin S. Moore	20,000	7.12	5/14/2012(1)
	20,000	4.065	8/26/2013

- (1) Mr. Moore exercised these options on February 27, 2012, sold the underlying 20,000 shares of Common Stock and received \$351,112 of proceeds in connection with such sale.

Director Option Exercises in 2011

The following table reflects the amounts received by directors upon the exercise of outstanding options during 2011 on a split-adjusted basis. For a disclosure of 2011 option exercises by Mr. Hull, who is an executive officer as well as a director, see “–Option Exercises and Stock Vested in 2011.”

<u>Name</u>	<u>Option Awards</u>	
	<u>Number of Shares Acquired on Exercise</u>	<u>Value Realized on Exercise(1)</u>
Jim D. Kever	20,000(2)	\$ 230,954
Kevin S. Moore	20,000(2)	231,325
G. Walter Loewenbaum II	170,000(3)	1,649,500

- (1) The amount set forth in this column reflects the difference between the market price of our Common Stock on each date of exercise and the exercise price of the options.
- (2) Such option had a split-adjusted exercise price of \$8.0275 per share and an expiration date of May 9, 2011.
- (3) Mr. Loewenbaum exercised two stock options in 2011, the first covering 150,000 shares with a split-adjusted exercise price of \$5.875 per share and an expiration date of February 12, 2012 and the second covering 20,000 shares with a split-adjusted exercise price of \$4.065 and an expiration date of August 26, 2013.

PROPOSAL TWO

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has approved the retention of BDO USA, LLP (“BDO”) as our independent registered public accounting firm to examine and report on our financial statements for the year ending December 31, 2012, subject to the ratification of its retention by the stockholders at the Annual Meeting. BDO has examined and reported on our financial statements since 2003, and we consider it to be well qualified.

Valid proxies will be voted on this proposal in accordance with the voting directions specified on the proxy or, if no directions are given, will be voted FOR the proposal to ratify the appointment of BDO as our independent registered public accounting firm.

Representatives of BDO are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Approval of this proposal requires the affirmative vote of the holders of a majority of the votes cast at the Annual Meeting.

The Board of Directors unanimously recommends you vote FOR the proposal to ratify the selection of BDO as our independent registered public accounting firm for 2012.

FEES OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee is responsible for appointing, setting the compensation of and overseeing the work of our independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by BDO. BDO did not perform any non-audit services for us in 2011 or 2010.

The following table sets forth the aggregate fees that BDO billed us for professional services rendered for the years ended December 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
	<u>(dollars in thousands)</u>	
Audit fees(1)	\$1,044	\$761
Audit-related fees(2)	<u>18</u>	<u>19</u>
Total	<u>\$1,062</u>	<u>\$780</u>

- (1) Audit fees consisted of audit work performed in the preparation of financial statements as well as fees for services provided in connection with (i) statutory and regulatory filings or engagements, (ii) comfort letters, statutory audits, attest services, consents, assistance with and review of documents filed with the SEC, and (iii) \$583,000 relating to acquisitions, including fees and expenses related to our acquisition of Z Corporation and Vidar Systems Corporation, and any other services that only the audit firm could reasonably provide.
- (2) Audit-related fees consisted primarily of services related to our employee benefit plans.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors is currently composed of three directors, each of whom is independent as defined by the listing standards of The New York Stock Exchange, Inc. and is an “audit committee financial expert” as defined in the regulations of the SEC. See “—*Audit Committee*” above.

Responsibility

The Audit Committee is responsible for providing independent, objective oversight of our financial reporting processes and internal controls.

Management is responsible for our system of internal controls and its financial reporting processes, including the preparation of its financial statements in conformity with United States’ generally accepted accounting principles.

BDO USA, LLP, our independent registered public accounting firm, is responsible for performing an independent audit of our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (“PCAOB”) and for issuing a report based on this audit expressing its opinion as to whether our financial statements present fairly, in all material respects, our financial position, results of operations and cash flows in conformity with United States’ generally accepted accounting principles.

The Audit Committee’s responsibility is to review and monitor, in an oversight capacity, the financial reporting and auditing processes. The Audit Committee has relied, without independent verification, on management’s representations that the financial statements are complete, free of material misstatement and prepared in accordance with United States’ generally accepted accounting principles, and on the opinion and representations made by BDO in its report on our financial statements, including its representations that BDO is “independent” and that its audit was performed in accordance with auditing standards generally accepted in the United States. The Audit Committee’s oversight does not provide assurance that management’s and BDO’s opinion and representations referred to above are correct.

2011 Consolidated Financial Statements

In connection with these responsibilities, the Audit Committee met with management and representatives of BDO to review and discuss the audited consolidated financial statements for the year ended December 31, 2011. The Audit Committee discussed with the representatives of BDO the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the PCAOB in Rule 3200T, as amended, which include, among other items, matters relating to the conduct of an audit of our financial statements. The Audit Committee received written disclosures and the letter from BDO required by applicable requirements of the PCAOB for independent auditor communications with Audit Committees concerning independence, and the Audit Committee discussed with the representatives of BDO that firm’s independence. The Audit Committee also pre-approved the services that BDO was engaged to provide during 2011, noted that BDO was not engaged to provide any non-audit services, evaluated and approved the fees charged for engagements that BDO undertook, and considered whether BDO’s provision of the services that were provided was compatible with maintaining that firm’s independence.

Based upon the Audit Committee’s discussions with management and BDO and the Audit Committee’s review of the representations of management and BDO, the Audit Committee recommended that the Board of Directors approve including the audited consolidated financial statements for the year ended December 31, 2011 in our Annual Report on Form 10-K for that year for filing with the SEC.

Internal Control Audit

For the year ended December 31, 2011, the Audit Committee reviewed and monitored, on an oversight basis, management's activities undertaken to comply with our internal control evaluation responsibilities under Section 404 of The Sarbanes-Oxley Act of 2002. In connection with this oversight, the Audit Committee met with management and representatives of BDO to review and discuss management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2011. Management's assessment is contained in our Annual Report on Form 10-K for the year ended December 31, 2011.

Audit Committee:

William E. Curran, Chairman
Kevin S. Moore
Daniel S. Van Riper

EMPLOYEE COMPENSATION AND ATTENDANT RISKS

We maintain a compensation program for all of our employees that is based upon the following objectives:

- To attract employees, and retain current employees, with the skills and attributes that we need to promote the growth and success of our business;
- To motivate our employees to achieve our strategic objectives;
- To reward performance that benefits our goals and objectives;
- To create an identity of interests between our employees and our stockholders; and
- To encourage our employees to conduct themselves in accordance with our values and Code of Conduct.

We use the same principles in attracting and retaining our executives.

All of our employees receive either fixed annual salaries or hourly wages for their services. Certain of them, including our executive officers, participate in annual incentive compensation programs that are approved by the Board of Directors or its committees as part of our annual budgeting process, and participants in those programs have fixed incentive compensation targets that are approved in advance. See "*Executive Compensation*" below. Other employees receive commissions at pre-established rates based on their sales or related customer activities that are intended to provide incentives to their achieving previously approved sales or service objectives.

Our Chief Executive Officer (the "CEO") oversees and approves recommendations from the manager to whom each employee reports relating to the compensation of these individuals. After he reviews those recommendations, the CEO modifies each manager's recommendations as he considers to be appropriate and approves the amount of any annual incentive compensation to be awarded to any employee with respect to the preceding calendar year, determines the amount of any adjustments to be made to the annual compensation of each such individual for the current year, and establishes target incentive bonuses for the current calendar year for each employee. He may also adjust compensation for specific individuals at other times during the year when there are significant changes in the responsibilities of such individuals or under other circumstances that he considers appropriate.

As discussed above under *Corporate Governance Matters—Risk Assessment of Compensation Policies and Practices*, we believe that there are no substantial risks associated with our compensation practices and that any such risks that do exist are not reasonably likely to result in a material adverse effect on us. We endeavor to manage any of these risks that may arise through our system of internal financial and operational controls and our Board and management oversight processes.

EXECUTIVE COMPENSATION

Our Board of Directors values and encourages constructive dialogue on compensation and other topics of concern to our stockholders at any time. We welcome constructive feedback to our decisions about executive compensation programs as well as any other matter of concern to our stockholders.

Say-on-Pay

At the 2011 Annual Meeting, our stockholders provided an advisory vote on the compensation of our named executive officers (“NEOs”) as required by the Dodd-Frank legislation that was enacted in 2010. We were pleased that 99% of our shares that voted on this proposal voted favorably, and less than one percent of our outstanding shares voted negatively, in that advisory vote.

At that meeting, an advisory vote was also taken on the frequency with which we will ask our stockholders to provide an advisory vote on our executive pay practices in the future. We were also pleased that a majority of the outstanding shares entitled to vote approved a triennial period for say-on-pay votes. Our Board of Directors subsequently adopted a policy to confirm this advisory vote. Accordingly, we plan to submit a say-on-pay advisory proposal to our stockholders at our 2014 Annual Meeting.

Compensation Discussion and Analysis

We have followed a consistent approach to executive compensation for the past several years, and we plan to continue to do so. This approach is guided by focus on the contributions of our NEOs to the accomplishment of our growth strategy. It is also directed toward continuous improvement in our operating results and profitability.

Financial Review

Our revenue increased by 44% in 2011 to \$230.4 million from \$159.9 million in 2010. This reflected growth in demand for 3D printers in several key industries we serve, increased sales of print materials from a growing installed base, higher service revenue from on-demand custom parts services and growth from acquisitions. We completed 14 acquisitions, including our acquisition of Z Corporation and Vidar Systems at the beginning of 2012.

Our gross profit increased by 47.4% to \$109 million from \$74 million in 2010 primarily from our increase in sales. Our gross profit margin percentage improved to 47.3% in 2011 from 46.3% in 2010. Gross profit margin benefited from higher overhead absorption, higher print materials gross profit margin due to a shift in the mix of materials with increased personal and professional print materials revenue and the elimination of costs associated with product introduction of our V-Flash® personal printer, partially offset by increased sales of lower margin on-demand custom parts services and higher units of lower priced personal and professional 3D printers that accounted for a higher percentage of total sales.

