

3D SYSTEMS CORP
Form DEF 14A
April 01, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

3D SYSTEMS CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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333 Three D Systems Circle

Rock Hill, SC 29730

April 1, 2013

Dear Fellow Stockholder:

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

Time: Tuesday, May 21, 2013, 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;

An amendment to our Certificate of Incorporation to increase the authorized number of shares of Common Stock that we may issue from 120 million shares to 220 million shares; and

Ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for 2013.

As required, we conducted a say-on-pay advisory vote and a frequency vote with respect to future say-on-pay advisory votes at our 2011 Annual Meeting, 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 next year 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 another successful year of growth in 2012 and continued to benefit substantially from its focused growth initiatives. Our revenue increased by 53.5% to a record \$353.6 million from \$230.4 million in 2011 while we grew our gross profit by 66.2%. We completed nine acquisitions, while more than doubling our reseller coverage and launching our fifth growth initiative of integrating 3D authoring solutions with our acquisition of Rapidform in South Korea and Geomagic, Inc. in Raleigh, North Carolina. Just as important, our revenue also grew organically by 22.4% in 2012.

Our net income in 2012 increased by approximately 10% to \$38.9 million from \$35.4 million in 2011. While we were very pleased with these results, several of the acquisitions that we completed during 2012 were research and development investments and 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 2013 as we further integrate these businesses and realize anticipated synergies from their acquisition.

Throughout 2012, the company strengthened itself organizationally, geographically and technologically:

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We continued to build a much deeper and stronger talent bench and further streamlined our organization through greater business unit and functional focus and empowerment.

We expanded our global presence into South Korea and enhanced our presence in China and Japan. North American revenue increased by \$78.7 million over 2011 and made up approximately 56% of revenue while European revenue increased by \$17.4 million and Asia-Pacific revenue increased by \$27.1 million.

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We extended our innovation and technology leadership into new manufacturing and consumer opportunities, and introduced 16 significant new products, materials and services.

Annual printers and other products revenue increased by \$60.1 million to \$126.8 million, led by sales in the healthcare, automotive and motorsports industries.

Reflecting our continuing efforts to increase our recurring revenue, revenue from materials and services amounted to 64% of our total revenue in 2012, with revenue from print materials amounting to a record \$103.2 million and revenue from services exceeding \$123 million.

Our integrated materials revenue increased 76% over 2011 and amounted to 63% of total print materials revenue in 2012, even after the inclusion of the non-integrated stereolithography materials acquired from Huntsman that we began to sell in November 2011. Our gross profit increased by 66% to \$181.2 million in 2012, reflecting the growth in all revenue categories. Our gross profit margin also increased in 2012 as demand for our higher gross profit margin materials combined with a higher gross profit margin on our printers and service activities.

Total operating expenses increased to \$120.6 million to 34% of revenue, up slightly from 32% in 2011. The increase was primarily due to higher sales commissions on higher revenue and the initial higher compensation costs we absorbed from recently acquired businesses before taking any benefit from restructuring activities and higher R&D, marketing and travel expenses in support of our expanded portfolio and growth.

We monitor closely the effectiveness of our R&D expenditures and their contribution to our profitable growth. R&D expenses increased \$8.9 million, or 62%, compared to 2011 in support of a significant number of new product launches and the continued development of our healthcare and consumer solutions.

I would also like to comment on our acquisition of Geomagic, Inc., which we announced in December 2012 and closed on February 27, 2013. We believe that Geomagic's technology, talent and expertise is complementary to our Rapidform business that we acquired in October 2012. Together, these businesses provide the foundation of our fifth growth initiative – integrating a 3D authoring platform. Combined with our existing portfolio of 3D printers, materials and services, our 3D authoring platform uniquely positions us for accelerated growth in the rapidly growing 3D content-to-print space by enhancing our 3D imaging and design products and services.

Finally, I would like to remind our stockholders that we completed a three-for-two stock split in the nature of a 50% stock dividend in February 2013 for the purpose of increasing our market liquidity and broadening our investor base.