Our total operating expenses increased by \$21.1 million in 2011, reflecting higher SG&A expense, primarily due to acquisition and severance expenses, higher commissions and staffing from our acquisitions and increased legal expenses associated with ongoing litigation and acquisitions. We expect to continue to manage expenses and drive down our costs where possible without impairing our ability to operate and service our customers.

Our operating income improved by \$14.0 million to \$34.9 million from \$20.9 million in 2010. This was principally due to higher revenue and the increase in our gross profit noted above, partially offset by higher operating expenses, including increased acquisition expenses primarily incurred during the fourth quarter in the amount of \$2.5 million. Our net income in 2011 increased by 81% to \$35.4 million from \$19.6 million in 2010.

A more detailed discussion of our 2011 financial results appears in our 2011 Annual Report on Form 10-K, and we encourage you to review it.

Growth Strategy

Our operating performance is guided by a growth strategy that focuses on the following four strategic initiatives:

- Building our global custom parts services;
- Accelerating 3D printer penetration;
- Increasing healthcare solutions revenue; and
- Building 3D consumer content products and services.

We are working to accomplish these initiatives organically and, as opportunities present themselves, through selective acquisitions. We expect to be able to support organic growth by leveraging our comprehensive toolkit of solutions in order to sell more products and services to an expanding customer base. As with any growth strategy, there can be no assurance that we will succeed in accomplishing our strategic initiatives.

Building Global Custom Parts Services. In connection with this initiative, our global custom parts services, which we introduced in October of 2009, grew to \$18.3 million of revenue in 2010 and \$58.8 million in revenue in 2011. Our 2011 activities in this area also expanded our business into additional geographic areas, with a new presence in growing 3D printing marketplaces in Australia, the Netherlands, India and China.

We view these services as an opportunity to introduce customers to the newest 3D additive production technologies and to build brand experience and customer loyalty with them. We also view them as a significant cross-selling and up-selling opportunity from single parts all the way to production printers. Our custom parts services are dedicated to providing our customers with best in class e-commerce procurement and delivery services with a proprietary procurement, sales and delivery technology platform that combines e-commerce with high-touch customer care.

Accelerating 3D Printer Penetration. We believe that accelerating 3D printer penetration through channel expansion and new products will provide a growing installed base to enable higher revenue from recurring sales of print materials and services. With this objective in mind, we have developed an extensive portfolio of 3D printers.

In 2011, we continued to introduce new 3D printers and print materials including the 3DTouch™ and the ProJet™ 1500. The 3DTouch™ features multiple print heads for color and material choices, an intuitive touch screen and USB storage. The ProJet™ 1500 is an affordable, high resolution personal 3D printer that prints plastic parts in six different colors and is network ready with email notification capabilities and a web browser interface.

We also introduced several new print materials during 2011. These included Accura® CastPro™, a new print material engineered to meet the manufacturing requirements of QuickCast™ patterns used for the production of investment castings. Accura® CastPro™ printed patterns are accurate, dimensionally stable, and have low thermal expansion characteristics. Accura® CastPro™ has been used in full production at 3Dproparts™, delivering QuickCast™ patterns for foundry casting in a variety of metals.

We also expanded our reseller channel for our personal and professional 3D printers in 2011 and continued to train our resellers to perform printer installation and service. We exited 2011 with 167 resellers and \$30.1 million of revenue from personal and professional printers, representing 34.9% growth over 2010 and \$35.7 million of revenue from production printers, representing 10.1% growth over 2010. We expect additional growth from personal and professional printers and a doubling of our reseller channel as a result of our acquisition of Z Corporation in January 2012 with its complementary line of 3D printers.

Growing Healthcare Solutions Revenue. In 2011, healthcare solutions revenue accounted for \$27.9 million, or 12.1%, of our total revenue and included sales of printers, print materials and services for hearing aid, dental, medical device and other health-related applications, compared to \$21.6 million, or 13.5%, in 2010, the year we announced our growth initiative related to healthcare solutions. We expect our recent acquisition of Vidar Systems to add to our opportunities in the healthcare area.

We introduced VisiJet® e-Stone™, a print material developed specifically to produce digital dental models and VisiJet® Clear, a clear print material that meets the requirements of USP class VI for plastics and is designed for advanced medical and dental applications.

On November 1, 2011, we acquired from the Advanced Materials Division of Huntsman Corporation its RenShape® stereolithography print materials and Digitalis® rapid manufacturing 3D printer product line. This acquisition complements our print materials technology and intellectual property portfolio and adds the Digitalis® print engine to our 3D printer family. We plan to integrate these product lines into our growing rapid manufacturing and healthcare solutions portfolio.

Building 3D Consumer Content Products and Services. We believe that the affordability of our personal printers makes 3D consumer content critical to accelerated adoption. Recognizing the opportunity to deliver 3D content to an expanded audience, we have begun work to identify the tools and services required to deliver 3D content to consumers. We believe that the creation of content products and services could make affordable 3D printers more widely adopted and used by people of all ages and walks of life. We expect to build this capability through a combination of internal developments and acquisitions.

While revenue from consumer products and services was not material to our 2011 financial results, in January 2012, we launched our first home 3D printer, the Cube, an affordable simple to use 3D printer for children and adults alike. Concurrently, we launched Cubify.com, a marketplace and meeting place where artists, designers, children and makers can sell their 3D designs and anyone can pay to download and 3D print them. Cubify.com provides a business model and platform for individuals, do-it-yourselfers and entrepreneurs to access 3D design tools and printing resources, empowering startups to succeed and grow.

Our Executive Compensation Philosophy

With these objectives and accomplishments in mind, our compensation program continues to consist of the following principal elements:

- base annual salaries;
- when earned, incentive awards under our annual incentive programs; and
- long-term equity compensation under our 2004 Incentive Stock Plan.

The Compensation Committee of the Board of Directors is responsible for setting the compensation of all executive officers, including the NEOs. It is also responsible for setting the compensation of any other employees of the Company or our subsidiaries who have base annual salaries of \$200,000 or more. For additional information about the responsibilities of this Committee, see “—*Compensation Committee*” above.

The compensation we pay to management employees is generally subject to the same principles and guidelines that apply to our executive compensation program. Nevertheless, the following is a discussion and analysis of the material elements of our compensation program as it relates to the NEOs.

This discussion focuses on the following elements of our executive compensation program:

- the objectives of the program, including the results and behaviors the program is designed to reward;
- the process used to determine executive compensation;
- each element of compensation;
- the reasons why the Committee chooses to pay each element;
- how the Committee determines the amount of or the formula used for each element; and
- how each element and the Committee’s decisions regarding that element fit into the Committee’s stated objectives and affect the Committee’s decisions regarding other elements.

This discussion is accompanied by disclosure of the compensation that we paid to our NEOs during 2011, 2010 and 2009 and that we expect to pay in 2012. We are providing this information to help you understand the Summary Compensation Table that appears below and its related disclosures as well as the performance objectives that our executive compensation program is designed to compensate.

Determining Executive Compensation

The Committee reviews the NEOs' compensation during the first quarter of each year, for example the first quarter of 2012. The purpose this annual review is:

- To determine the amount of any annual incentive compensation to be awarded to each NEO for the preceding calendar year, for example 2011;
- To determine any adjustments to be made to the annual salary of each NEO for the current year; and
- To approve our incentive compensation program for the current year and establish target incentive bonuses for the current calendar year for each of the NEOs.

As part of this review, our CEO gives the Committee his recommendation for incentive compensation awards for the prior year, salary adjustments for the current year and target incentive bonuses for the current year for each other NEO. The Committee reviews those recommendations and modifies them to the extent it considers appropriate. As part of this process, the Committee approves the amount of any annual incentive compensation to be awarded to each individual with respect to the preceding calendar year (2011, for example), determines the amount of any adjustments to be made to the annual salary of each such individual for the current year (2012, for example), approves the terms of our incentive compensation program for the current calendar year, and establishes target incentive bonuses for the current year for each of our NEOs and each other individual whose compensation it oversees. The Committee may also adjust compensation for specific individuals at other times during any year when there are significant changes in the responsibilities of such individuals or under other circumstances that the Committee considers appropriate.

Our CEO's compensation is determined under similar principles but follows a different process. This process is designed to comply with applicable law and listing requirements under which, after discussing his self-evaluation with him and receiving the views of other independent directors, the Compensation Committee evaluates his performance, reviews the Committee's evaluation with him, and, based on that evaluation and review, determines his compensation and performance and personal annual incentive objectives. Consistent with the listing standards of The New York Stock Exchange, Inc., our CEO is excused from meetings of the Committee during voting or deliberations regarding his compensation.

For 2012, the Committee granted bonuses to certain executives, including the NEOs, to reflect their contributions to our acquisition program, including in particular the completion of the Z Corporation and Vidar Systems acquisition in January 2012.

Elements of Executive Compensation

In reviewing base annual salaries and target annual incentive awards for each NEO, the Committee also reviews each executive's compensation history with the Company and prior equity awards or grants. The Committee is guided by its own judgment and those sources of information (including, when deemed appropriate, compensation surveys) that the Committee considers relevant. Neither we nor the Committee currently retain or use executive compensation consultants nor do we make compensation decisions by reference to any peer group of companies, whether defined by us or defined by any third party.

The Committee believes that the prudent use of discretion in determining compensation will generally be in our best interests and those of our stockholders. Accordingly, the Committee does not rely exclusively upon fixed formulas and, from time to time in exercising its discretion, the Committee may approve changes in compensation that it considers to be appropriate to award performance or otherwise to provide incentives toward achieving our objectives.

The Committee also seeks to strike a balance that it considers to be appropriate in its discretion between fixed elements of compensation, such as base salaries, and variable performance-based elements represented by annual incentive awards and long-term equity compensation. As a general matter, the Committee believes that our executives should have at least 20% of their annual compensation opportunity at risk under variable performance-based elements of our incentive compensation program, including in particular our annual incentive program. In most cases, the portion of our NEOs' compensation opportunity that is at risk in any year exceeds that level. See, e.g., "*—2012 Incentive Compensation Program*" below.

Base Salaries

We pay annual salaries to provide executives with a base level of monthly compensation. Salaries are also designed to help achieve our objectives of attracting and retaining executive talent, maintaining their standard of living and rewarding performance and responsibility. Adjustments to base salaries are based principally on the responsibilities of the executives, the Committee's evaluation of the market demand for executives with similar capability and experience, and our corporate performance and the performance of each executive in relation to our strategic objectives.

Annual Incentive Program

Our annual incentive compensation program is designed to provide appropriate incentives to reward performance and motivate our executives, including the NEOs, to attain our strategic objectives.

This program is revised and readopted annually, is designed with our strategic objectives in mind, and focuses partly on the achievement of pre-determined corporate financial objectives and partly, for each NEO, on personal objectives. Generally, 55% of each executive's annual incentive compensation target is based on the achievement of pre-approved corporate financial objectives with the remainder based on the achievement of personal objectives. We record an accrual of the amount of incentive compensation that we expect to pay over the course of each year and modify that accrual as circumstances change.

As an overriding condition, a failure to perform in accordance with our Code of Conduct or Code of Ethics may serve as a basis for a participant in this program to not receive an incentive award. We consider this aspect of our incentive compensation program to be consistent with sound principles of corporate governance, and we are pleased that it has not been necessary for us to invoke it with respect to any NEO.

Financial objectives are determined based on our business plan for the year in question. This business plan is developed by management and approved by the Board of Directors. Personal objectives are prepared by each NEO in discussions with the CEO and submitted by the CEO to the Committee for its review and approval. The Committee maintains discretion to adjust performance objectives for extraordinary items and other items as it deems appropriate.

With respect to financial measures, 100% of each NEO's bonus related to each financial measure would generally be deemed to have been earned if the target for that financial measure is fully achieved, and under certain circumstances the Compensation Committee may determine that an NEO's bonus related to a financial measure has been more than fully earned, and as a consequence increased, if the target for that financial measure is more than fully achieved.

For 2011 and 2010, for example, 25% of each NEO's target incentive award was based on our achievement of a budgeted level of diluted earnings per share in excess of that which we achieved for the preceding year. An additional 30% was based on our achievement of a budgeted level of cash and cash equivalents at year-end that was also in excess of that which we achieved for the preceding year. We failed to achieve both of these financial targets in 2011 and, therefore as discussed below, we made no incentive awards relating to these targets for 2011. We exceeded both of these financial targets in 2010 and we made incentive awards for the attainment of these objectives for 2010. The Summary Compensation Table includes in the Non-Equity Incentive Plan Compensation column the amount awarded to each NEO for the year in question.

For 2009, 25% of each NEO's target incentive award was based on our achievement of a budgeted level of diluted earnings per share in excess of that which we achieved for 2008. An additional 30% was based on our achievement of a budgeted level of cash and cash equivalents at the end of 2009 that was also in excess of that which we achieved for 2008. We did not attain these financial objectives in 2009. Accordingly, we made no incentive awards with respect to the financial objectives established for 2009. However, we did make incentive awards with respect to personal achievements in 2009 that are shown in the Summary Compensation Table.

In each year, the remaining 45% was based on the individual's attainment of his or her pre-approved individual objectives. The Committee considers both quantitative and qualitative factors in determining the extent to which the financial and personal targets and objectives have been achieved, and credit may be awarded for the partial attainment of these objectives.

Individual objectives, which are revised annually and approved by the Committee, relate to matters such as the individual's execution of projects that fall within our strategic objectives, timely completion of specified projects within budget, enhancements to sales and service productivity and other matters involved in our annual budget and business plans. The types and relative importance of an executive's individual performance objectives varies from year to year depending on the executive's areas of responsibility. We made awards to the NEOs with respect to the attainment of these objectives for 2011, 2010 and 2009, as shown in the Summary Compensation Table.

As part of its goal-setting process, the Committee establishes current-year target incentive awards for each NEO with the following principles in mind:

- Targets are used to determine the amount of any annual incentive that an NEO can expect to receive if we achieve our financial objectives for the year in question and such NEO achieves his or her personal objectives for that year. In setting these target incentive awards, the Committee considers each NEO's level of responsibility and the recommendations of our CEO.
- Target incentive awards are set at levels that are designed to link a substantial portion of each NEO's total annual compensation opportunity to attaining the corporate and personal objectives applicable to the year in question. As noted above, in general, more than 20% and in most cases at least one-third of each NEO's annual compensation opportunity is at risk. See "*—Grants of Plan Based Awards in 2011*" below for a summary of target incentive awards for the NEOs applicable to 2011.
- No minimum awards are guaranteed to NEOs. The threshold amounts under our annual incentive programs are zero.
- Base target amounts represent the incentive awards that may be awarded assuming achievement of 100% of the pre-determined financial and individual objectives.
- Maximum amounts represent the maximum amount that may generally be awarded to each NEO under the program for the year in question. In most cases, these are the same as the base target amounts, but as noted above the Committee reserves discretion to increase awards for performance that it considers to be exemplary.

For a discussion of bonus awards made for 2011, see the discussion below at "*—2011 Incentive Compensation Program*." We have also included a discussion of 2012 targets under "*—2012 Incentive Compensation Program*" below.

Long-Term Equity Compensation

The Committee administers our 2004 Incentive Stock Plan. Under this Plan, the Committee is authorized to grant restricted stock awards, stock options and other awards that are provided for under the Plan to such of our employees and employees of our subsidiaries as the Committee determines to be eligible for awards. Awards granted to a participant are based upon a number of factors, including the recipient's position, salary and performance as well as our overall corporate performance.

The 2004 Incentive Stock Plan is intended to provide an effective method of motivating performance from key employees, including our NEOs, and of creating an identity of interests in participants with the interests of our stockholders. Awards are made under this Plan as long-term incentive compensation to NEOs and other key employees when the Committee feels such awards are appropriate. We expect that participants who receive these awards will retain a substantial portion of the shares awarded to them to foster a mutuality of interests with our stockholders, and the failure of a participant to act in accordance with that expectation may adversely affect the decision to make future awards to such participant.

The Committee makes awards under this Plan both to reward short-term performance with equity-based compensation and to motivate the recipient's long-term performance. The Committee does not follow the practice of making annual or other periodic awards to participants who are determined to be eligible to participate in the Plan. However, the Committee periodically reviews the stock ownership of key employees and, when it deems appropriate, makes awards under the Plan to reflect the contributions of those participants to specific corporate achievements and to provide motivation toward achieving strategic objectives.

As a matter of practice adopted by the Compensation Committee, all awards made under this Plan through the date of this Proxy Statement have been restricted stock awards.

Restricted stock awards made under this Plan require the recipient to pay \$1.00 for each share of Common Stock granted (but not more than 10% of the fair market value of the Common Stock on the date of grant) and are subject to an option in our favor for three years after they are awarded, or such other period as may be determined by the Committee, to repurchase the shares upon payment of an amount equal to their per share issue price. We can exercise this option only upon the termination of an employee’s employment during the vesting period other than as a result of death or total disability. Such option terminates upon the occurrence of any of the events related to a change of control as specified in the Plan.

Shares of Common Stock issued pursuant to this Plan may not be sold, transferred or encumbered by the employee while our option to repurchase the shares remains in effect. The compensation associated with these awards is expensed over the vesting period, shares covered by these awards are considered outstanding upon issuance following the acceptance of each award for the purpose of calculating diluted earnings per common share, and holders of shares issued pursuant to such awards are entitled to vote such shares and to receive any dividends declared in respect of our Common Stock.

With our long-term performance objectives in mind, at a meeting on November 15, 2011, the Committee made restricted stock awards under the 2004 Incentive Stock Plan to a number of employees, including certain of the NEOs, to reflect the contributions that those individuals have made to the improvement in our operations and financial condition, to provide motivation toward achieving our future strategic objectives and to further align the interests of those individuals with our stockholders. The awards made to these NEOs were as follows:

<u>Name</u>	<u>Number of Shares</u>	<u>Grant Date Fair Value</u>
Abraham N. Reichental	100,000	\$1,663,000
Damon J. Gregoire	60,000	997,800
Kevin P. McAlea	30,000	498,900
Charles W. Hull	<u>20,000</u>	<u>332,600</u>
Total	<u>210,000</u>	<u>\$3,492,300</u>

During 2010 and 2009, the Committee also made restricted stock awards under the 2004 Incentive Stock Plan to a number of employees, including certain of the NEOs. See “*Summary Compensation Table*” below for information concerning those awards that were made to the NEOs.

2011 Incentive Compensation Program

Consistent with the principles discussed above, at its meeting on February 18, 2011, the Compensation Committee approved an annual incentive program for 2011 and granted salary increases effective April 1, 2011.

The 2011 target incentive awards for the NEOs were set as follows:

- for Mr. Reichental, in accordance with the terms of his employment agreement, a base target of 100% of his 2011 annual base salary, discussed below, with a maximum potential incentive award equal to 150% of his annual base salary;
- for Messrs. Grace and Gregoire, a base and maximum target of 50% of their respective 2011 base annual salaries;
- for Mr. McAlea, a base and maximum target of approximately 42% of his 2011 base annual salary; and
- for Mr. Hull, a base and maximum target of approximately 39% of his 2011 base annual salary.

The range of these target incentive awards is presented in the section titled “—*Grants of Plan-Based Awards in 2011*” below.

The performance objectives established for the 2011 annual incentive program were as follows:

- 25% of each NEO's base target incentive award was based on the achievement of our budgeted level of diluted earnings per share as approved by the Board of Directors, which was in excess of the \$0.83 per share that we achieved in 2010;
- 30% of each NEO's base target incentive award was based on the achievement of our budgeted level of cash and cash equivalents at the end of 2011 as approved by the Board of Directors, which was in excess of our \$37.3 million of cash and cash equivalents at the end of 2010; and
- the 45% remainder was based upon the achievement of personal objectives for each NEO that were approved by the Compensation Committee.