A more detailed discussion of our 2012 results appears in our 2012 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,

Abraham N. Reichental
President and Chief Executive Officer

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333 Three D Systems Circle

Rock Hill, SC 29730

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 1, 2013

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

When: Tuesday, May 21, 2013, 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 approve an amendment to our Certificate of Incorporation to increase the authorized number of shares of Common Stock that we may issue from 120 million shares to 220 million shares;

To ratify the appointment of BDO USA, LLP (BDO) as our independent registered public accounting firm for 2013; 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 22, 2013.

We are mailing a Notice of Internet Availability of Proxy Materials commencing on or about April 1, 2013 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, 2012 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.

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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

Andrew M. Johnson
Secretary

Rock Hill, South Carolina
April 1, 2013

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

PROXY STATEMENT

Dated April 1, 2013

For the Annual Meeting of Stockholders

To Be Held on May 21, 2013

GENERAL INFORMATION

We plan to hold our 2013 Annual Meeting of Stockholders at the following time and place:

When: 11:00 a.m., Eastern Time, on May 21, 2013;

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 April 1, 2013.

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 22, 2013.

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 92,628,955 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 completed a three-for-two stock split in the nature of a 50% stock dividend on February 22, 2013. All appropriate adjustments related to that stock split have been made in this Proxy Statement, and have been rounded to the nearest whole share. Where appropriate, amounts also reflect a two-for-one stock split completed on May 18, 2011.

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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.

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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 may, but is not required to vote your shares in the absence of specific voting instructions from you for matters that are considered routine. We understand that the routine proposals to be considered at the Annual Meeting include the ratification of the selection of BDO as our independent registered accounting firm and the proposal to amend our Certificate of Incorporation to increase the authorized number of shares of Common Stock. Accordingly, if you do not give voting instructions to your nominee, it will be entitled to vote your shares in its discretion on the ratification of the appointment of BDO and the proposal to amend our Certificate of Incorporation to increase the authorized number of shares of Common Stock, 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 or the proposal to amend our Certificate of Incorporation to increase the authorized number of shares of Common Stock. If you provide no instructions, that person may, but is not required to exercise its discretion in voting on the ratification of the appointment of BDO as our auditors or the proposal to amend our Certificate of Incorporation to increase the authorized number of shares of Common Stock.

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.

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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.

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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, which means the votes for the director must exceed the votes against the director.

Amendment to the Certificate of Incorporation. The affirmative vote of a majority of the outstanding shares of our Common Stock is required to approve this matter.

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:

If you are a stockholder of record, FOR the election of the eight nominees for director described below;

FOR the amendment to the Certificate of Incorporation to increase the authorized number of shares of Common Stock; 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.

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PROPOSAL ONE

ELECTION OF DIRECTORS

At the Annual Meeting, the stockholders will elect the whole Board of Directors to serve until the 2014 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 (the Governance 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 2012 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 2012 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.

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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.

Name	Business Experience	Director Since	Age
William E. Curran	Currently retired, Mr. Curran serves as a director of Profound Medical, a Toronto-based, privately funded medical start-up focused on using ultrasound thermal ablation of the prostate using Magnetic Resonance guidance. Previously, 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.	2008	64
Charles W. Hull	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. 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. 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.	1993	73

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Name	Business Experience	Director Since	Age
Jim D. Kever	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.	1996	60
G. Walter Loewenbaum, II	<p>A director since 1996, Mr. Kever brings to our Board wide experience in operations, finance and executive management.</p> <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.</p>	1999	68
Kevin S. Moore	<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> <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 Holdings, LLC, The Clark Foundation and the National Baseball Hall of Fame & Museum, Inc. and Vice Chairman of the Board of Trustees of Bassett Healthcare Network.</p>	1999	58
	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.		