On March 6, 2012, the Committee completed its annual compensation review of the NEOs. After reviewing our financial results for 2011 and the NEOs performance of their individual performance objectives for 2011, the Committee made incentive compensation awards to the NEOs that are set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table set forth below. As noted above, no incentive awards were made respecting the company's targeted financial objectives since those were not achieved in 2011. These incentive awards were as follows:

- a \$450,000 cash award to Mr. Reichental, which was essentially equivalent to 64% of his base target incentive award for 2011.

In making this award, the Committee considered Mr. Reichental's recognition of the strategic significance of acquisition opportunities that emerged in 2011 and the attention that he brought to completing those acquisitions, essentially transforming the Company technologically, organizationally and geographically.

- a \$75,000 cash award to Mr. Gregoire, which amounted to 45% of his 2011 base target incentive award.

In making this award, the Committee considered Mr. Gregoire's efforts in expanding the geographic reach and profitability of our products as well as our productivity.

- cash awards to Messrs. Grace, Hull and McAlea in the amounts of \$60,000, \$50,000 and \$50,000, representing 43%, 42% and 40% of their base target incentive awards, respectively.

In making these awards, the Committee considered the achievement by each of these individuals of their pre-approved 2011 objectives, including the following:

- With respect to Mr. Grace, his efforts to reduce legal expense and manage litigation activities.
- With respect to Mr. Hull, his work on developing new technologies.
- With respect to Mr. McAlea, his work in increasing revenue from our 3D printers throughout the world.

2012 Incentive Compensation Program

At its meeting on March 6, 2012, the Compensation Committee also approved an annual incentive program for 2012.

The 2012 target incentive awards established at that meeting for the NEOs are as follows:

- for Mr. Reichental, in accordance with the terms of his employment agreement, a base target of 100% of his 2012 annual base salary, discussed below, with a maximum potential incentive award equal to 150% of his annual base salary;
- for Messrs. Grace and Gregoire, a base and maximum target of 50% of their respective 2012 base annual salaries;
- for Mr. McAlea, a base and maximum target of approximately 36% of his 2012 base annual salary; and
- for Mr. Hull, a base and maximum target of approximately 33% of his 2012 base annual salary.

The range of these 2012 target incentive awards is presented in the following table:

<u>Name</u>	<u>Estimated Future Payouts Under 2012 Incentive Compensation Plan</u>		
	<u>Threshold</u>	<u>Base Target</u>	<u>Maximum</u>
Abraham N. Reichental	\$—	\$760,000	\$1,140,000
Damon J. Gregoire	—	180,000	180,000
Robert M. Grace, Jr.	—	142,500	142,500
Charles W. Hull	—	110,000	110,000
Kevin P. McAlea	—	115,000	115,000

The performance objectives established for the 2012 annual incentive program are as follows:

- 25% of each NEO's base target incentive award will be based on the achievement of a budgeted level of diluted earnings per share, which is in excess of the \$0.70 per share that we achieved in 2011;
- 30% of each NEO's base target incentive award will be based on the achievement of a budgeted level of cash and cash equivalents at the end of 2012, which is in excess of our adjusted \$50.1 million of cash and cash equivalents at the end of 2011; and
- the 45% remainder will be based upon the achievement of personal objectives for each NEO that have been approved by the Compensation Committee.

The Committee also granted the following salary increases to the NEOs, effective April 1, 2012, as follows:

- an 8.6% increase in Mr. Reichental's base salary to \$760,000.
- a 9% increase in Mr. Gregoire's base salary to \$360,000.
- a 3% increase in Mr. Grace's base salary to \$285,000.
- a 6.5% increase in Mr. Hull's base salary to \$330,000.
- a 6.7% increase in Mr. McAlea's base salary to \$320,000.

Other Compensation Matters

Benefits and Perquisites

We provide our employees, including the NEOs, with a benefit program that we believe is reasonable, competitive and consistent with the objectives of our compensation program. As a matter of policy, the Committee does not award personal benefits or perquisites to our NEOs that are unrelated to our business. However, under certain circumstances discussed below, the Committee has approved certain personal benefits or perquisites that are either provided to an NEO by contract or that it deemed to be in our interests in order to induce executives to maintain employment with us. Those amounts are reported in the Summary Compensation Table. All other perquisites for the NEOs amount to less than \$10,000 per person.

Our executives, including the NEOs, are eligible to participate in specified employee benefit programs, which include a group insurance program providing group health, dental, vision, life and long-term disability insurance. Other benefits include a Section 401(k) plan, flexible spending accounts, sick leave, holiday time and vacation time.

Payments and Benefits Upon Termination or Change of Control

Our CEO is entitled under his employment agreement to severance payments in connection with the occurrence of certain events, including non-renewal of that employment agreement, his death, and termination of his employment by us without cause. We negotiated these provisions, and the Board of Directors approved them, when Mr. Reichental was hired in 2003.

While not triggering severance payments, other events such as a “change of control” may result in our becoming obligated to otherwise compensate executives through the early vesting of unvested shares of restricted stock or other equity compensation awards that we may make under our 2004 Incentive Stock Plan. For example, a “change in control” is defined under that Plan as an event that has the effect of:

- our being merged or consolidated with another corporation or entity such that less than 70% of the voting securities of the resulting entity are owned by our former stockholders;
- our selling all or substantially all of our assets;
- any person becoming the beneficial owner of 30% or more of the voting power of our outstanding securities;
- as the result of a solicitation under Rule 14a-11 of the Exchange Act, one or more persons not recommended by one third or more of our Board of Directors being elected to our Board of Directors; or
- our becoming subject to dissolution or liquidation.

We do not currently anticipate that any of these events will occur in the foreseeable future.

We have also entered into:

- an arrangement with Mr. Hull, pursuant to which he will become a consultant for a period of four years after his retirement; and
- a severance arrangement with Mr. McAlea, pursuant to which he would become entitled to severance payments if his employment is terminated other than for cause.

In addition, any share of restricted stock granted to an NEO, as well as other recipients of restricted stock awards, under the 2004 Incentive Stock Plan will no longer be subject to our option to repurchase that share, as described above, if the recipient leaves our employ due to death or disability or in the event of a change in control.

For additional information regarding each of the foregoing arrangements, see “—*Employment and Other Agreements with NEOs*” below.

Section 162(m) of the Internal Revenue Code

Under Section 162(m) of the Internal Revenue Code of 1986, as amended, we are generally not entitled to deduct for federal income tax purposes non-performance-based compensation paid to our NEOs to the extent that any such individual’s compensation in any year exceeds \$1.0 million. Special rules apply for “performance-based” compensation, including the pre-approval of performance goals applicable to that compensation.

Certain of the compensation that we pay to our NEOs may be considered to be non-performance based compensation, and in certain instances such compensation may exceed \$1.0 million. However, in order to maintain flexibility in compensating executives in a manner designed to promote our corporate goals, the Committee has not adopted a policy that all compensation must be deductible for federal income tax purposes.

Stock Performance

While some people consider stock performance to be a significant factor in compensation decisions, we generally consider matters such as total return to our stockholders but we do not consider stock performance as a controlling factor in making compensation decisions since short-term movements in our stock price and total return to stockholders as reflected in the performance of our stock price are subject to factors, including factors affecting the securities markets generally, that are unrelated to our performance.

Our priorities and the priorities of our management are centered on achieving our strategic objectives, meeting customer needs, new product development, building cash flow, identifying, completing and successfully integrating strategic investments, and promoting operational excellence and innovation in the pursuit of our business. The pursuit of such longer range objectives is not necessarily consistent with producing short-term

results to increase our stock price or stockholder return, but we believe that pursuing these longer range objectives should, as we believe was the case in 2011, result in performance that is more likely to maximize total return to our stockholders over time.

Since our executive compensation is based upon factors relating to our growth and profitability and the performance of our business as well as the contributions of each of our executives to achieving our objectives, we believe that we have provided appropriate incentives to align management's interests with our long-term growth and development and the interests of our stockholders. We also believe that there are many ways in which our executives contribute to building a successful company. While our financial statements and stock price reflect the results of some of those efforts, many long-term strategic decisions made in pursuing our growth and development may have little visible impact on our stock price in the short term.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the section titled "Compensation Discussion and Analysis" in relation to the requirements set forth in Item 402(b) of Regulation S-K for a Compensation Discussion and Analysis. Based on such review and discussion, the Committee has recommended to the Board of Directors that such section be included in this Proxy Statement and the Annual Report on Form 10-K for the year ended December 31, 2011.

Compensation Committee:

Karen E. Welke, Chair
G. Walter Lowenbaum, II
Daniel S. Van Riper

Summary Compensation Table

The following table sets forth information concerning all compensation paid to the NEOs for services provided to us in all capacities for each of the three years in the period ended December 31, 2011.

The Summary Compensation Table sets forth the total compensation during 2011, 2010 and 2009 paid to or earned by each of the NEOs. That compensation is explained above.

We have included Notes to this Table to explain various items of compensation in the Table. We also call your attention to the following general matters affecting the Table:

1. Salary is the gross amount of salary paid to each NEO in the year concerned before any deductions or exclusions.
2. The dollar amounts in the column labeled "Restricted Stock Awards" are the Grant Date Fair Value of awards that we made in 2011, 2010 and 2009, respectively, in accordance with ASC 718, formerly Statement of Financial Accounting Standards No. 123(R), and are presented after deducting the amount paid for each award in accordance with our 2004 Incentive Stock Plan. Each of those awards was a restricted stock award made under our 2004 Incentive Stock Plan. This Plan requires that each recipient pay the lesser of \$1.00 per share and 10% of the fair market value of the shares covered by the award at the time the award is made. Because our stock price was then less than \$10.00 per share, each recipient was required to pay \$0.68 for each share of Common Stock covered by such recipient's award on March 20, 2009 and \$0.74 for each share of Common Stock covered by such recipient's award on July 21, 2009. Each recipient paid \$1.00 for each share of Common Stock covered by such recipient's award in 2011 and 2010. The shares covered by each award are subject to forfeiture if the recipient leaves our employ before the third anniversary of the date of the award other than as a result of death or disability. See "*—Long-Term Equity Compensation*" above.
3. With respect to Non-Equity Incentive Plan Compensation, each of the NEOs participates in the annual incentive program described above that provides for an annual target incentive award that is approved by the Compensation Committee. This column shows the amount that was awarded to each NEO for the year concerned. See "*Executive Compensation*" above.
4. As discussed above, the NEOs also participate in employee benefit programs that we provide to our employees generally. "All Other Compensation" in the table below does not include our cost of providing

benefits that are generally available to all of our employees on a non-discriminatory basis or perquisites or personal benefits where the aggregate amount of such perquisites and personal benefits is less than \$10,000 for a particular NEO.

5. Total Compensation for each year equals the sum of the items set forth in each column of the Summary Compensation Table.

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Restricted Stock Awards(1)</u>	<u>Non-Equity Incentive Plan Compensation(2)</u>	<u>All Other Compensation</u>	<u>Total</u>
Abraham N. Reichental	2011	\$681,250	\$1,563,000	\$450,000	\$33,788(3)	\$2,728,038
President and Chief Executive Officer	2010	612,212	1,265,000	938,000	32,487	2,847,699
	2009	577,500	306,500	310,000	31,732	1,225,732
Damon J. Gregoire	2011	322,500	937,800	75,000	—	1,335,300
Senior Vice President and Chief Financial Officer	2010	286,923	759,000	200,000	—	1,245,923
	2009	250,000	158,750	55,000	—	463,750
Charles W. Hull	2011	307,500	312,600	50,000	—	670,100
Executive Vice President, Chief Technology Officer	2010	293,385	—	100,000	—	393,385
	2009	290,000	30,650	30,000	—	350,650
Kevin P. McAlea	2011	296,250	468,900	50,000	—	815,150
Vice President	2010	282,385	253,000	150,000	—	685,385
	2009	275,000	91,950	39,000	—	405,950
Robert M. Grace, Jr.	2011	274,500	—	60,000	—	334,500
Vice President, General Counsel and Secretary	2010	264,385	—	133,500	—	397,885
	2009	257,000	91,950	55,255	—	404,205

(1) On November 15, 2011, the Compensation Committee made the following restricted stock awards under the 2004 Incentive Stock Plan.

<u>Name</u>	<u>Nov. 15, 2011 Shares Granted</u>
Abraham N. Reichental	100,000
Damon J. Gregoire	60,000
Kevin P. McAlea	30,000
Charles W. Hull	20,000
Total	<u>210,000</u>

Subject to the terms of the Plan, these awards will vest in accordance with their terms on November 15, 2014. The Grant Date Fair Value of these shares is based on the \$16.63 per share closing price on that date. See “—*Long-Term Equity Compensation*” above.

On November 15, 2010, the Compensation Committee made the following restricted stock awards on a split-adjusted basis under the 2004 Incentive Stock Plan.

<u>Name</u>	<u>Nov. 15, 2010 Shares Granted</u>
Abraham N. Reichental	100,000
Damon J. Gregoire	60,000
Kevin P. McAlea	20,000
Total	<u>180,000</u>

Subject to the terms of the Plan, these awards will vest in accordance with their terms on November 15, 2013. The Grant Date Fair Value of the shares is based on the \$13.15 per share closing price on that date. See “—*Long-Term Equity Compensation*” above.

During 2009, the Compensation Committee made the following restricted stock awards under the 2004 Incentive Stock Plan on a split-adjusted basis.

<u>Name</u>	<u>March 20, 2009 Shares Granted</u>	<u>July 21, 2009 Shares Granted</u>
Abraham N. Reichental	100,000	—
Damon J. Gregoire	30,000	20,000
Charles W. Hull	10,000	—
Kevin P. McAlea	30,000	—
Robert M. Grace, Jr.	30,000	—
Total	<u>200,000</u>	<u>20,000</u>

Subject to the terms of the Plan, these awards either vested in accordance with their terms on March 20, 2012 or will vest in accordance with their terms on July 21, 2012. The Grant Date Fair Value for the shares granted in March 2009 is based on the \$3.405 per share closing price on March 20, 2009 on a split-adjusted basis. Mr. Gregoire was granted additional shares on July 21, 2009. The Grant Date Fair Value for these shares is based on the \$3.71 per share closing price on that date on a split-adjusted basis.

- (2) On March 6, 2012, the Compensation Committee granted the annual cash incentive awards for 2011 to the NEOs that are shown in the table above as Non-Equity Incentive Plan Compensation. See “—*2011 Incentive Compensation Program*” above.

On February 18, 2011, the Compensation Committee granted the annual cash incentive awards for 2010 to the NEOs that are shown in the table above as Non-Equity Incentive Plan Compensation.

On February 23, 2010, the Compensation Committee granted the annual cash incentive awards to the NEOs that are shown in the table above as 2009 Non-Equity Incentive Plan Compensation.

- (3) Mr. Reichental’s other compensation includes amounts that, in accordance with the terms of his employment agreement, we paid for living expenses and costs for an automobile that we provide for his general use. The living expenses relate to residences that he maintained in the Rock Hill, South Carolina area, away from his primary residence. Such items, certain of which included income tax reimbursements, were as follows in each year:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Living expenses	\$22,466	\$21,100	\$20,152
Automobile expenses	11,322	11,387	11,580
Total	<u>\$33,788</u>	<u>\$32,487</u>	<u>\$31,732</u>

For additional information concerning his compensation, see “—*Employment and Other Agreements with NEOs*” below.

Grants of Plan-Based Awards in 2011

The following table sets forth the amounts of target incentive awards established for each of the NEOs under the 2011 incentive compensation program that the Compensation Committee established on February 18, 2011. The threshold amounts are zero because no minimum awards are guaranteed to NEOs under this program.

In the case of Mr. Reichental, the base target amount represents the incentive award that could have been awarded assuming achievement of 100% of the pre-determined financial and individual performance objectives for 2011 and the maximum amount represents the maximum amount that could have been awarded assuming

achievement of 150% or greater of the financial performance measures and individual performance measures for 2011 as provided in his employment agreement. In the case of Messrs. Gregoire, Grace, Hull and McAlea, the base target and maximum amounts represent the incentive awards that could have been awarded assuming achievement of 100% of the pre-determined financial and individual performance objectives for 2011. See “—2011 Incentive Compensation Program” above.

Name	Incentive Plan	Grant Date	Estimated 2011 Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock	Grant Date Fair Value of Stock Awards
			Threshold	Base Target	Maximum		
Abraham N. Reichental	2011 Incentive Compensation Program	2/18/11	\$—	\$700,000	\$1,050,000		
	2004 Incentive Stock Plan	11/15/11				100,000	\$1,663,000
Damon J. Gregoire	2011 Incentive Compensation Program	2/18/11	—	165,000	165,000		
	2004 Incentive Stock Plan	11/15/11				60,000	997,800
Charles W. Hull	2011 Incentive Compensation Program	2/18/11	—	120,000	120,000		
	2004 Incentive Stock Plan	11/15/11				20,000	332,600
Kevin P. McAlea	2011 Incentive Compensation Program	2/18/11	—	125,000	125,000		
	2004 Incentive Stock Plan	11/15/11				30,000	498,900
Robert M. Grace, Jr.	2011 Incentive Compensation Program	2/18/11	—	138,500	138,500	—	—

Employment and Other Agreements with NEOs

Abraham N. Reichental

Mr. Reichental became President and Chief Executive Officer and a member of the Board of Directors effective September 19, 2003, and we entered into an employment agreement with him on that date. Pursuant to this agreement, he is entitled to an annual base salary of at least \$450,000 per year, subject to increase at the discretion of the Compensation Committee of the Board of Directors. His current annual base salary is \$700,000 and will be increased to \$760,000 effective April 1, 2012.

In addition to standard employee benefits, under the terms of his employment agreement, as amended, he is also entitled to participate in our annual incentive program, with a target annual incentive award of 100% of his base annual salary with a maximum target incentive award of 150% of his base annual salary, subject to the attainment of the performance objectives set forth in our annual incentive program. He is also entitled to be reimbursed for certain relocation and living expenses.

His employment agreement is renewable automatically for succeeding terms of one year on each September 19, unless either party gives written notice of an intent not to renew. If we give notice to him of our intention not to renew the employment agreement, or if his employment is terminated by reason of death or by us without cause (“cause” being defined as conduct involving moral turpitude or gross or habitual neglect of duties during the term of the agreement), he or his estate will be entitled to receive the following severance benefits:

- the same health and disability benefits as he receives under the employment agreement for two years or until he obtains other employment providing for these benefits; and

- two years of his then current base salary, in the total sum of at least \$1,400,000 (based on his salary in effect at December 31, 2011), together with an incentive award with respect to the year of termination equal to a pro rata amount of the incentive award which he would have received for that year based on our annualized performance up to the date of termination.

In addition, he has been granted restricted stock under our 2004 Incentive Stock Plan. The shares of restricted stock granted under the 2004 Incentive Stock Plan are subject to an option in our favor for three years after they are awarded to repurchase them for the lesser of \$1.00 per share and 10% of their fair market value on the date of grant. This option does not apply, however, if participants under the Plan leave our employ as a result of death or disability, and it will terminate in the event of a “change in control” (as defined in the 2004 Incentive Stock Plan).

The following table sets forth the estimated post-employment compensation and benefits that would have been payable to Mr. Reichental under his employment agreement and the 2004 Incentive Stock Plan, assuming that each covered circumstance under such arrangements occurred on December 31, 2011.