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Name	Business Experience	Director Since	Age
Abraham N. Reichental	<p>President and Chief Executive Officer of the Company for more than five years. 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>	2003	56
Daniel S. Van Riper	<p>Appointed President and Chief Executive Officer as well as a director in 2003, Mr. Reichental provides leadership to our company reflecting over 30 years of business leadership both in the United States as well as in various other countries.</p> <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>	2004	72
Karen E. Welke	<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> <p>Currently retired, Ms. Welke held executive positions for 27 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 2010, and chaired the compensation committee 2007-2010. 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>	2008	68
	<p>First elected a director in 2008, Ms. Welke has extensive executive, financial and operating experience in both the United States and Europe.</p>		

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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

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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 risk. 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.

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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 2012, the Board of Directors held eight 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 2012. A discussion of the number of committee meetings held during 2012 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 2012 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.

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

Director Name	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Executive Committee
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.

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The Audit Committee held seven meetings in 2012. 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 23 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;

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determine the compensation of all of our other executive officers, each direct report of the Chief Executive Officer, and any of our other employees or employees of any of our subsidiaries who have a base annual salary of \$300,000 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 six meetings in 2012, in addition to various unanimous consents.

The report of the Compensation Committee appears on page 36 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 2012 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.

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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 two meetings in 2012.

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 seven meetings in 2012.

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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 Director, 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 2012 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

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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 2012.

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.

Table of Contents*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 may, following rule making, require some 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 2012**

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, 2012.

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Total(2)
G. Walter Loewenbaum, II	\$ 180,000	\$ 49,985	\$ 229,985
William E. Curran	\$ 122,250	\$ 49,985	\$ 172,235
Jim D. Keever	\$ 69,750	\$ 49,985	\$ 119,735
Kevin S. Moore	\$ 103,250	\$ 49,985	\$ 153,235
Daniel S. Van Riper	\$ 95,750	\$ 49,985	\$ 145,735
Karen E. Welke	\$ 79,250	\$ 49,985	\$ 129,235

- (1) Represents the grant date fair value of awards (the Grant Date Fair Value) made in 2012 under the Directors Stock Plan. Grant Date Fair Value includes awards on a pre-split basis of 1,823 shares of Common Stock made to each such director on May 15, 2012 minus the \$1.82 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 (\$27.42 per share) on May 15, 2012, the date of grant. We have accounted for all of

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such shares in accordance with Accounting Standards Codification Section 718 (ASC 718), Stock Compensation.

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As of December 31, 2012, each of our independent directors then in office had received since the Plan's adoption in 2004 awards on a split-adjusted basis covering 69,847 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 on a split-adjusted basis covering 67,816 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 on a split-adjusted basis covering 39,757 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 on a split-adjusted basis covering 36,847 shares of Common Stock pursuant to this Plan. See *Directors Stock Plan* below.

(2) As of December 31, 2012, none of our independent directors held stock 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. In connection with limiting the value of any share awards to directors to \$50,000 valued on the date of the award, 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.

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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, Keever, 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.

Notwithstanding the stock grant amounts described above, the Directors Stock Plan limits the value of any award of shares made to an eligible director. Beginning on April 1, 2011, this amount was \$50,000 valued on the date of award. Effective February 5, 2013, this amount was increased to \$100,000 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 600,000 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, 2012, 165,036 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.

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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 31, 2012, the last business day of the year (\$35.57 per share), on a split-adjusted basis but without deduction for the purchase price of these shares, is set forth in the following table.

Name	Prior Years	2012	Value at December 31, 2012
G. Walter Loewenbaum, II	67,113	2,734	\$ 2,484,458
Jim D. Kever	67,113	2,734	\$ 2,484,458
Kevin S. Moore	67,113	2,734	\$ 2,484,458
Daniel S. Van Riper	65,082	2,734	\$ 2,412,215
William E. Curran	37,023	2,734	\$ 1,414,156
Karen E. Welke	34,113	2,734	\$ 1,310,648
Total	337,557	16,404	\$ 12,590,393

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. As of December 31, 2012, there were no options outstanding that were issued under this plan.

Director Option Exercises in 2012

The following table reflects the amounts received by directors upon the exercise of outstanding options during 2012 on a split-adjusted basis. For a disclosure of 2012 option exercises by Mr. Reichental, who is executive officer as well as a director, see *Option Exercises and Stock Vested in 2012*.