<u>Benefits and Payments Upon Termination</u>	<u>Non-Renewal by Us of Employment Agreement</u>	<u>Involuntary Termination Without Cause</u>	<u>Change in Control</u>	<u>Death</u>	<u>Disability</u>	<u>Any Other Reasons, Including Voluntary Resignation, Retirement, or Termination For Cause</u>
Compensation:						
Two Years Base Salary(1)	\$1,400,000	\$1,400,000	\$ —	\$1,400,000	\$ —	\$—
Annual Incentive Award(2)	450,000	450,000	—	450,000	—	—
Unvested Restricted Stock(3)	—	—	4,320,000	4,320,000	4,320,000	—
Other Benefits:						
Health, Dental and Vision						
Insurance(4)	41,652	41,652	—	41,652	—	—
Life Insurance(5)	1,608	1,608	—	1,608	—	—
Disability Insurance(5)	1,547	1,547	—	1,547	—	—
Total:	<u>\$1,894,807</u>	<u>\$1,894,807</u>	<u>\$ 4,320,000</u>	<u>\$6,214,807</u>	<u>\$4,320,000</u>	<u>\$—</u>

- (1) Represents two years of his base salary of \$700,000 for 2011.
- (2) Represents the amount of his annual incentive award for 2011.
- (3) This amount reflects the value of 300,000 shares of restricted stock held by Mr. Reichental at the end of 2011 based on the closing market price of our Common Stock on December 30, 2011 (\$14.40 per share) before deducting the purchase price for those shares.
- (4) Represents the estimated incremental cost to us of health, dental and vision plan continuation for two years.
- (5) Represents the estimated incremental cost for us of such continuing insurance coverage of two years.

Charles W. Hull

We and Mr. Hull are parties to a consulting arrangement pursuant to which, upon his retirement, he will become a consultant to us for a period of four years at a fixed consulting fee that will decline from \$275,000 in the first year to \$100,000 in the fourth year, and he will remain entitled to continuing life and health insurance coverage.

The following table sets forth the consulting fees and estimated benefits payable under his consulting arrangement, assuming that he retired on December 31, 2011.

<u>Benefits and Payments Upon Termination</u>	<u>Amount</u>
Consulting Fees (4 Years)(1)	\$625,000
Benefits:	
Health, Dental and Vision Insurance(2)	53,134
Life Insurance(3)	<u>2,414</u>
Total:	<u>\$680,548</u>

- (1) Consulting fees payable to Mr. Hull under this consulting arrangement will be \$275,000 for the first year, \$150,000 for the second year and \$100,000 for the third and fourth years.
- (2) Represents the estimated incremental cost to us of health, dental and vision plan continuation for four years.
- (3) Represents the estimated incremental cost to us of such continuing insurance coverage for two years.

Other NEOs

We and Mr. McAlea are parties to a severance arrangement pursuant to which Mr. McAlea would become entitled to severance payments equal to nine months of his then current salary if his employment is terminated other than for cause. If Mr. McAlea had been terminated without cause on December 31, 2011, he would have been entitled to severance payments totaling \$225,000.

Messrs. McAlea and Gregoire each hold restricted stock granted under the 2004 Incentive Stock Plan that is subject to forfeiture if either of the individuals leaves our employ within three years after the date of grant. As described above under “—*Payments and Benefits Upon Termination or Change of Control*,” each share of restricted stock granted to Messrs. McAlea and Gregoire under the 2004 Incentive Stock Plan will no longer be subject to our option to repurchase that share if any of those individuals leaves our employ due to death or disability or in the event of a change of control.

If Mr. Grace had left our employ on December 31, 2011 due to death or disability or if a change of control had occurred on such date, 30,000 shares of restricted stock owned by him (valued at \$432,000 as of such date) would have become vested. These shares vested in accordance with their terms on March 20, 2012. If Mr. McAlea had left our employ on December 31, 2011 due to death or disability or if a change of control had occurred on such date, 80,000 shares of restricted stock owned by him (valued at \$1,152,000 as of such date) would have become vested. If Mr. Gregoire had left our employ on December 31, 2011 due to death or disability or if a change of control had occurred on such date, 170,000 shares of restricted stock owned by him (valued at \$2,448,000 as of such date) would have become vested. We do not currently expect any such change in control to occur.

Outstanding Equity Awards at Year-End 2011

The following table sets forth, for each of the NEOs, certain information regarding the number of shares of Common Stock underlying stock options held at the end of 2011, all of which were then currently exercisable, and the number and market value of shares covered by unvested restricted stock awards held at the end of 2011. All information in this table has been adjusted to give effect to our May 2011 stock split.

Name	Outstanding Exercisable Stock Options			Outstanding Unvested Restricted Stock Awards	
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested(1)	Market Value of Shares or Units of Stock That Have Not Vested(2)
Abraham N. Reichental	800,000	\$3.6095	9/19/2013	300,000	\$4,320,000
Damon J. Gregoire	—	—	—	170,000	2,448,000
Charles W. Hull	—	—	—	30,000	432,000
Kevin P. McAlea	110,000	2.655	5/15/2013	80,000	1,152,000
Robert M. Grace, Jr.	80,000	4.80	11/2/2013	30,000	432,000

- (1) The shares set forth in this column consist of shares of restricted Common Stock awarded, as a long-term incentive award, on (a) March 20, 2009 that vested on March 20, 2012, (b) July 21, 2009 that vest on July 21, 2012, (c) November 15, 2010 that vest on November 15, 2013 and (d) November 15, 2011 that vest on November 15, 2014. Each award of restricted stock is subject to forfeiture if the recipient leaves our employ within three years after the date of grant of the award other than as a result of death or disability. See *“Security Ownership of Certain Beneficial Owners and Management.”*
- (2) The amounts set forth in this column were calculated by multiplying the closing market price of our Common Stock on December 30, 2011 (\$14.40 per share) by the number of shares set forth in the column titled “Number of Shares or Units of Stock that Have Not Vested” and have not been reduced to reflect the amount paid for any of the shares in this column.

The restricted stock reported in the table above has been adjusted for our May 2011 stock split and was awarded as follows:

Name	March 20, 2009 as a Long-Term Incentive Award	July 21, 2009 as a Long-Term Incentive Award	November 15, 2010 as a Long-Term Incentive Award	November 15, 2011 as a Long-Term Incentive Award
Abraham N. Reichental . . .	100,000	—	100,000	100,000
Damon J. Gregoire	30,000	20,000	60,000	60,000
Charles W. Hull	10,000	—	—	20,000
Kevin P. McAlea	30,000	—	20,000	30,000
Robert M. Grace, Jr.	30,000	—	—	—
Total	<u>200,000</u>	<u>20,000</u>	<u>180,000</u>	<u>210,000</u>

Option Exercises and Stock Vested in 2011

No shares of restricted Common Stock held by the NEOs vested during 2011. The following table reflects the amounts received by the named executive officers, on a split-adjusted basis, upon the exercise of options during 2011:

<u>Name</u>	<u>Number of Shares Acquired on Exercise</u>	<u>Value Realized on Exercise(1)</u>
Charles W. Hull	20,000(2)	\$367,662
Kevin P. McAlea.	50,000(3)	511,643
Total	<u>70,000</u>	<u>\$879,305</u>

- (1) The amount set forth in this column reflects the difference between the closing market price of our Common Stock on each date of exercise and the exercise price of the options.
- (2) Represents the aggregate number of options exercised. Each of such options had an exercise price of \$6.2969 and an expiration date of February 28, 2011.
- (3) Represents the aggregate number of options exercised. Each of such options had an exercise price of \$7.58 and an expiration date of August 24, 2011.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and any person owning ten percent or more of the outstanding shares of our Common Stock to file reports with SEC to report their beneficial ownership of and transactions in our securities and to furnish us with copies of those reports. Based upon a review of those reports filed with us, along with written representations from or on behalf of certain executive officers and directors that they were not required to file any reports during 2011, we believe that all of these reports were timely filed during 2011 except two Form 4s on behalf of Mr. Hull with respect to (i) the exercise on February 17, 2011 of stock options that he held, which inadvertently was not filed until March 2, 2011 and (ii) the sale on April 5, 2011 of 9,000 shares of common stock as part of a secondary public offering, which inadvertently was not filed until February 27, 2012. See note (2) to “—Option Exercises and Stock Vested in 2011” above.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth (a) as of the date indicated in the applicable Schedule 13D or 13G with respect to each person identified as having filed a Schedule 13D or 13G and (b) as of the date of this Proxy Statement with respect to the other persons listed in the table, the number of outstanding shares of Common Stock and the percentage beneficially owned:

- by each person known to us to be the beneficial owner of more than five percent of our Common Stock;
- by each current director and each of our five most highly compensated executive officers; and
- by all of our directors and executive officers as a group.

Except as otherwise indicated in the footnotes to the table, and subject to any applicable community property laws, each person has the sole voting and investment power with respect to the shares beneficially owned. The address of each person listed is in care of 3D Systems Corporation, 333 Three D Systems Circle, Rock Hill, South Carolina 29730, unless otherwise noted.

<u>Name and Address of Beneficial Owner</u>	<u>Shares of Common Stock Beneficially Owned(1)</u>	
	<u>Number of Shares</u>	<u>Percentage Ownership</u>
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, Maryland 21202	6,818,270(2)	13.4%
St. Denis J. Villere & Company, L.L.C Suite 1808 601 Poydras St. New Orleans, Louisiana 70130	5,484,725(3)	10.8%
BlackRock, Inc. 40 East 52 nd Street New York, New York 10022	4,039,421(4)	7.9%
The Clark Estates, Inc. One Rockefeller Plaza New York, New York 10020	2,836,464(5)	5.6%
William E. Curran	24,682(6)	*
Charles W. Hull	687,010(7)	1.3%
Jim D. Kever	309,306(8)	*
G. Walter Loewenbaum, II	2,825,616(9)	5.5%
Kevin S. Moore	73,042(10)	*
Abraham N. Reichental	1,558,232(11)	3.0%
Daniel S. Van Riper	43,388(12)	*
Robert M. Grace, Jr.	40,000(13)	*
Damon J. Gregoire	206,000(14)	*
Kevin P. McAlea	221,456(15)	*
Karen E. Welke	22,742(16)	*
All directors and officers as a group (11 persons)	6,011,474(17)	11.6%

* Less than one percent

- (1) Percentage ownership is based on the number of shares of Common Stock outstanding and entitled to vote as of the record date for the Special Meeting. Common Stock numbers include, with respect to the stockholder in question, Common Stock issuable upon exercise of vested options.
- (2) These securities are owned by various individual and institutional investors, including T. Rowe Price Small-Cap Value Fund, Inc. (which owns 4,070,000 shares of Common Stock directly, representing 8.0% of the shares of the Common Stock outstanding), which T. Rowe Price Associates, Inc. (Price Associates) serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Information regarding the beneficial ownership of our securities by T. Rowe Price is taken exclusively from Amendment No. 10 to the Schedule 13G filed by T. Rowe Price dated February 14, 2012.

- (3) St. Denis J. Villere & Company is a Louisiana limited liability company and an investment advisor registered under the Investment Advisors Act of 1940. As of December 31, 2011, Villere was deemed to have or to share voting or dispositive power over and therefore to own beneficially 5,484,725 shares of Common Stock. Of that amount, Villere had sole voting and dispositive power over 949,870 shares of Common Stock and shared voting and dispositive power over 4,534,855 shares of Common Stock. Information regarding the beneficial ownership of our securities by Villere is taken from the most recent Amendment to the Schedule 13G filed by Villere dated January 11, 2012 with respect to its holdings as of December 31, 2011.
- (4) Blackrock, Inc., a Delaware corporation, filed a Schedule 13G dated January 12, 2012 indicating that it has sole voting power and sole dispositive power over these shares. Such filing indicates that various persons identified in that filing have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, these shares and that none of such persons' interest in these shares exceeds 5% of our total outstanding shares.
- (5) We have been advised that these shares of Common Stock are owned by various investment accounts for which The Clark Estates, Inc., a private investment firm, provides administrative and management services. We have also been advised that The Clark Estates, Inc. may be deemed to have voting and dispositive power over, and therefore to own beneficially, these shares of Common Stock. Information regarding the beneficial ownership of these shares is taken from Amendment No. 11 to the Schedule 13D filed by that firm on February 10, 2012 and additional information provided to us by that firm. Kevin S. Moore, one of our directors, is the President and a director of that firm. We have been advised that The Clark Estates, Inc. and Mr. Moore disclaim beneficial ownership of such securities as well as any pecuniary interest in those shares.
- (6) All shares beneficially owned by Mr. Curran were issued under the Directors Stock Plan and are subject to restrictions on transfer. See "*Director Compensation*" above.
- (7) Consists of (a) 51,000 shares of Common Stock that Mr. Hull holds directly and (b) 636,010 shares of Common Stock held in the Charles William Hull and Charlene Antoinette Hull 1992 Revocable Living Trust for which Mr. and Mrs. Hull serve as trustees. The shares of Common Stock held directly by Mr. Hull include 20,000 shares of Common Stock granted to him under our 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances. See "*—Outstanding Equity Awards at Year-End 2011*" above. Mr. Hull maintains a Rule 10b5-1 Sales Plan pursuant to which his brokerage firm sells a designated number of shares of Common Stock each month for the account of the Hull Trust; provided that the market price of the Common Stock on the date of sale is above a specified price
- (8) Consists of (a) 203,524 shares of Common Stock that Mr. Kever holds directly, (b) 40,000 shares of Common Stock covered by outstanding options that are currently exercisable and (c) 65,782 shares of Common Stock held by an irrevocable trust for the benefit of Mr. Kever's minor children. Mr. Kever disclaims beneficial ownership of the shares and other securities held by that trust except to the extent of his pecuniary interest in them. The shares of Common Stock held directly by Mr. Kever include 44,742 shares of Common Stock issued under the Directors Stock Plan, which are subject to restrictions on transfer. See "*Director Compensation*" above.
- (9) Consists of (a) 1,302,377 shares of Common Stock that Mr. Loewenbaum holds directly, (b) 268,877 shares held in the name of Lillian Shaw Loewenbaum, Mr. Loewenbaum's spouse, (c) 22,186 shares held in the name of The Lillian Shaw Loewenbaum Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (d) 279,294 shares held in the name of The Loewenbaum 1992 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (e) 105,334 shares held in the name of the Anna Willis Loewenbaum 1993 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (f) 83,454 shares held in the name of the Elizabeth Scott Loewenbaum 1993 Trust for which Mr. and Mrs. Loewenbaum serve as trustees, (g) 43,648 shares held in the name of Wally's Trust u/w/o Joel Simon Loewenbaum for which Mr. Loewenbaum serves as trustee, (h) 43,710 shares held in the name of Waterproof Partnership, L.P. of which Mr. Loewenbaum and his wife are the general partners, (i) 315,867 shares held in the name of The LSL3D 2010 Annuity Trust for which Lillian Shaw Loewenbaum serves as trustee, (j) 315,869 shares held in the name of The GWL3D 2010 Annuity Trust for which G. Walter Loewenbaum serves as trustee and (k) 45,000 shares held in the name of Blanco Cattle & Ranch, LLC, a limited liability company owned 100% by Mr. Loewenbaum. Mr. Loewenbaum disclaims beneficial ownership except to the extent of his pecuniary interest therein of any

securities not directly held by him. The shares of Common Stock held directly by Mr. Loewenbaum include 44,742 shares of Common Stock issued under the Directors Stock Plan, which are subject to restrictions on transfer. See “*Director Compensation*” above.

- (10) Consists of (a) 53,042 shares of Common Stock that Mr. Moore holds indirectly through a trust of which he is the trustee and (b) 20,000 shares issuable upon exercise of currently exercisable outstanding options. The shares of Common Stock held by Mr. Moore include 44,742 shares of Common Stock issued under the Directors Stock Plan, which are subject to restrictions on transfer. See “*Director Compensation*” above. Excludes the shares discussed in note (4) above.
- (11) Consists of (a) 758,232 shares of Common Stock that Mr. Reichental owns directly and (b) 800,000 shares covered by currently exercisable outstanding options. The shares of Common Stock held directly by Mr. Reichental include (i) 200,000 shares of Common Stock granted to him under our 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances, and (ii) 200,000 shares that are pledged pursuant to a customary margin account arrangement. See “—*Outstanding Equity Awards at Year-End 2011*” above.
- (12) All shares beneficially owned by Mr. Van Ripper were issued under the Directors Stock Plan and are subject to restrictions on transfer.
- (13) Consists of 40,000 shares of Common Stock that Mr. Grace holds directly.
- (14) The shares of Common Stock held directly by Mr. Gregoire include 140,000 shares of Common Stock granted to him under our 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances. See “—*Outstanding Equity Awards at Year-End 2011*” above.
- (15) Consists of (a) 111,456 shares of Common Stock that Mr. McAlea owns directly, and (b) 110,000 shares covered by currently exercisable outstanding options. The shares of Common Stock held directly by Mr. McAlea include 50,000 shares of Common Stock granted to him under our 2004 Incentive Stock Plan, which are subject to forfeiture in certain circumstances. See “—*Outstanding Equity Awards at Year-End 2011*” above.
- (16) All shares beneficially owned by Ms. Welke were issued under the Directors Stock Plan and are subject to restrictions on transfer. See “*Director Compensation*” above.
- (17) Consists of an aggregate of (a) 5,041,474 shares of outstanding Common Stock beneficially owned, directly or indirectly, by all 11 directors and executive officers as a group and (b) 970,000 shares covered by currently exercisable outstanding options. A total of 200,000 of the shares of Common Stock owned directly by such persons are pledged pursuant to customary margin account arrangements. The amounts of these securities beneficially owned by directors and executive officers are referred to in the notes above.

HOW TO CAST YOUR VOTE IF YOU ARE A STOCKHOLDER OF RECORD

We will send a Notice of Internet Availability of Proxy Materials to all stockholders of record as of the record date for the Annual Meeting. That Notice will give you the opportunity to request a set of printed proxy materials, and you will be sent proxy materials if you request them. That set of printed proxy materials will also include a proxy card.

You are encouraged to review our Proxy Statement and Annual Report before you cast your vote.

You will be entitled to vote:

- electronically on the internet;
- by mail by using the proxy card and postage-paid return envelope that you receive; or
- by using the toll-free telephone number listed on the proxy card.

You may vote electronically by using a website that provides links to our Proxy Statement and Annual Report. You may access your records on this website by using a control number printed on the Notice of Internet Availability. If you vote on the internet, you do not need to return your proxy card.

If you vote by mail, simply mark, sign and date each proxy card that you receive, and return them in the postage-paid envelopes that you will receive.

If you vote by telephone, easy-to-follow telephone voice prompts should enable you to vote your shares and confirm that your voting instructions have been properly recorded. Our telephone voting procedures are designed to authenticate stockholders by using the individual control numbers provided on each proxy card. Accordingly, please have your proxy card available when you call. If you vote by telephone, you do not need to return your proxy card.

Internet voting and telephone voting on our dedicated site are available 24 hours a day, seven days a week, except that no internet or telephone votes will be accepted after 11:59 P.M., Eastern Daylight Time, on Monday, May 14, 2012, the day prior to the Annual Meeting. This cut-off time is necessary to enable us to complete a final vote tabulation.

HOW TO CAST YOUR VOTE IF YOU ARE A STREET-NAME HOLDER

Street-name holders should expect to receive a voting instruction form from Broadridge Financial Solutions, Inc. or another firm that is hired by your nominee holder to solicit votes on its behalf. That voting instruction form should give you the opportunity to request a set of printed proxy materials, and you will be sent proxy materials if you request them.

You are encouraged to review our Proxy Statement and Annual Report before you cast your vote.

Street-name holders will also generally be entitled to vote:

- electronically on the internet;
- by mail by using the voting instruction form and postage-paid return envelope that you receive; or
- by using the toll-free telephone number that is included on your voting instruction form.

Street-name holders should be able to vote electronically on the internet by using a control number provided on the instruction form and a website identified on the voting instruction form that provides links to our Proxy Statement and Annual Report. If you vote on the internet, you do not need to return your voting instruction form.

As a street-name holder, if you vote by mail, simply mark, sign and date the voting instruction form, and return it in the postage-paid envelope that is enclosed with it.

If you vote by telephone, you may vote by calling the toll-free number listed on the voting instruction form that you receive. Easy-to-follow telephone voice prompts should enable you to vote your shares and confirm that your voting instructions have been properly recorded. Broadridge's telephone voting procedures are designed to authenticate stockholders by using the individual control numbers provided on each voting instruction form. Accordingly, please have your voting instruction form available when you call. If you vote by telephone, you do not need to return your voting instruction form.