Name	Option Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)
Jim D. Kever	30,000(2)	\$ 830,900
Kevin S. Moore	60,000(3)	1,046,079

- (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 \$2.71 per share and an expiration date of August 26, 2013.
- (3) Mr. Moore exercised two stock options in 2012, the first covering 30,000 shares with a split-adjusted exercise price of \$4.75 per share and an expiration date of May 14, 2012 and the second covering 30,000 shares with a split-adjusted exercise price of \$2.71 and an expiration

date of August 26, 2013.

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PROPOSAL TWO

PROPOSED AMENDMENT TO CERTIFICATE OF INCORPORATION

TO INCREASE AUTHORIZED SHARES OF COMMON STOCK

Our Certificate of Incorporation currently authorizes the issuance of 120 million shares of Common Stock, par value \$0.001 per share. On February 5, 2013, the Board of Directors approved a three-for-two stock split of our Common Stock in the nature of a 50% stock dividend and also adopted a proposal to amend the Certificate of Incorporation to increase the number of shares of Common Stock that we are authorized to issue to 220 million shares, subject to stockholder approval at the Annual Meeting.

The Board of Directors has declared the proposed amendment to be advisable and in the best interests of the Company and its stockholders and is accordingly submitting the proposed amendment to be voted on by the stockholders. Following the February 22, 2013 distribution date of our three-for-two stock split, of the 120 million currently authorized shares of Common Stock, approximately 102 million shares were either issued or reserved for issuance. Shares reserved for issuance included approximately 2.9 million shares reserved for issuance under the Restricted Stock Plan for Non-Employee Directors and our 2004 Incentive Stock Plan, both of which the stockholders approved in 2004, 3.6 million shares reserved for the conversion of our currently outstanding 5.5% Senior Convertible Notes due 2016, and approximately 20,000 shares reserved for issuance in connection with our May 2012 acquisition of Bespoke Innovations, Inc.

Based upon these issued and reserved shares of Common Stock, we currently have approximately 18 million shares of Common Stock remaining available for issuance in the future for other corporate purposes.

Since the beginning of 2010 through the record date, we have issued approximately 69 million shares of Common Stock, approximately 25.3 million of which were issued in the two-for-one stock split in May 2011 and approximately 30.1 million of which were issued in the three-for-two stock split in February 2013. Such issuances also included 17.7 million on a split-adjusted basis for financing purposes, of which 10.7 million were issued in connection with equity raises and 7.0 million were issued in connection with the conversion of our 5.5% Senior Convertible Notes. Additionally, 2.1 million were issued in private placements for acquisitions, and 4.7 million were issued upon the exercise of options granted before 2004 and otherwise for equity compensation purposes under the plans discussed above, of which 2.5 million were issued in connection with stock option exercises and 2.2 million were issued under the other equity compensation plans discussed above.

The Certificate of Incorporation currently also authorizes the issuance of five million shares of preferred stock, par value \$0.001 per share, none of which are issued or outstanding. The proposed amendment to the Certificate of Incorporation would not change the authorized number of shares of preferred stock. There are currently no plans, arrangements, commitments or understandings with respect to the issuance of any shares of preferred stock although in 2008 we authorized the issuance of one million shares of Series A Preferred Stock that are issuable pursuant to a Stockholder Rights Plan established at that time.

Text of the Amendment

We propose to amend the first paragraph of Article FOURTH of the Certificate of Incorporation so that it would read in its entirety as follows:

FOURTH: The aggregate number of shares which the Corporation has authority to issue is 225,000,000, consisting of 220,000,000 shares of Common Stock, par value \$0.001 per share (the Common Stock), and 5,000,000 shares of preferred stock, par value \$0.001 per share (the Preferred Stock).

The only changes that would be made to the first paragraph of Article FOURTH, as currently in effect, would be to increase the total number of shares of Common Stock that we may issue from 120 million shares to 220 million shares and to reflect a corresponding increase in the aggregate number of shares of capital stock of all classes that may be issued from 125 million to 225 million shares.