We understand that internet and telephone voting should be available to street-name holders 24 hours a day, seven days a week, except that you should cast any internet or telephone votes prior to 11:59 P.M., Eastern Daylight Time, on Monday, May 14, 2012, the day prior to the Annual Meeting to allow us adequate time for the final tabulation of votes.

OTHER VOTING AND STOCKHOLDER MATTERS

Voting in Person at the Annual Meeting

Any stockholder of record may vote in person at the Annual Meeting whether or not he or she has previously voted, and regardless of whether the prior vote was cast by internet, telephone or mail. If you attend the Annual Meeting and vote your shares at that meeting, those shares will be counted as present for quorum purposes.

If you hold your shares in street name, you must obtain a written proxy, executed in your favor, from the nominee holding your shares of record in order to vote your shares in person at the Annual Meeting.

If You Wish to Revoke Your Proxy

Regardless of the method you use to vote, you may revoke your proxy at any time before your shares are voted at the Annual Meeting by:

- voting electronically by internet at a later time;
- voting by telephone at a later time;
- submitting a properly signed proxy or voting instruction form with a later date; or
- voting in person at the Annual Meeting if you are a stockholder of record (or hold a valid proxy from the nominee who holds your shares in their name).

Please remember that, as described above, there will be no internet or telephone voting available after 11:59 P.M., Eastern Daylight Time, on Monday May 14, 2012, the day prior to the Annual Meeting.

Abstentions; Broker Non-Votes

Any shares for which a valid proxy is granted will be treated as present for the purpose of determining the presence of a quorum at the Annual Meeting. If you or your street-name nominee do not grant a valid proxy on any matter to be considered at the Annual Meeting, your shares will not be considered in determining the presence of a quorum.

If you or your nominee grant a valid proxy but abstain from voting on the ratification of the appointment of our independent public accountants or withhold a vote on any or all of the directors, your shares will count for the purposes of determining the presence of a quorum but will otherwise be voted in accordance with your directions.

For street-name holders, as discussed above, your broker or other nominee may exercise its discretion in granting a valid proxy on the ratification of the appointment of our independent public accountants. For the purposes of our Annual Meeting, a “broker non-vote” will occur when a bank, broker or other nominee holder has not received your voting instructions with respect to the proposal relating to the election of directors contained in this Proxy Statement. The rules applicable to the election of directors provide that you may grant a proxy that accepts the recommendation of the Board of Directors, you may vote in favor of the election of the directors, or you may withhold your vote for one or more of the directors.

Multiple Accounts

If you hold shares in more than one account, shares that are registered in different names or shares that are held in street name, you may receive more than one Notice of Internet Availability of Proxy Materials, more than one proxy card or more than one voting instruction form. Each of these Notices, proxy cards or voting instruction forms will likely relate to shares that you own in different accounts, in different names or with different banks, brokerage firms or other nominees.

Please follow the instructions on each Notice that you receive. We also ask that you please either vote the shares covered by each Notice electronically or sign, date and return all proxy cards and voting instruction forms that you receive. This will ensure that all of your shares are represented and voted at the Annual Meeting.

Householding; Delivery of Documents to Security Holders Sharing an Address

We are making this Proxy Statement, our 2011 Annual Report on Form 10-K and the Notice of Internet Availability of Proxy Materials available to all stockholders of record as of the record date for the Annual Meeting. This includes all financial institutions in which you have been identified to us as holding our shares in street name.

If you and other family members are street-name stockholders residing in the same household, you may receive only one 2011 Annual Report on Form 10-K, one Proxy Statement and one voting instruction form if you have previously made an election with your bank, broker or other nominee holder to deliver only one copy to you. This process of delivering only one set of these materials to multiple security holders sharing an address is called “householding.” Householding may provide convenience for you and cost savings for us. If you are participating in a householding program, it may continue until one or more of the stockholders within the household provides instructions to the contrary to their nominee.

If you are a street-name stockholder who is receiving multiple copies, you may elect to participate in a householding program. You can do that by requesting that only a single set of materials be sent to you in the future by following the householding instructions on the voting instruction form provided to you by your bank, broker or other nominee holder. Alternatively, if you are a street-name holder whose nominee holder utilizes the services of Broadridge Financial Solutions, Inc. (as indicated on the voting instruction form that you receive), you may send written householding instructions to Householding Department, 51 Mercedes Way, Edgewood, New York 11717 or call (800) 542-1061. The instructions must include your name and account number and the name of the bank, broker or other nominee holder. Otherwise, you should contact your bank, broker or other nominee holder.

If you are a street-name stockholder who has requested printed materials and you participate in a “householding” program, upon your request to receive separate copies in the future, you will receive an additional copy of the 2011 Annual Report on Form 10-K, the Proxy Statement and the Notice of Internet Availability of Proxy Materials. Instructions to request additional copies of these documents should be provided on the voting instruction form that your bank, broker or other holder of record provides to you.

Copies of this Proxy Statement, our 2011 Annual Report on Form 10-K and the Notice of Internet Availability of Proxy Materials are available upon request by calling (803) 326-4010 or by writing to Investor Relations, 3D Systems Corporation, 333 Three D Systems Circle, Rock Hill, South Carolina 29730.

Stockholder Proposals for the 2013 Annual Meeting

Under Rule 14a-8 of the Securities Exchange Act of 1934, as amended, certain stockholder proposals may be eligible for inclusion in our 2013 Proxy Statement and form of proxy. The date by which we must receive stockholder proposals to be considered for inclusion in the Proxy Statement and form of proxy for the 2013 Annual Meeting of Stockholders is December 1, 2012 or (if the date of our 2013 Annual Meeting is changed by more than 30 days from May 15, 2013) a reasonable time before we begin to print and mail the proxy materials for the 2013 Annual Meeting).

Our By-Laws set forth certain procedures that stockholders must follow in order to properly nominate a person for election to the Board of Directors or to present any other business at an annual meeting of stockholders, other than proposals included in our Proxy Statement pursuant to Rule 14a-8. In addition to any other applicable requirements, to properly nominate a person for election to the Board of Directors or for a stockholder to properly bring other business before the 2013 Annual Meeting, a stockholder of record must give timely notice thereof in proper written form to our Corporate Secretary. To be timely, a stockholder’s notice to the Corporate Secretary must be received at our principal office between January 15, 2013 and February 14, 2013; provided that, if the 2013 Annual Meeting is called for a date that is not within 30 days before or after May 15, 2013, then the notice by the stockholder must be so received a reasonable time before we make available our Proxy Statement for the 2013 Annual Meeting. The notice also must contain specific information regarding the nomination or the other business proposed to be brought before the meeting, as set forth in our By-Laws. The By-Law provisions relating to advance notice of business to be transacted at annual meetings are contained in Section 2.13 of our By-Laws, which are available on our website and can be viewed by going to www.3DSystems.com and clicking on the “Investor Relations” tab, then the “Corporate Governance” tab and then selecting the document titled “Amended and Restated By-Laws” from the list of documents on the web page.

Stockholder Nominees to the Board

Apart from any proposals made pursuant to Rule 14a-8 as discussed above, our Corporate Governance and Nominating Committee will consider director nominees recommended by stockholders in accordance with our Corporate Governance Guidelines and a policy adopted by the Board. Recommendations should be submitted to our Corporate Secretary in writing at our offices in Rock Hill, South Carolina, along with additional required information about the nominee and the stockholder making the recommendation. Copies of our Corporate Governance Guidelines and our stockholder nomination policy are posted on our website, which can be viewed by going to www.3DSystems.com and clicking on the “Investor Relations” tab, then the “Corporate Governance” tab and then selecting the appropriate document from the list of documents on the web page.

The Corporate Governance and Nominating Committee and the Board have also approved qualifications for nomination to the Board. In determining whether to recommend particular individuals to the Board, the Committee will consider, among other factors, a director’s ethical character, a director’s experience and diversity of background as well as whether a director is independent under applicable listing standards and financially literate. As noted above, a complete copy of our “Qualifications for Nomination to the Board” is posted on our website at www.3DSystems.com under the “Investor Relations” tab and then the “Corporate Governance” tab. The process by which the Committee identifies and evaluates nominees for director is the same regardless of whether the nominee is recommended by a stockholder.

When the Board or the Committee has identified the need to add a new Board member with specific qualifications or to fill a vacancy on the Board, the chairman of the Committee will initiate a search, seeking input from other directors and senior management and hiring a search firm, if necessary. The initial list of candidates that satisfy the specific criteria, if any, and otherwise qualify for membership on the Board will be identified by the Committee. At least one member of the Committee (generally the Chairman) and the Chief Executive Officer will interview each qualified candidate. Other directors will also interview the candidate if possible. Based on a satisfactory outcome of those reviews, the Committee will make its recommendation for approval of the candidate to the Board.

OTHER MATTERS

This Proxy Statement is being delivered to you on our behalf. We are bearing the expenses of preparing, printing, web hosting and mailing this Proxy Statement and other proxy materials and all other expenses of soliciting proxies. We have retained Georgeson Inc. (“Georgeson”) to solicit proxies by personal interview, mail, telephone, facsimile, internet or other means of electronic transmission and to request brokerage houses, banks and other custodians, nominees and fiduciaries to forward soliciting material to the beneficial owners of the Common Stock held of record by those persons. We agreed to pay Georgeson a fee of \$9,250 for these services and will reimburse it for payments made to brokers and other nominee holders for their expenses in forwarding soliciting material. We have also agreed that Georgeson’s fees may increase if certain changes in the scope of its services occur. In addition, our directors, officers and employees may solicit proxies by personal interview, mail, telephone, facsimile, internet or other means of electronic transmission, although they will receive no additional compensation for such solicitation.

We do not know of any matters to be presented at the meeting other than those set forth in this Proxy Statement. However, if any other matters come before the meeting, the proxy holders will vote the shares represented by any proxy granted in their favor in such manner as the Board of Directors may recommend and otherwise in the proxy holders' discretion.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Robert M. Grace, Jr.", written in a cursive style.

Robert M. Grace, Jr.
Secretary

Rock Hill, South Carolina
March 30, 2012