Purpose of the Amendment

The Board of Directors is recommending this increase in the authorized shares of Common Stock primarily to give us the flexibility to issue shares of Common Stock for future corporate needs. As a general matter, the

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Board of Directors would be able to issue these additional shares of Common Stock in its discretion from time to time, subject to and as limited by any rules or listing requirements of the NYSE or of any other then applicable securities exchange and without further action or approval of the stockholders. The Board's discretion, however, would be subject to any other applicable rules and regulations in the case of any particular issuance or reservation for issuance that might require the stockholders to approve such transaction.

The newly authorized shares of Common Stock would be issuable for any proper corporate purpose, including future acquisitions, capital-raising or financing transactions involving Common Stock, convertible securities or other equity securities, stock splits, stock dividends and current or future equity compensation plans. The Board believes that these additional shares will provide us with needed flexibility to issue shares in the future without the potential expense or delay incident to obtaining stockholder approval for any particular issuance. There are currently no commitments or understandings with respect to the issuance of any of the additional shares of Common Stock that would be authorized by the proposed amendment.

We have, however, previously publicly disclosed that we are continuing to pursue a growth strategy that focuses on five strategic initiatives:

Building global custom parts services;

Accelerating three-dimensional printer penetration;

Growing healthcare solutions revenue;

Building three-dimensional content products and services; and

Integrating 3D authoring solutions.

We intend to accomplish this growth organically and through opportunistic, selective acquisitions. In connection with this growth strategy, during 2012 we carried out nine acquisitions. As with any growth strategy, there can be no assurance that we will succeed in accomplishing our strategic initiatives.

Rights of Additional Authorized Shares

Any authorized shares of Common Stock, if and when issued, would be part of our existing class of Common Stock and would have the same rights and privileges as the shares of Common Stock currently outstanding. Our stockholders do not have pre-emptive rights with respect to the Common Stock, nor do they have cumulative voting rights. Accordingly, should the Board of Directors issue additional shares of Common Stock, existing stockholders would not have any preferential rights to purchase any of such shares, and their percentage ownership of our then outstanding Common Stock could be reduced.

Potential Adverse Effects of Amendment

Future issuances of Common Stock or securities convertible into Common Stock could have a dilutive effect on our earnings per share, book value per share and the voting power and interest of current stockholders. In addition, the availability of additional shares of Common Stock for issuance could, under certain circumstances, discourage or make more difficult any efforts to obtain control of the Company. The Board is not aware of any attempt, or contemplated attempt, to acquire control of the Company, nor is this proposal being presented with the intent that it be used to prevent or discourage any acquisition attempt. However, nothing would prevent the Board from taking any such actions that it deems to be consistent with its fiduciary duties.

Effectiveness of Amendment

If the proposed amendment is adopted, it will become effective upon the filing of a certificate of amendment to the Certificate of Incorporation with the Secretary of State of the State of Delaware.

Recommendation of the Board of Directors

The Board of Directors recommends that you vote FOR the adoption of the proposed amendment to the Certificate of Incorporation.

Table of Contents**PROPOSAL THREE****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, 2013, 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 2013.

FEEES 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 2012 or 2011.

The following table sets forth the aggregate fees that BDO billed us for professional services rendered for the years ended December 31, 2012 and 2011.

	2012	2011
	(dollars in thousands)	
Audit fees(1)	\$ 627	\$ 1,044
Audit-related fees(2)	37	18
Total	\$ 664	\$ 1,062

(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) \$22,200 in 2012 and \$583,000 in 2011 relating to acquisitions, including fees and expenses related to our acquisition of Z Corporation and Vidar Systems Corporation during 2011, and (iv) 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.

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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.

2012 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, 2012. 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 2012, 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, 2012 in our Annual Report on Form 10-K for that year for filing with the SEC.

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Internal Control Audit

For the year ended December 31, 2012, 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, 2012. Management's assessment is contained in our Annual Report on Form 10-K for the year ended December 31, 2012.

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.